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CENTER DISCUSSION PAPER NO. 802

LABOR MARKET REFORMS: ISSUES, EVIDENCE AND PROSPECTS

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June 1999

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Abstract

The study of labor market segmentation and the estimation of the deadweight loss due to policy distortions reflected in wage structures require analyses of labor force surveys. These data are increasingly available in most countries. But evaluations of labor market reforms are uncommon. The lack of documented labor market reforms may reflect the difficulty of reducing wage distortions by direct policy measures, and the greater capacity of trade reforms and changes in industrial structure to erode wage distortions indirectly, and thereby promote efficiency and economic growth. The economic case for labor market reforms should nonetheless strengthen support for allied policies.