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**"How important are labor market institutions for labor market performance in transition countries?"**

This paper offers a first comprehensive study of the relationship between labor market institutions and policies and labor market performance in the countries of Eastern Europe and Central Asia, transition economies that in the last two decades underwent radical changes with tremendous variation in key economic variables. We take advantage of a novel hand-collected database of labor market outcomes, institutions and policies in these countries that embraces the period from 1995 to 2008. Our analysis focuses on four indicators of labor market performance: employment to population ratio, unemployment rate, long-term unemployment rate, and youth unemployment rate. As much of the previous literature, we relate these outcomes to employment protection legislation, generosity of unemployment benefits, active labor market policies, taxation of labor, and unionization rates. Our preliminary result confirm the widely held view that institutions and policies matter. However, we also find that not all of them matter and when they do, then not to the same extent. In particular, we find a negative effect of stricter employment protection and a positive effect of active labor market policies on labor market outcomes. Unemployment benefits and unionization are also correlated with labor market outcomes, albeit to a lesser extent. There is no evidence of a negative effect of higher tax wedges on the performance of labor markets in transition countries