COMMENTS ON “LABOR DEMAND DYNAMICS: THE COSTA RICAN CASE”

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MAIN RESULTS FROM THE PAPER

• This paper provides a very good summary of Costa Rican labor market using a novel administrative dataset.

• Main results show a labor demand product elasticity of 0.435 and wage elasticity of -0.358, in line with previous literature in other Latin-American economies.

• But, it also shows interesting differences in these elasticities across a different dimensions.
  • Product elasticity is higher in sectors such Construction and Services, increases with the intensity in technology use and it is higher in larger firms
  • Wage elasticity is higher (in absolute value) in Construction and Manufacturing than in Services, increases with the intensity in technology use and the firm’s size
• **Compare REVEC database with other data sources for the Costa Rican economy**
  - There is a large increase in the number of firms in REVEC (48%). Is this reflecting an increase in coverage?
  - Is employment growth affected by this increase (Figure 3)? Can you compare these figures with other data sources?
  - It would be also nice to show the contribution of incumbent vs entry/exit firms to employment growth
  - Estimates are shown for firms above 5 employees. How much employment do you lose in firms below this threshold?
  - Which is the size of the non-formal economy in Costa Rica?

• **Is it possible to get information of hours worked? Any information from the workers side?**

• **It would be interesting to add an additional dimension depending on the wage level of the firm in order to check whether wage elasticity differs among low and high wage firms**

• **Can you check whether these elasticities are constant over time?**
THANK YOU FOR YOUR ATTENTION