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Labor regulation protects workers, but it also imposes costs on employers. There is evidence that such costs may cause informality and unemployment, as they hinder the hiring of formal employees and the formalization of self-employed workers. A recent number of Ensayos Sobre Política Económica (ESPE in Spanish) published by Banco de la República (the Central Bank of Colombia, Banrep), coordinated by senior economist Andrea Otero, reviews evidence that links aspects of Colombian labor regulation with labor informality, an issue that affects nearly half of the country's labor force.

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