

Unemployment Insurance and Union Behavior: Comparison of Some Paradigms and Endogenous Membership

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ABSTRACT

This paper discusses the sensitivity of the labor market outcome in the standard bargaining paradigms - monopoly union and efficient bargaining - to the existence of a budget constraint pending on the financing of the unemployment benefit. Consequences of how the unions value members and members' status (employed or unemployed) in their collective maximand, implications of union having control over membership, and, hence, of unemployment insurance coverage, are also considered, as well as of different fiscal scenarios on the form of financing the unemployment benefit bill.

JEL Classification: J51, J65, E24, H55, H39.

Keywords: Unions, wage determination models, unemployment benefit, unemployment insurance, union wage bargaining, union membership.

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