Differential effects of Swedish Active Labour Market Programmes for Unemployed adults during the 1990s

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Discussion by

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Colloque sur l’évaluation des politiques publiques pour l’emploi
Paris
November 24-25, 2009
Summary

The research of Barbara = key in **downplaying the “Swedish model”**:

1. Sianesi (2004) stresses the role of ALMP’s to renew benefit eligibility

2. Here she further shows that:
   - one program (job subsidies) drives the positive results;
   - other program effects are negative (not replacement training);
   - especially (i) relief work and (ii) work experience programs used to renew entitlement;
   - spill-overs for successful programs $\Rightarrow$ findings even more depressing.
Methodological aspects

1. **Non-parametric matching** on observables to eliminate selection bias
   - **credible**: detailed info on participation decision, esp. on anticipation of future ALMP-participation;
   - still problem if delay between effective hiring and moment of job offer.

2. **Dynamic selection problem** to ongoing programs (Sianesi 04):
   - *problem of selecting control group* = conditioning on future endogenous event: those who find a job will not be treated
   - solution: control = non-participant *for now*

3. **Multiple treatment framework** (Imbens, 00; Lechner, 01)
   - To evaluate relative performance of programs: not possible if compare to “non-participants *for now*”
   - To evaluate whether program only works for targeted group
Points of Discussion

- Difficult to criticize, since very clear, carefully performed and already commented by very competent researchers.

- **Relation of findings to literature**
  
  - Meta-analysis (Kluve, 06; Card *et al.* 09) shows:
    
    1. **Positive** outcomes for (i) JSA (including threat); (ii) subsidized employment in private sector; (iii) training in medium and long run;
    2. **Negative** effects for direct job creation in public sector

  - Order roughly corresponds and worse effects partly explained by inadequate incentives wrt benefit renewal.

  - Nevertheless, not all bad performance relative to control group is explained:
    
    1. Why no long-term positive effects for training?
    2. Why not better outcomes for worker replacement in regular jobs?
Points of Discussion

- How should we interpret performance relative to the control group?
  - High unemployment in 90s? ↔ meta-analysis, Lechner/Wunsch (06)
  - Open unemployment, for now is no usual control group, but a “mixed” treatment, since it comprises
    1. Participation in ALMPs later on (Survival rate in open unemployment?)
    2. Job Search Assistance (JSA)
    3. Threat effect of benefit exhaustion and of program participation
  - ⇒ Are only relative treatment effects identified?

- Final comment: crucial to study spillover effects (e.g. Cahuc et al (2007) on job counseling in France)