THE INDIVIDUAL EFFECTS OF THE RECENT GERMAN ACTIVE LABOUR MARKET PROGRAMMES

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In this presentation we review some of the evidence of recent German labour market programmes with a special emphasis on training programmes. The main emphasis will be on work in which we provide new evidence on the effectiveness of West German labour market programmes by evaluating training and employment programmes that have been conducted 2000-2002 after the first large reform of German labour market policy in 1998.

In this empirical work we employ exceptionally rich administrative data that allow us to use microeconometric matching methods and to estimate interesting effects for different types of programmes and participants at a rather disaggregated level.

We find that, on average, all programmes fail to improve their participants’ chances of finding regular, unsubsidised employment. Rather, participants accumulate 2-13 more months of unemployment than nonparticipants over the 2.5 years following programme start, which, in addition to direct programme costs, induces net costs in terms of benefit payments and wage subsidies amounting to, on average, 1500-7000 EUR per participant. However, we show that there is some scope for improvements in mean employment rates as well as potential for considerable cost savings by a reallocation of participants and nonparticipants to the different programmes.