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*"What Explains the Rigidity of Labor Regulations Across Countries and Over Time? A Tale of Reforms, Growth and Inequality"*

### **Abstract**

Although labor market rigidity clearly matters, economists still know little about its underlying determinants. The more widely accepted explanation focuses on legal origins, yet it is supported mostly by cross-sectional evidence. The paper introduces new data capturing the dynamics of labor laws' rigidity since 1960 around the world. Econometric results using such unique panel data suggest rigidity is better explained by other reforms (especially trade and financial liberalization) and by the level of economic development, rather than by legal origins. Moreover, the effects of labor rigidity are ambiguous vis-à-vis economic growth, but unambiguous (decreasing) for income inequality.

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