



HELLENIC REPUBLIC
**National and Kapodistrian
University of Athens**
DEPARTMENT OF ECONOMICS

Ακαδημαϊκά Ερευνητικά Σεμινάρια στις Οικονομικές Επιστήμες, 2019-2020

Τμήμα Οικονομικών Επιστημών

Εθνικό και Καποδιστριακό Πανεπιστήμιο Αθηνών

Research Seminar Series in Economic Sciences, 2019-2020

Department of Economics

National and Kapodistrian University of Athens

Dear All,

I would like to inform you for the following research seminar:

Wednesday, December 18, 2019, 14:00-15:30

[Ioannis Kospentaris](#), Assistant Professor of Economics at Virginia Commonwealth University (VCU)

URL: <https://sites.google.com/site/ioanniskospentaris/>

Title: The unintended consequences of meritocratic government hiring

Location: Griparion Megaron, 1 Sofokleous Str., Psychopaidis Room (4th floor, 416)

Abstract: This paper studies the labor market distortions caused by a government that hires its employees through meritocratic processes. Government jobs are safer and pay on average higher wages than private sector jobs. As a result, the most productive workers prefer to work on the public than the private sector. Government attracts the most productive workers and hires them through a meritocratic process. Private sector jobs are less attractive and filled with lower quality workers. Private firms understand that the worker pool they face is of relatively low quality and do not have strong incentives to create new jobs. This creates a loss in the economy's total factor productivity and GDP. To quantify these losses, we extend the standard Diamond-Mortensen-Pissarides model of the labor market to incorporate a government sector that fills public sector jobs with meritocratic hiring. We calibrate the model to aggregate data from Greece and perform a series of counterfactuals to assess the importance of meritocratic government hiring for the labor market. We find that the adverse effects on the economy's TFP and GDP can be sizable.

Organizers: Assoc. Professor Dimitris Kenourgios, Assist. Professor George Dotsis and Assist. Professor Frago Kourandi, Department of Economics, NKUA.

Thank you