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GENDER ASYMMETRY IN OKUN'S LAW IN THE FOUR PIGS COUNTRIES

Abstract:

Centred on the four PIGS countries (Portugal, Italy, Greece and Spain) and using the quarterly data from Q2/1998 until Q4/2014, the paper investigates whether there exists gender asymmetries in Okun's law and whether male unemployment reacts identically to economic fluctuations as female unemployment does. Whilst the trend components of output, male and female unemployment are estimated with the aid of the HP filter, Okun's relationships are modelled in the SVAR framework assuming that cyclical fluctuations of the economy and the labour market with both male and female labour force are endogenous. It is established that gender is indeed a factor that makes the respective segments of the labour market respond slightly differently to changes in real output.

Keywords:

Okun's law; gender, male unemployment; female unemployment, SVAR model.

JEL Classification: J64, E32