

IAB-Colloquium

zur Arbeitsmarkt- und Berufsforschung

Excess Land and Excess Labor? A Policy Proposal for East Germany

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In Germany's East, far more than a million individuals are unemployed. At the same time, far more than a million dwellings are vacant. This paper wishes to emphasize two ideas. First, this paper argues that the two types of excess supply are related, in the following sense: If rents fell from their current – surprisingly high – level this would free up employment and welfare. Yet second, this paper also argues that current rent levels reflect a landlord driven majority's desire to stabilize real estate prices. From this perspective, inefficient resource use not just prevails throughout East Germany's markets for housing and labor. Also, given landlords' persistent dominance in East Germany's politics inefficient resource use is likely to persist, too.

Donnerstag, 15. Januar

15:00 Uhr

Sitzungssaal 126a