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Thesis Title:

The Role of Ecuadorian State on Labor Market:
Links Between Public Sector and Unemployment Rate

Abstract

We care about unemployment because it has a direct connection with welfare and the efficient use of human resources in the economy. All over the world, countries design policies with the aim of reducing the unemployment rates and improve the living standards of their population. Despite all these efforts, the changes in unemployment have proven not to be very significant. Then, is it possible that the State, itself, is one of the main obstacles to overcome unemployment? To answer this question, the following paper tries to analyze the dynamics within the Ecuadorian labor market looking for keys that can help to improve the design and implementation of policies to address unemployment efficiently. The paper includes OLS and IV models to analyze the impact of wage gap between public and private sector (and the impact of public sector wage level alone) on unemployment.