

What Happens to Wages after Displacement?

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Faced with limited resources, policymakers need to know when and where to target support for displaced workers. The academic literature offers little support, presenting wide-ranging results with no consistent explanation for the observed differences in wages after workers are displaced. In this paper, we demonstrate that the heterogeneity found in the literature is consistent with varying market conditions. The results suggest that support for displaced workers can be more efficiently allocated by considering the timing and location of displacement.

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