

perfectly sensible for countries to make benefits available for longer periods the greater the long-term unemployment problem, particularly in the absence of other safety net programs. The extensive literature review and the regression results reported by Baker et al. (2003) strongly confirm the fragile nature of the cross-country evidence linking institutions to poor employment performance.

Table 7.1 Regression results for alternative measures of unemployment, 1989–2001 (*t*-statistics in parentheses)

	Unemployment 1989–94			Long-term unemployment 1989–94		
	(1)	(2)	(3)	(4)	(5)	(6)
	Union density, 1988–94 (%)	.029 (.73)	.022 (.46)	.035 (.72)	-.025 (.91)	-.033 (1.0)
Union/employer coord (2–6)	-1.03 (1.7)	-1.14 (1.67)	-1.19 (1.76)	-.045 (.09)	-.154 (.29)	-.077 (.16)
Active labor mkt 1991 (% GDP)	-.078 (1.2)	-.08 (1.1)	-.079 (1.1)	-.015 (.34)	-.014 (.29)	-.019 (.4)
UIB duration (years)	1.53 (3.3)			1.14 (3.66)		
UIB duration (years): Spain = 1.5		1.36 (2.41)	1.16 (1.98)		1.1 (2.9)	.89 (2.4)
UIB replacement (%)	.09 (2.0)	.104 (2.0)	.11 (2.17)	.016 (.48)	.029 (.81)	.029 (.85)
High agric. share (dummy)	5.13 (3.7)	5.7 (3.5)	5.0 (2.9)	3.84 (4.0)	4.36 (4.0)	3.6 (3.2)
20–24 pop. share, 1990 (%)			.7 (1.15)			.683 (1.73)
Adj R ²	.586	.47	.483	.579	.477	.552
N	20	20	20	19	19	19

Panel B

	Unemployment 1995		Young female unemployment 1995		Unemployment 2001	
Union density, 1988–94 (%)	-.031 (.61)	-.036 (.62)	-.197 (1.3)	-.194 (1.2)	-.056 (1.4)	-.056 (1.3)
Union/employer coord (2–6)	-.53 (.7)	-.66 (.8)	1.03 (.47)	.76 (.34)	.42 (.72)	.34 (.55)
Active labor mkt 1991 (% GDP)	.054 (.68)	.051 (.58)	-.08 (.34)	.073 (.3)	.04 (.63)	.038 (.57)
UIB duration (years)	1.44 (2.54)		2.02 (1.2)		.74 (1.65)	
UIB duration (years): Spain = 1.5		1.18 (1.7)		1.29 (.69)		.54 (1.0)
UIB replacement (%)	.076 (1.4)	.088 (1.4)	.026 (.16)	.035 (.2)	-.011 (.26)	-.006 (.1)
High agric. share (dummy)	7.64 (4.5)	8.1 (4.1)	17.9 (3.6)	18.2 (3.4)	3.1 (2.3)	3.31 (2.2)
Adj R ²	.518	.41	.316	.265	.122	.02
N	20	20	20	20	20	20

Explanatory variables:

Union density and union/employer coordination (Nickell and Layard, 1997, table 3); UIB duration and replacement; active labor market policies (Nickell and Layard, 1997, table 6); 20–24/25–59 population share, 1990 (Women in Statistics Database, Version 4: United Nations Department of Economic and Social Affairs, Statistics Division); High agricultural share, 1980 (ILO, 1999).

Sources: Unemployment: unemployment 1989–94 and long-term unemployment 1989–94 (Nickell and Layard, 1997, table 13); unemployment, 1995 (OECD, 1998, Statistical Annex table A, p. 190); female youth (15–24) unemployment, 1995 (OECD, 1998, Statistical Annex table C, pp. 200–202); unemployment 2001 (bls.gov/pub/special.requests/foreignlabor).