

Job Search, Job Finding and the Role of Unemployment Insurance History

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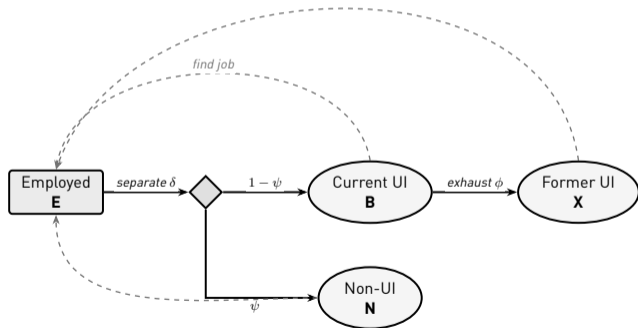
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The model in one picture: worker flows

Job loss workers sorted by UI take-up into **B**, **X**, **N**

All search by **varying intensity and efficiency** and can return to **E**.



Observed vs. effective search

Wedge γ_j shrinks *effective* effort.

$p_j = \tilde{s}_j p(\theta)$: effective search \times matching $p(\theta)$ (\uparrow in tightness θ).

Status	Observed	Effective \tilde{s}_j	Friction
B (current UI)	s_B (required)	$\gamma_B s_B$	censoring $1 - \gamma_B$ (<i>choice</i>)
X (former UI)	s_X (chosen)	$\gamma_X s_X$	inefficiency $\gamma_X < 1$ (<i>exogenous</i>)
N (non-UI)	s_N	s_N	none ($\gamma_N = 1$) — <i>benchmark</i>

“Search more, find less” — more observed, less effective \Rightarrow slower finding.

Mismeasured effective search \Rightarrow overstates fall in “matching efficiency” in recessions.

Two linked CPS files \Rightarrow who is **B / X / N** + search.

- ▶ **CPS Displaced-Worker Supp.** (1998–2022): UI-receipt history \Rightarrow **B / X / N**.
First to use actual UI history, not eligibility proxy.
- ▶ **CPS monthly** — characteristics + # search *methods*.

Search *time imputed (not a direct link)* [Mukoyama, Patterson & Sahin, 2018].

- ▶ Imputed min/day: **B** 54, **X** 51, **N** 41 (via characteristics & # methods, not UI status).

Two measures: # methods (CPS); imputed minutes (ATUS \rightarrow CPS).

Identification: the key parameters

Set *outside* (pre-specified: data, institutions, normalisations).

- ▶ s_B — required search of B = 1.12, from CPS work-search rules
- ▶ γ_X — observed X/N search ratio
= 0.71; whole X-N gap = “duration-dependent inefficiency”
- ▶ a (cost $c = as^2$, common to **B,N**) & $s_N = 1$ — normalisations

Calibrated *inside* (SMM, 12 moments).

- ▶ $a_X \rightarrow$ X/N finding ratio; $a_E \rightarrow$ EE rate
- ▶ the rest $\{\alpha; m, \beta_1, \beta_2, \lambda; \delta; \psi, \xi; \rho_z, \sigma_z\} \rightarrow$ standard LM moments
- ▶ $1 - \gamma_B$ (censoring) — *endogeneous equilibrium object*: B’s optimal search $< s_B$

What the paper contributes

- ▶ **New measurement.** Split unemployed by *actual UI history* (B/X/N), not proxy.
- ▶ **Robust facts.** UI-history workers *search more yet find less*.
- ▶ **Two patterns motivate wedges:**
 - duration control kills **X-N** gap, not B's
 - stricter rules \Rightarrow more observed search
- ▶ **Mechanism + GE.** Two wedges in DMP \Rightarrow matching eff. understated, UI effects overstated $\geq 50\%$.

Clean, important, policy-relevant. Comments: what the wedges are, how they are pinned down.

“Search censoring” identification

The headline mechanism has no direct empirical counterpart.

- ▶ Only *observed* search in data — censoring $1 - \gamma_B$ is a *model object*.
- ▶ Requirements *raise observed* search — but *productive*?
- ▶ “Find less” gap is *cross-sectional* — group-specific, not common factors.
- ▶ Censoring vs. inefficiency vs. *selection* — observationally similar.
- ▶ 37% censoring validated against Faberman et al. (2022) offer rejections [47–52%] — *but those are different margins*

Is there empirical evidence that shows B’s gap is censoring? (e.g. job application-to-interview yield, contact quality).

Split is *exogenous*; eligibility & selection left out.

- ▶ **Model:** constant $1 - \psi \rightarrow \mathbf{B}$, $\psi \rightarrow \mathbf{N}$; workers *ex-ante homogeneous*.
- ▶ **No eligibility.** \mathbf{N} also holds *ineligibles* (quitters, new entrants, low earnings).
- ▶ **No selection.** Only $\sim 77\%$ of eligibles claim — take-up correlates with prospects.
- ▶ **Consequence:** \mathbf{N} mixes *ineligibles + eligible non-claimants*.

Duration dependence inefficiency

Paper agnostic to source of X/N gap.

- ▶ **Setup.** γ_X, a_X match X/N ratios by construction; source: **selection, skill loss, screening, state-dependence.**
- ▶ **Fit:** matters less — γ_X absorbs gap.
- ▶ **Policy:** matters more.
 - if selection, γ_X moves with UI \Rightarrow tempers “ $\geq 50\%$ ”
 - source \Rightarrow policy: skill loss/retraining; screening/demand; selection/none

Institutional setting flattened & constant s_B

Rich state rules — flattened to one constant.

- ▶ **Model:** rules as of Jan 2025 → all 1998–2022, one constant s_B (fixed).
- ▶ **Cross-state:** strict (FL, UT) vs. lenient (CA, IL, MN).
- ▶ **Over time:** UI duration extends countercyclically (26→99 wks); **but rules also relax** (COVID and great recession waivers) — margin missing.

Use rule variation (states & time) as identification; let s_B move with the cycle.

Credible new facts and a clean GE model.

- ▶ **Strengths:** novel UI-history data; robust facts; meaningful GE.
- ▶ **Common thread:** *selection vs. wedge?*
- ▶ **To explore:**
 - evidence B's gap is *censoring*
 - UI *eligibility & take-up*
 - separate duration dependence from selection
 - cross-state rule variation; let s_B move

Thank you — I learned a great deal from this paper!