Cross Atlantic Differences in Estimating Dynamic Training Effects

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Abstract

This talk contrasts continental European (timing of events) and North American approaches to estimating training effects in duration models, since these models differ greatly in terms of their identification strategy, treatment of time-changing explanatory variables, policy effects estimated and treatment of left-censored spells. It concludes that since European empirical studies using the timing of events approach obtain identification solely from functional form assumptions, their results should be treated as suspect. North American studies base identification on natural exclusion restrictions in hazard models and therefore are to be preferred. The talk also stresses the importance of analyzing left censored spells for understanding the long term non-employed.