Andrei Zaloilo

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References

Christian Hellwig
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Education

Toulouse School of Economics

Ph.D. in Economics (expected) — 2021-2026
M.Res. in Economics, Toulouse School of Economics — 2020-2021
M.A. in Economics, Toulouse School of Economics — 2018-2020

University of Pennsylvania

Visiting Scholar — Fall 2023

Higher School of Economics

B.A. in Economics — 2013-2018

Fields

Primary: Macroeconomics
Secondary: Labor and Theory

Job Market Paper

Endogenous Wage Rigidity and Layoffs

When facing negative productivity shocks, how do firms choose between wage cuts and layoffs? Empirically, those that fire more workers cut wages the least– a pattern often attributed to exogenous wage rigidity. I argue instead that it reflects firms' active choice: layoffs help firms improve workforce composition, making wage cuts less desirable. I develop an equilibrium search model where firms employ risk-averse workers of varying match productivity on dynamic contracts. Although in principle the firm has to manage individual contracts with a continuum of employees, I show that the model can be solved tractably and equivalently with tenure-specific contracts. To facilitate the role of layoffs, I assume that, within a cohort, the firm is not allowed to wage discriminate, but can fire freely. This constraint induces firms to shed low-productivity matches while smoothing wages of the survivors. The model uniquely predicts that this layoff–wage rigidity relationship arises not only across firms but also within firms, across worker tenure. Using matched employer–employee data from France, I document that junior workers face up to five times higher layoff risk than senior workers yet experience virtually no wage pass-through, consistent with the theoretical prediction. Policy analysis of the quantified model shows that minimum wage, a source of exogenous wage rigidity, has minimal impact on both job-finding and layoff rates.

Working papers

Heterogeneous Wage Cyclicality and Unemployment Fluctuations

Wage rigidity as an amplification mechanism for the volatility of unemployment requires that jobs with rigid wages actually hire unemployed workers (rather than poach them from other firms). I differentiate jobs based on their hiring pool: whether they hire mostly unemployed or employed workers - and separately estimate their wage cyclicality. Using French matched employer-employee panel data, I find that wage rigidity varies significantly across jobs, with those engaging in worker poaching exhibiting more cyclical wages. I develop a labor search model with separation of search and heterogeneous wage cyclicality to measure the importance of distinguishing jobs by their hiring pool. The model reveals that rigid wages in jobs hiring unemployed workers have a disproportionately large effect on unemployment volatility compared to jobs poaching workers. Incorporating this heterogeneity yields a 20% increase in unemployment volatility.

Anatomy of Passthrough of Productivity Shocks" (with Pablo Mileni and Wenxuan Xu)

Workers experience labor income risk when employers adjust their hourly wages, hours worked, and their separation rates into unemployment in response to productivity shocks. Using French matched employer-employee data, we document how different employers adjust each of these margins for workers with different jobs, thus determining the earnings risk of their employees. We find that high-paying jobs adjust mainly hourly wages in response to changes in the unemployment rate, at 2.6 times that of low-paying ones. At the same time, low-paying jobs adjust primarily hours worked and separation rates. Adjusting hours worked at 40 times the semi-elasticity of high-paying jobs, and 10 times the semi-elasticity for separation rates. We develop an equilibrium labor market search model that incorporates dynamic contracts that allow firms to share risks with their workers through different margins. Firms share risks with workers using margins that are less costly to them, given their heterogeneous cost of creating vacancies and the job mobility of their workers. Consequently, government policies that aim to reduce labor income risk by targeting only one margin (e.g., minimum wage, hours restrictions, firing cost regulation) can be ineffective due to firms offloading risks into other margins.

Relevant positions

Research Assistant for Prof. Takuro Yamashita, TSE — 2019

Research Assistant for Prof. Renato Gomes, TSE — 2020

Teaching

Teaching Assistant — 2021-2024
Topics in Macroeconomics (TSE, L3 Undergrad)

Lecturer — 2017-2018
Microeconomics and Game Theory (HSE ICEF Evening School)

Grants and awards

Mobility Grant	2023
UT1 Doctoral Contract	2021-2024
Jean-Jacques Laffont Fellowship	2020
3rd place in "Open Competition of Student Research Papers", Economics section, held by Higher School of Economics	2018

External Presentations[1]

Bristol Junior SaM Workshop, Vigo Workshop on Dynamic Macroeconomics, ENTER Exchange Seminar Mannheim, EEA-ESEM Rotterdam, TSE Macro Workshop, TSE PhD Workshop	2024
Midwest Macro Fall Meeting, University of Pennsylvania Macro Workshop, ENTER Jamboree Mannheim, Asian Winter Meeting of Econometric Society, TSE Macro Workshop, TSE PhD Workshop	2023
TSE Macro Workshop, TSE PhD Workshop	2022
ENTER Jamboree Toulouse (discussant), TSE Macro Workshop	2021

Personal details

Citizenship: Russian
Languages: English (fluent), Russian (native), French (intermediate)
Gender: Male

[1] Conferences in italics presented by coauthors