

## Efficient Bargaining versus Right to Manage in the Era of Liberalization

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**Abstract :** We compare product and labour market liberalization under the two trade union bargaining models: the Right-to-Manage (RTM) model and the Efficient Bargaining (EB) model. The vehicle is a dynamic general equilibrium (DGE) model that incorporates two types of agents (capitalists and workers), imperfectly competitive product and labour markets. The model is solved numerically employing common parameter values and data from the euro area. A key message is that product market deregulation is favourable under any labour market structure while opting for labour market deregulation one should provide special attention to the structure of the labour market such as the bargaining system of unions. If the prevailing way of bargaining is the RTM model then restructuring both markets is beneficial for all agents.

**Keywords :** market structure, structural reforms, trade unions, unemployment

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