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With

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Peter Fredriksson, Ana Lamo, Edwin Leuven,
Julían Messina, and Giovanni Peri

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this book there is very little evidence that training provided in the market is inferior to the socially desirable training.

There are also indirect ways to making training more effective. Most scholars and policymakers agree with the need for Europe to invest more R&D and increase labour market participation. The book shows that the types of policies have a positive side effect on training. For example, policies aimed at increasing female participation in the labour market—including childcare assistance and extended maternity leave—lead to higher training rates. Similar mechanisms work for deregulation in the product market and reduction in early retirement.

Pietro Garibaldi

February 2007

PART I

THE MACROECONOMICS OF EDUCATION

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the long term. If one looks over the last 2–3 decades, one sees two developments:

- (1) Europe catches up in terms of education.
- (2) Europe's growth performance deteriorates, both in relative (EU–US) and absolute terms (Europe today versus Europe twenty years ago).

A first conclusion is thus that an unqualified equation 'more education = higher growth and faster catch-up' does not work without additional elements. To establish this link one has to make additional assumptions. For example: the rate of technological progress has accelerated. Another potential explanation would be that the catch-up potential is simply exhausted now. But the authors do not take a stance on these issues.

I would like to conclude with one clear reason why I think Europe should care about the transatlantic gap that is opening in terms of higher education. This is because it determines our potential to innovate. Our leaders promised in Lisbon more growth through what they called the 'knowledge society'. One intermediate measure that was to be taken on the route to stronger growth was to increase R&D spending from around 2 to 3 per cent of GDP during this decade. Little has been done to achieve this target. But this is not my point here. What I would like to emphasize is that a commitment to more R&D should have implied also a long term commitment to more higher education.

Attaining the Lisbon goal for R and D (EU investment in R&D of 3% of GDP) would imply an increase of 70 per cent. To be effective in terms of translating into a higher output of ideas this requires about 70 per cent more highly qualified researchers, who need to be trained. Training highly qualified researchers takes a decade at least. Thus starting today means that results can be expected only after a decade or so. Moreover, the cohorts ready for University are declining, thus making it more difficult to actually find 70 per cent more highly qualified and gifted researchers. Lisbon should thus have started with a commitment to strengthen higher education, rather than with unrealistic targets concerning more spending on R&D.

PART II

WORKPLACE TRAINING IN EUROPE[§]

Andrea Bassanini, Alison Booth, Giorgio Brunello,
Maria De Paola, and Edwin Leuven*

[§] The views expressed here are those of the authors and cannot be held to represent those of their institutions. We are grateful to two anonymous referees, to our discussants Giuseppe Bertola and Steve Pischke, to Pietro Garibaldi, Michele Pellizzari and the audiences at presentations in Essex, Rome and Venice for comments and suggestions.

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