Comments to:
"Unobservable, but Unimportant? The influence of personality traits (and other usually unobserved variables) for the evaluation of labor market policies"

(Marco Caliendo, Robert Mahlstedt, Oscar Mitnik)

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Brief Summary of the paper

Motivation: Role of 'unobserved' variables in the estimation of treatment effects under 'selection on observables'

Fundamental problem: Assumption is untestable!

Novelty: Include data for a rich set of (usually) 'unobserved' variables to assess their role on the estimation of treatment impacts

Key Finding: Personality traits (and other usually unobserved variables) do not matter much in the computation of treatment effects, compared to specifications that include a rich set of labor-market histories

Policy Implication: Rich administrative data may be enough to draw conclusions on the effectiveness of ALMP

Brief Summary of the paper

Specification I: Socio-demographic characteristics

Specification II: Specification I + labor market histories

Specification III: Specification II + personality traits

+ job search and employment outlook

+ socio-cultural characteristics

Consequences for: selection model

goodness of fit

propensity scores distribution / correlation

matching quality

treatment effects

Some comments/suggestions

➤ Well-executed, well-written paper!

➤ It might not be the case that labor-market histories are the key set of variables that make the difference. It is the data itself that is quite particular. I suggest expanding this discussion in the text.

➤ Suggest adding an additional comparison: Specification I versus Specification II. Why? If there is not much difference in the treatment impacts between them, it means that in this data, labor market histories also does not matter much per se.

➤ No matter what is the specification used there is a very strong overlap in the data. This is good for evaluation, not good for the paper. I would suggest acknowledging this and expanding the discussion of CS in the text.

Some comments/suggestions

➢ Is it possible to create 'dissimilar' comparison groups (through geographic misalignment or by including people who is not actively searching for new employment) to test the 'value' of adding labor market histories and personal traits in the specification of the propensity scores?

➢ It would benefit from adding a discussion of the potential channels through which personal traits (i.e., openness, conscientiousness, extraversion, and neuroticism) would affect the performance of ALMP.

➢ I would also formally test the correlations between these variables and particular labor-market histories variables.

➢ I would not consider 'job search' variables as an usual set of unobserved variables (in the same level as personal traits and locus of control variables).