Enhancing the Effectiveness of Active Labour Market Policies: Evidence from the Programme Evaluation in OECD Countries

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The unemployment is one of the main threat for the economic growth

One of the main problem of the industrialized countries is the unemployment, that cause:

- Social costs
- Unemployment costs (i.e. benefits)
- Loss of efficiency
- Individual unsatisfaction

Most of the Organization for Co-operation and Development Countries (OECD) are increasing the role of the Active Labour Market Policies (ALMPs), such as:

- Job creation scheme in the public sector
- Wage subsidies in the private sector
- Training programmes
- Job-search assistance
OECD combats against high and persistent unemployment and spend ca. 1% of GDP

Tools:
- reforms in SUPPLY SIDE (labour and product markets, taxation policy, industrial policy, education and training, macroeconomic policies)
- DEMAND SIDE (low inflation → low wages → more hiring)

Important to consider
- Short and long term effects
- Deadweight costs
- Intervention time
- Social effects

Net Impact = gross impact – deadweight loss – substitution effects – displacement effects
The evaluation problems

- Individual effects?
- Net social gains?
- TR > TC?

Interviews
- Post-programme data
- Random assignment experience
- Quasi-experiments

✓ Ideal evaluation steps
✓ Evaluation methods
Job-search assistance

Appears to be effective for most groups of unemployed people

Lowest intervention cost with the largest relative payoffs

Effective by itself or in conjunction with other tools

Uncertainty of long term effects

Long time to see effects
Formal classroom training

- Effective for well targeted individual groups
- Long time to see effects

Effects of Formal Classroom Training
Subsidies to employment

Effects of Subsidies To Employment

- Decrease long term unemployment
- Helps women re-entrants in job market
- Successful when combined with training and job-search assistance

Careful and continues control must be maintained
Possible high deadweight losses and substitution effects (less with well targeted groups)
Aid to the unemployed to start an enterprise

Works for a small target of individuals

Creating a new company, a big number of new employees is created

Effects of

Aid

To start

A new enterprise

Possible high deadweight loss and displacement effects

Effects hard to evaluate
Public sector job creation

- Last resource for people with big barriers to enter in labour market
- Political consent
- Effects of Public Sector Job creation
- Often ineffective
Problems linked to evaluation methods

Choice depends on programme objectives, evaluation objectives, costs, timeliness of results

Ethical considerations must be kept into consideration

Statistic distortions (i.e. representative group selection)

Negative payoffs are caused by

- Evaluation problems (too short, wrong statistic groups)
- Programme problems (the course does not improve participant careers)
Different solutions for different groups

Youths are the most difficult to be helped

Women receive the greatest benefits from class training, wage subsidies and job-search

There are methods to effect positively many different individual groups → politicians must take decisions implying trade-offs

It is impossible to eliminate unemployment, because ALMPs and government resources are limited
Conclusion

- Job-search assistance are effective for most groups
- Programmes appear effective for women but not for youths
- Gains are modest
- Careful targeting is important
- Programmes may work better over time
- ALMPs should be consider together
- Difficult to generalise results
Thank you for your attention