**Deregulation of fR**

Unemployment falls upon deregulation shock unlike when UB allowed to rise with real wage. This means GDP falls by a lower extent.

**Deregulation of firing**

There is practically no change.

**Joint deregulation of fR and firing**

There is an initial spike in unemployment. However, when compared with joint deregulation in the CF economy (allowing UB to change to a different permanent value), the rise in unemployment is less! However, when joint deregulation is carried out in CF, UB is lowered from its initial value of 1.063 which means that the difference in the transition dynamics between what is observed when only fR and firing are deregulated and when there is deregulation of all reform variables must be due to the lower UB.

This suggests the there is value in keeping benefits low.