

## [The Ins and Outs of Unemployment in General Equilibrium](#)

CFM-DP2020-14

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We develop a general equilibrium business cycle model of the labor market which is agnostic about the determinants of unemployment inflows and outflows. To close the model we impose a moving average representation for the Ins and Outs, obtained from a structural factor augmented vector autoregression model. By estimating the augmented DSGE model, we learn about the structural parameters and shocks contributing to the business cycle, without miss-specified dynamics for the unemployment inflows and outflows. Real wage rigidities are not found to be important. Participation is nearly acyclical, but flows across employment, unemployment and non-participation are strongly cyclical.