

File:ED Section 6, equation 1 6.3.3.2.png

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Upward movement of unemployment (and potentially of informality levels) would reasonably be expected to push down wages, just as a shortage of labor supply relative to demand would push them up. As an indicator of these forces the model computes a labor wage index (LABWAGEIND) that responds, as does the cumulative labor demand coefficient multiplier (LabWageImpactMul) discussed above, to the difference between the evolving unemployment target level and the computed unemployment rate.

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