Seminario 485. The effects of lifting mandatory military service restrictions on youth employment in Colombia

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Hora: 12:00 m. (refrigerio) y 12:30 p. m. (inicio del seminario)

Tiempo de exposición: 12:30 p. m. a 2:00 p. m.

Lugar: Banco de la República, carrera 7 # 14-78, piso 13 (Sala de prensa), Bogotá D.C.

Idioma de la exposición: Español

Resumen del documento: Colombia has experienced a history of civil conflicts that still affect the stability of the State in certain regions. Legislation enacted in 1993 set stringent restrictions to prevent males from skipping the mandatory military service. Males in the country cannot be hired in the formal sector, participate in public procurement processes and graduate from tertiary education unless their military status has been cleared. To date, 35 percent of males 18 – 28 years old still lack a valid military clearance card. In May 2016, a new law passed by the Colombian Congress allowed male workers to be formally hired without the restriction of holding a military service card. The law also reduced the maximum age a male is required to be in active compulsory military service from 28 to 24. Currently young workers between 18 – 28 years of age can be hired without this restriction during the first 18 months of a formal employment contract. To detect the impacts of this intervention, we explore the official labor force survey between 2014 and 2017. Our identification strategy consists of a repeated cross section triple difference-in-differences approach, in which we compare the age cohort of males and females treated by the law with a comparison group of older adults. Our findings show that the law did not have any effect on labor participation at large. While the age cohorts 18-24 and 24-28 did not show significant results, males in the age cohort 16-18 (more sensitive to the changes introduced to the law) experienced an increase in social insurance contributions by 3.3pp, an increase in formal contract employment by 3pp and an increase in formal salaried status by 2.7pp. Similar to

previous literature, in particular in the United States, these findings suggest that mandatory participation in conflicts is a counterproductive policy for young males' labor markets performance.

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