

“Optimal UI with multiple applications”

Abstract:

This paper examines how unemployment transfers should be allocated over the business cycle when risk-averse workers can send multiple applications and firms can receive multiple applicants. In the standard search model with one-to-one matching, more generous unemployment benefits during a downturn provides insurance to workers at the cost of discouraging search effort, dampening job creation. With multiple applications, decreased search effort can instead aid with job creation, as rejection rates fall when workers have fewer options to choose from. Under rigid wages, our model predicts countercyclical benefits, in contrast to the standard search model which predicts procyclical benefits.#