

Preface

This book has its roots in my recent empirical research at CPB Netherlands Bureau for Economic Policy Analysis. The focus is on macro econometric modelling—in particular, on explaining unemployment.

As I look back at the road behind me in completing this book, I note with gratitude that it has been paved with the help of many who deserve mention.

First, I want extend my wholehearted thanks to my wife Bernadette and children Sietske and Hidde. Time now for more fun!

Some of the papers, around which the book has been composed, were written with co-authors.

To begin with, I look back with pleasure at the time of co-operation with Peter Kooiman. Peter has written some seminal papers on macro econometric disequilibrium modelling. When CPB was invited to join the European Unemployment Project (as a shadow player), he was asked to advise. Our research effort was published in Dutch as a CPB research memorandum: “Een Klein Macro-Economisch Niet-Evenwichtsmodel,” (Draper and Kooiman, 1991). It also lead to some interesting meetings in London and Paris. An updated version of the paper appears in chapter 2.

Low- and high-skilled unemployment was investigated together with Ton Manders. He put me in touch with the vexing problem facing applied economists to find functional forms that are flexible, use only a small number of parameters and satisfy the theoretical restrictions implied by economic theory. Our research effort, which was presented at the Congress of the Econometric Society in Istanbul (1996), and the European Association of Labour Economists (EALE) in Crete (1996), was published in *De Economist* (1997) as “Structural Changes in the Demand for Labour.” It appears without changes in chapter 3.

The equilibrium rate of unemployment in the Netherlands was investigated with Peter Broer and Frederik Huizinga in a supply-side setting. It will be published in *De Economist* as “The Equilibrium Rate of Unemployment in the Netherlands.” It is presented here as chapter 8. This paper was presented at the Congress of the European Economic Association in Santiago de

Compostela (1999) and at the EALE in Regensburg (1999). Moreover, the European Commission has made a grant to use our approach for different member countries.

The consumption paper, here reproduced as chapter 7, was written for CPB's MIMIC model. It was published in *De Economist* (Draper, 1994) as "Savings, Pension Rights and Taxation." A preliminary version of the export paper (Draper, 1996), made for CPB's model JADE, was published in Dutch as "De Exportmarkt." Chapter 6 on imports, as well as chapters 4 and 9 on equilibrium unemployment, were written to unify these papers around the main topic of this thesis: unemployment.

I am most grateful to Theo van de Klundert, who persuaded me to write this book as a Ph D thesis, supervised the study and provided me with useful and concise comments. CPB made it possible for me to write this thesis. Two colleagues at CPB need honourable mention. The first is Paul de Jongh: without his aid the project would have taken much longer. Second is Arie ten Cate, whose computer programmes made my work less cumbersome. I used several of his programmes to analyse complex models, among others, a programme for eigenvalue analyses.

My colleagues Peter Broer, Jan Donders, Frederik Huizinga, Berend Hasselman, Alex Lammertsma, Ruud Okker and Herman Stolwijk provided me with valuable comments on several parts of this thesis. Andre Nibbelink answered my lay-out questions. I gratefully acknowledge Peter Boswijk of the University of Amsterdam, Jef Plasmans of the UFSIA-University of Antwerpen, and Simon Kuipers and Elmer Sterken of the University of Groningen for their comments on, respectively, chapters 5, 3 and 8.

Last but not least, my thanks to Jeanne Bovenberg, whose editorial efforts helped to make this book more readable.

Nieuwkoop, 16 December 2000