

# **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

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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

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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

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

✓ **Ideal evaluation steps**

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

✓ **Evaluation methods**

## Job-search assistance

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**Appears to be effective for most groups of unemployed people**

**Lowest intervention cost with the largest relative payoffs**

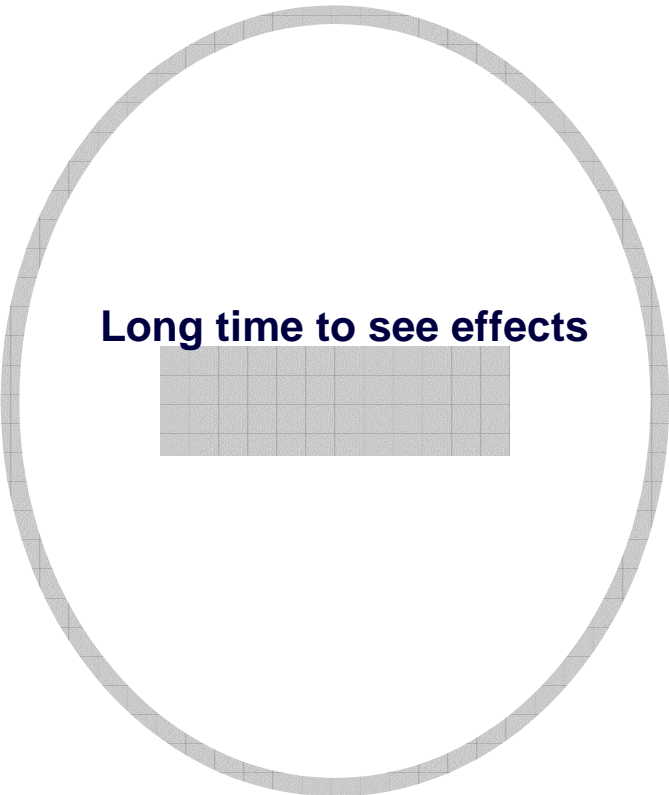
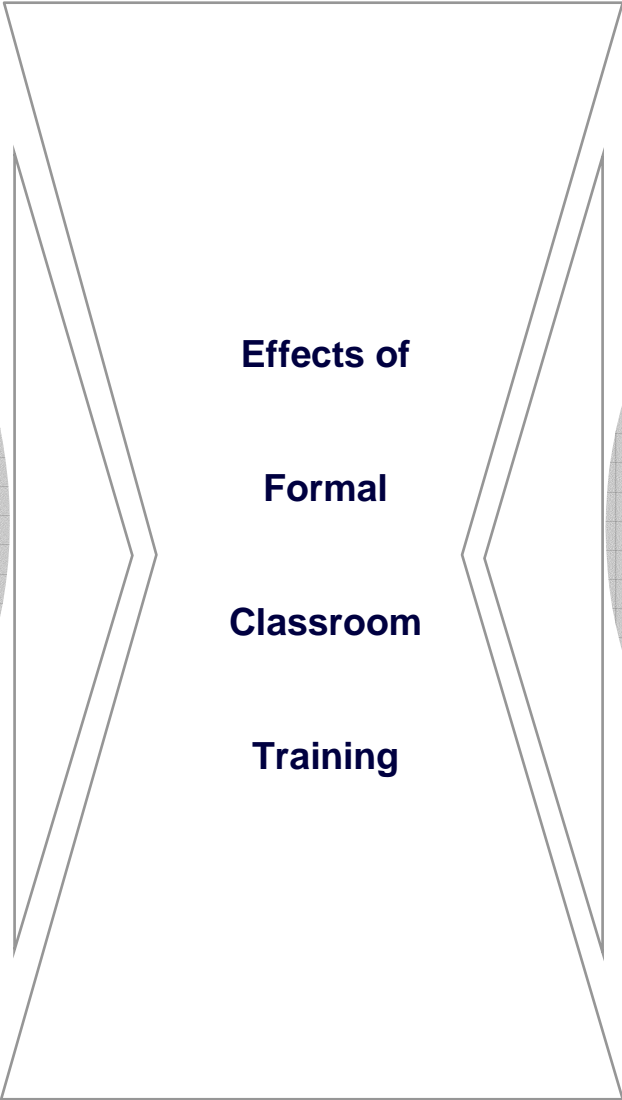
**Effective by itself or in conjunction with other tools**

**Effects of  
Job-search  
Assistance**

**Uncertainty of long term effects**

**Long time to see effects**

# Formal classroom training



# Subsidies to employment

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## Aid to the unemployed to start an enterprise

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**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**

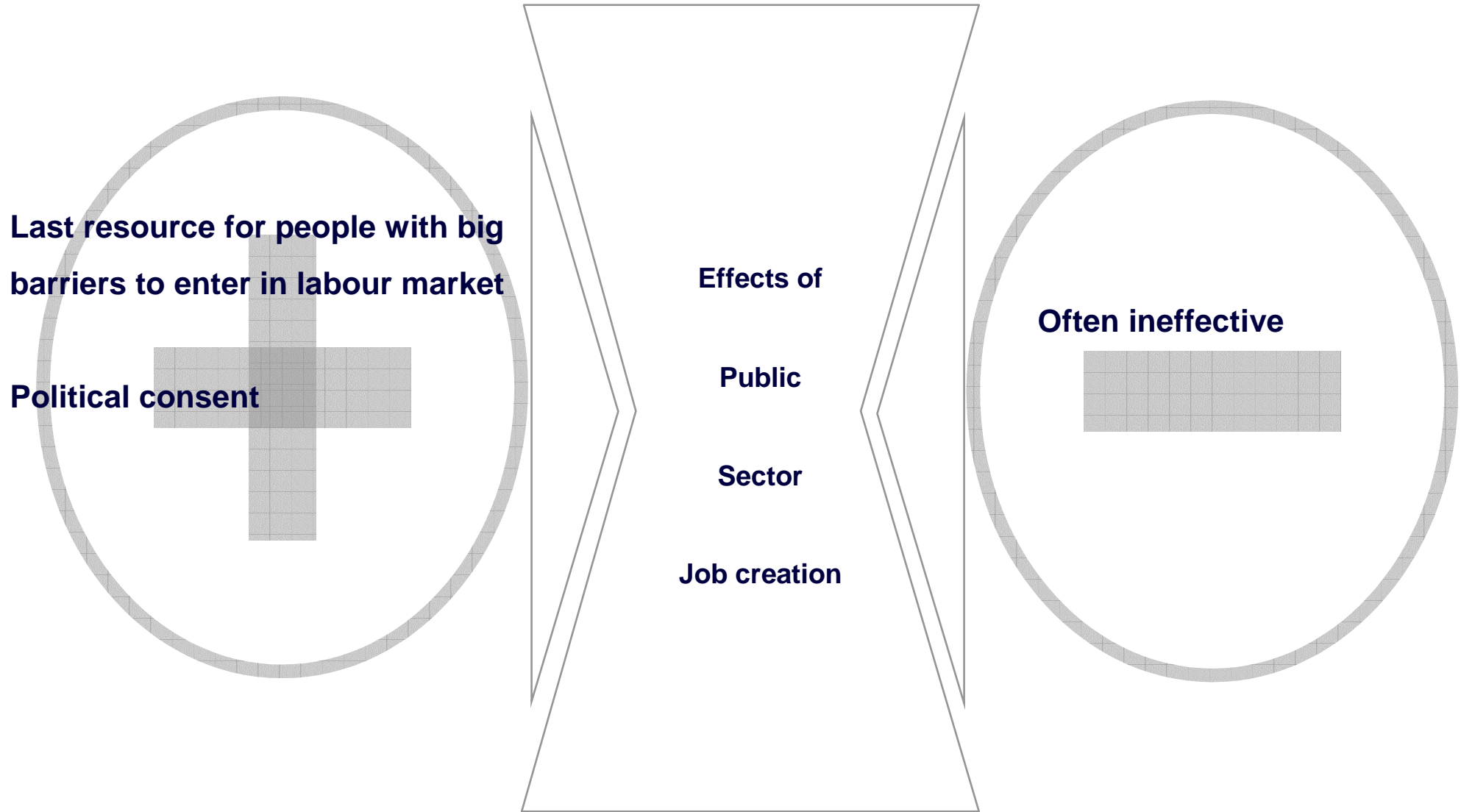
**Possible high deadweight loss and displacement effects**

**Effects hard to evaluate**



# Public sector job creation

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## Problems linked to evaluation methods

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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

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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

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- 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

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**Thank you for your attention**