

Colloque sur les “expérimentations”

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Dares

Discussion of “Employment retention and advancement, demonstration for Great-Britain by Jonathan Portes et alii.

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Introduction

- One more workfare program! (ERA) in a 5.2% unemployment country (08Q1) and 75% employment rate.
 - Targets:
 - NDLP lone parents on income support.
 - WTC for part-timers.
- Consist on employment bonus (400 pounds 3 times a year) + training tuition subsidies + emergency income.
- Rather efficient:
 - Difference between treated and control significant (higher earnings, welfare subsidies are smaller).
 - Employment effect smaller except in NE and NW England. (depends on the variables chosen – ever worked FT, ever worked, etc...).
 - WTC target: less spectacular.



Introduction 2

- Program ERA:
 - Addresses new issues: the employed workers in the treated group somehow are stuck in low pay – low skill jobs.
 - Hence, effort for training and advancement.
 - Presumably high quit rates / turnover in those jobs, hence the idea of retention.



Introduction 3

- So, adaptative program, in order to better fulfill its goals.
- Now, relatively few methodological details (econometrics) in the report.



Missing?

- Little was said on the various reasons for which the program:
 - Might fail in some geographical areas.
 - Might have other undesirable effects.

- On the last point: targetting lone mothers with kids: is that a good idea?
 - Child's education more problematic, especially if the low pay job requires 2h of commute in public transportation.
 - Other incentives on family composition.



Children's education and family effects

- Of course, this replaces more “passive” programs (welfare to workfare).
 - But has there been any evaluation of the potentially undesirable effects of family life and kids education?

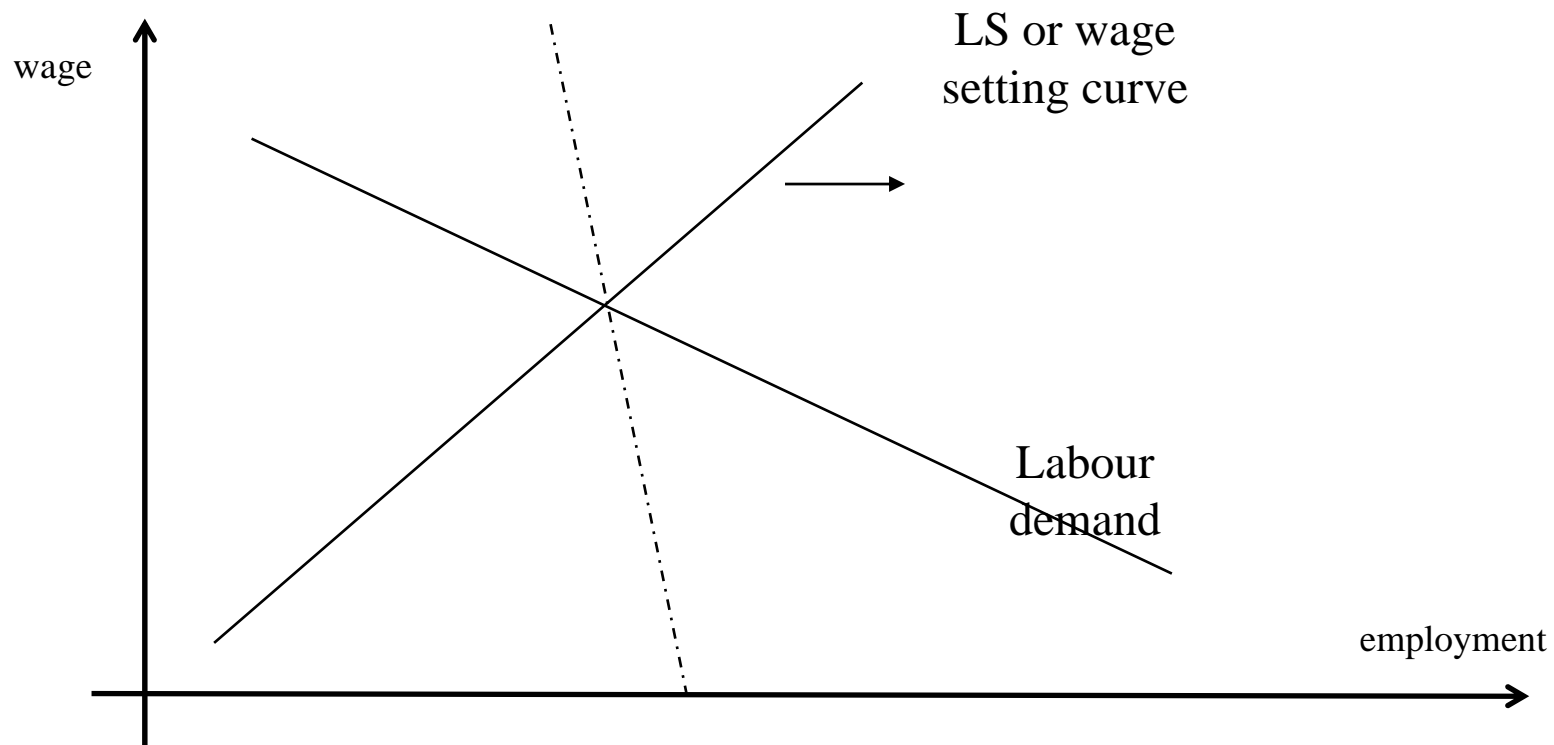


Group variations

- We learn a lot from average impact: evaluation of the use of public funds.
- Less about the replicability of such schemes.
 - For instance, it may well be that in areas with little or no vacancies, the constraint is not of labor supply but on labour demand.
 - Similarly, it may well be that the economic situation mitigates the overall effect of the program.

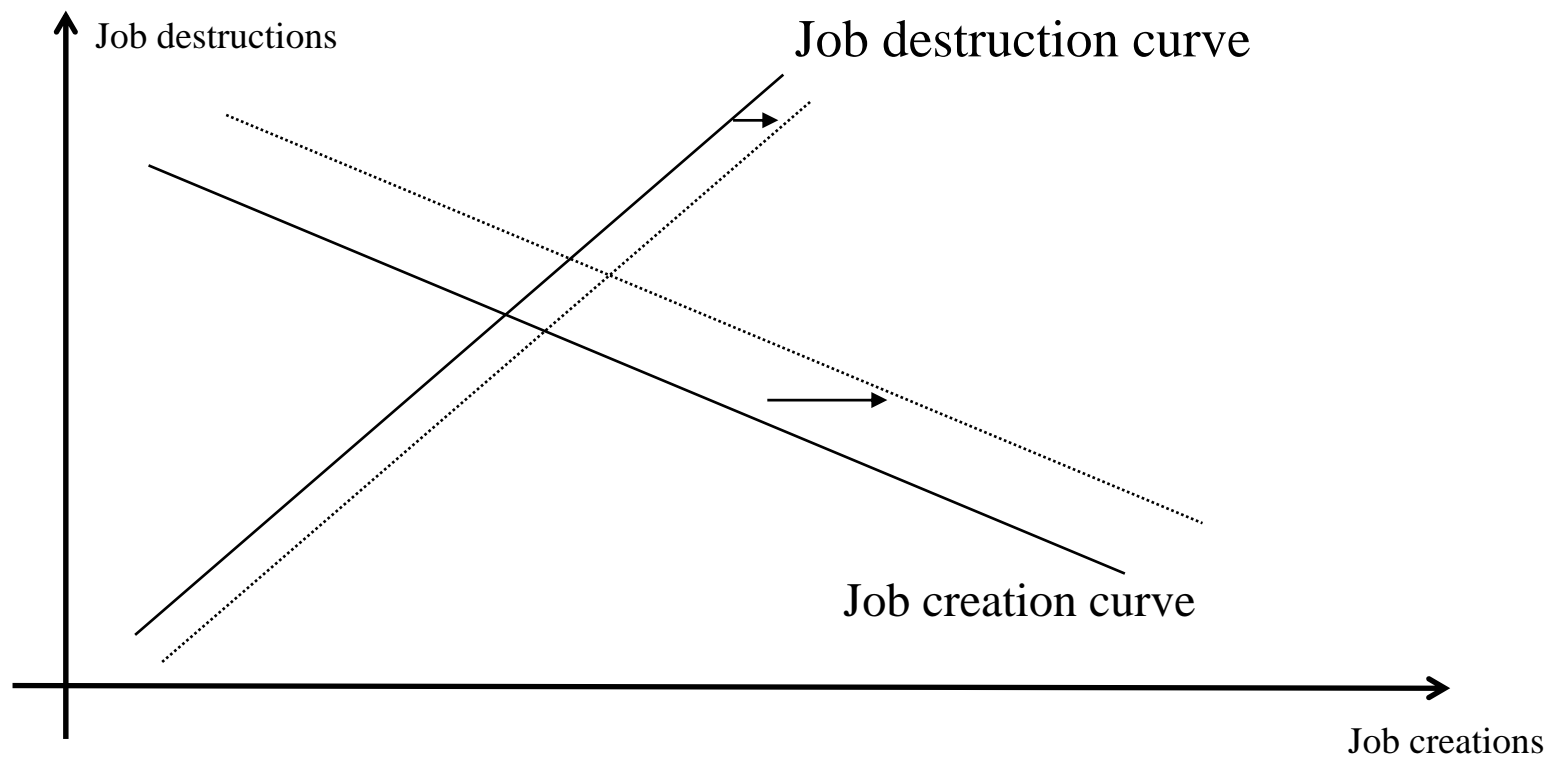
Heterogeneity. Model useful?

- Elasticity of demand ; wages decline.



Better model?

- Dynamic: job separations + job creations.



North East England and North West England

- Income below average UK ;

Headline gross disposable household income per head

	United Kingdom ¹	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands
2000	10,906	9,261	9,979	9,964	9,972	9,949
2001	11,588	9,810	10,560	10,514	10,628	10,547
2002	11,930	10,147	10,874	10,834	11,008	10,854
2003	12,409	10,576	11,304	11,306	11,559	11,303
2004	12,773	10,920	11,673	11,687	11,993	11,670
2005 ²	13,279	11,356	12,186	12,197	12,522	12,133
Percentage change 2000 to 2005	21.8	22.6	22.1	22.4	25.6	22.0

Notes:

North East England and North West England

- Growth higher in NE, lower in NW.

		Percentages												
		United Kingdom ¹	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	Northern Ireland
GVA annual percentage growth	2004	6.0	8.2	6.5	6.6	5.1	5.2	6.7	5.9	4.6	6.4	6.7	6.1	6.4
	2005	4.1	4.6	2.9	2.3	3.5	3.5	3.4	5.7	4.5	4.6	2.1	4.7	5.5
	2006	5.1	5.2	3.6	4.6	6.7	4.8	4.6	4.4	6.3	5.1	6.1	5.9	6.2
GVA per head annual percentage growth	2006	4.5	4.9	3.4	3.9	5.8	4.5	3.7	3.6	5.6	4.3	5.7	5.4	5.1

Slightly less skilled than UK



Employment rate lower but catching up in NE

Employment¹ rates for persons of working age: by NUTS1 region

Percentages, seasonally adjusted

		United Kingdom	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
2004	Oct–Dec	74.9	69.9	74.1	74.4	76.1	74.9	78.8	69.4	79.1	78.7	75.2	72.2	75.1	69.2
2005	Jan–Mar	74.9	70.3	73.3	74.4	76.3	74.7	78.8	70.0	78.9	78.8	75.2	71.7	75.3	68.8
	Apr–Jun	74.7	70.2	73.3	74.2	76.5	74.4	78.7	69.4	79.0	78.8	75.0	71.4	75.0	68.5
	Jul–Sep	74.8	69.7	73.5	74.7	77.2	74.1	78.5	69.7	78.8	78.3	75.1	72.3	75.2	69.8
	Oct–Dec	74.5	70.1	72.9	74.4	77.1	73.4	77.5	69.5	78.8	77.8	74.7	71.8	75.4	68.7
2006	Jan–Mar	74.6	70.9	73.4	74.2	77.0	73.8	77.4	70.0	78.8	78.1	74.9	71.5	75.3	69.5
	Apr–Jun	74.6	71.7	73.3	74.1	76.9	73.8	76.9	69.6	79.0	78.4	74.9	71.5	74.8	70.1
	Jul–Sep	74.5	70.9	73.5	73.5	77.1	73.9	77.0	69.7	78.9	77.8	74.8	72.1	75.2	69.0
	Oct–Dec	74.5	71.2	73.0	73.9	76.5	73.2	77.1	69.8	78.7	78.4	74.7	71.8	76.1	69.5
2007	Jan–Mar	74.3	70.9	72.5	72.7	76.0	72.7	77.4	70.1	78.2	78.0	74.3	71.7	76.6	70.5
	Apr–Jun	74.4	71.2	72.6	73.1	75.9	72.6	77.2	69.9	78.5	78.0	74.4	72.2	77.1	70.6
	Jul–Sep	74.4	72.0	72.2	73.2	75.7	72.9	77.0	70.6	78.7	78.5	74.6	71.2	76.5	69.9
	Oct–Dec	74.7	71.9	72.9	73.6	75.7	73.3	78.1	70.2	78.9	79.3	74.9	71.5	76.5	69.8

Note:

¹ Includes employees, self-employed, participants on government-supported training schemes and unpaid family workers.

Source: Labour Force Survey, Office for National Statistics

Unemployment rate: same for NE

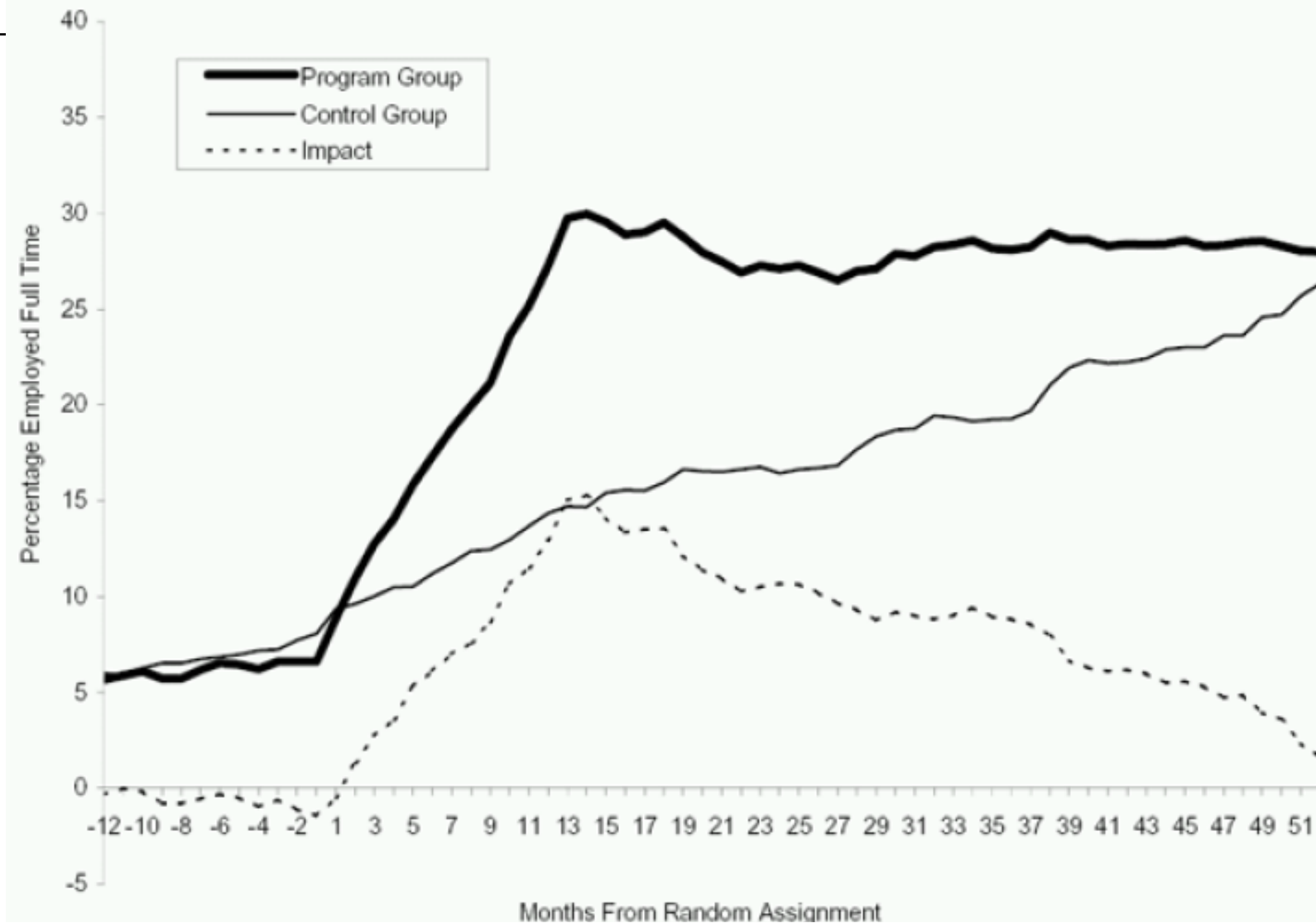
Table 6
Unemployment rates for persons aged 1

		United Kingdom	North East	North West	Yorkshire and The Humber	M
2004	Oct-Dec	4.8	6.5	4.7	4.8	
2005	Jan-Mar	4.8	5.8	4.8	4.5	
	Apr-Jun	4.9	6.8	4.5	4.9	
	Jul-Sep	4.9	6.7	4.6	4.7	
	Oct-Dec	5.3	6.6	5.0	5.6	
2006	Jan-Mar	5.4	6.7	5.0	5.6	
	Apr-Jun	5.6	6.2	5.4	5.9	
	Jul-Sep	5.7	7.0	5.7	6.2	
	Oct-Dec	5.6	6.6	5.5	6.2	
2007	Jan-Mar	5.7	6.9	6.0	6.4	
	Apr-Jun	5.5	6.6	6.0	5.7	
	Jul-Sep	5.5	6.4	6.2	5.7	
	Oct-Dec	5.3	5.8	6.1	5.5	

Source: Labour Force Survey, Office for National Statistics

E.g.: Canadian SPSS

Figure ES.1: Percentage Employed Full Time, by Months From Random Assignment



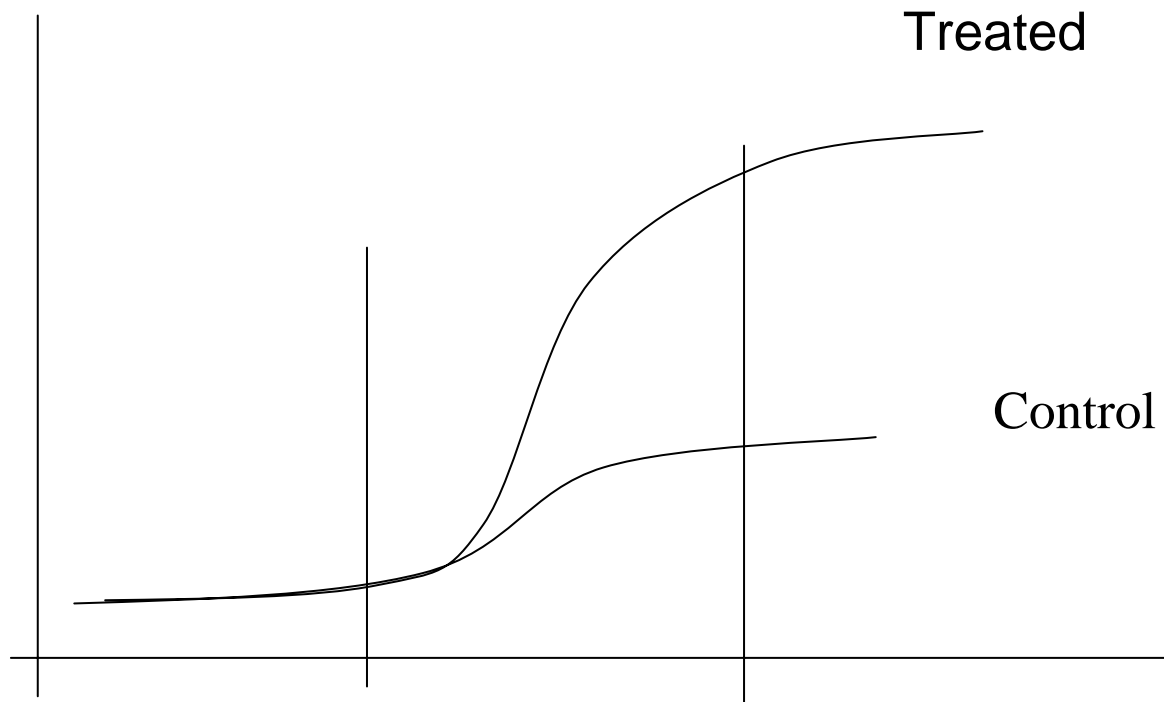


Impact by groups

- By groups: seemed to work better for
 - ethnic minority,
 - more skilled among the low skilled,
 - those in better health.
- Usual question: does not help the most deprived.

Conclusion: this is already great

Employment effect





Conclusion 2

- Basic principle of (micro)economics: opportunity cost.
 - Time spent at work from lone mothers could have been efficiently use to children's education?
 - Financial support could have been used to alternative policies in a 75% emp. rate country (education policy, child care) with potentially high returns.
- Interaction with macro/regional economic context.