

The Effectiveness of Danish Labour Market Policy: Evidence from Social Experiments

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Introduction

- › The Danish National Labour Market Board: Program for obtaining empirical evidence on effectiveness of ALMPs
 - › RCTs – ca. 2 per year
 - › Knowledge-bank – database of empirical studies conducted worldwide on ALMP effectiveness
 - › Works actively with research community, providing data, participating sc. conferences, interactive debates, etc.

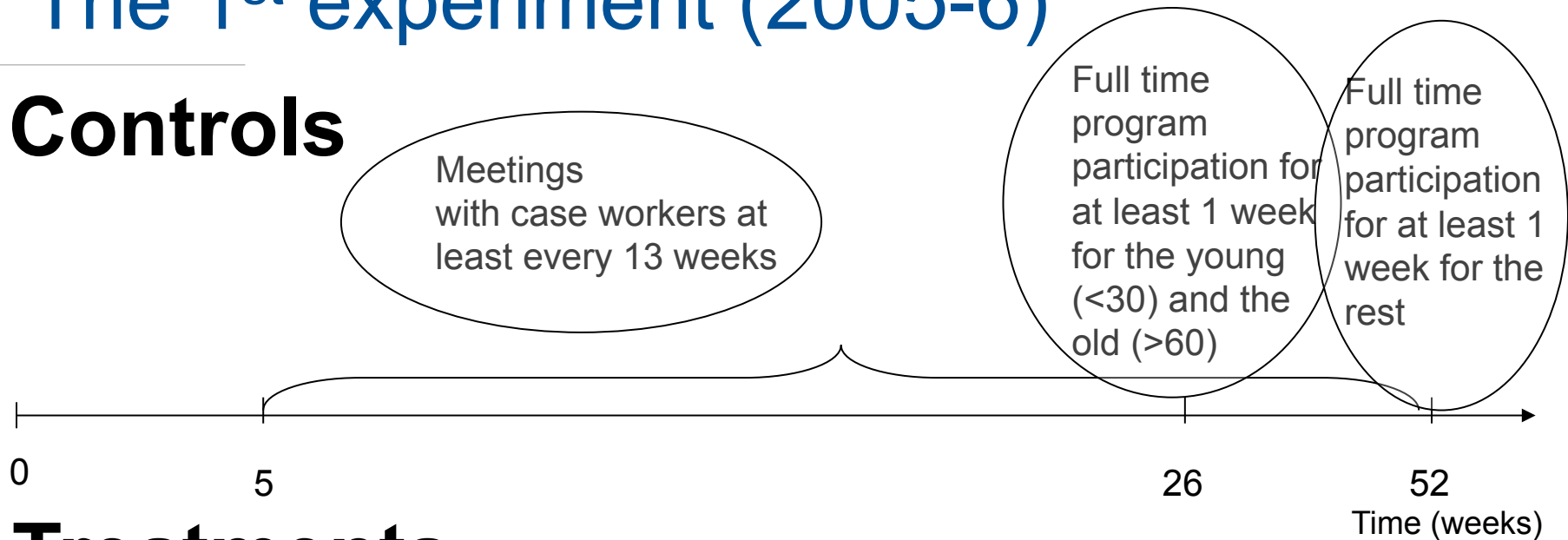
- › Status so far:
 - › 8 RCTs are completed, 2 ongoing, 1-2 in planning process, 30 small-scale ‘pilot projects’ planned

Introduction

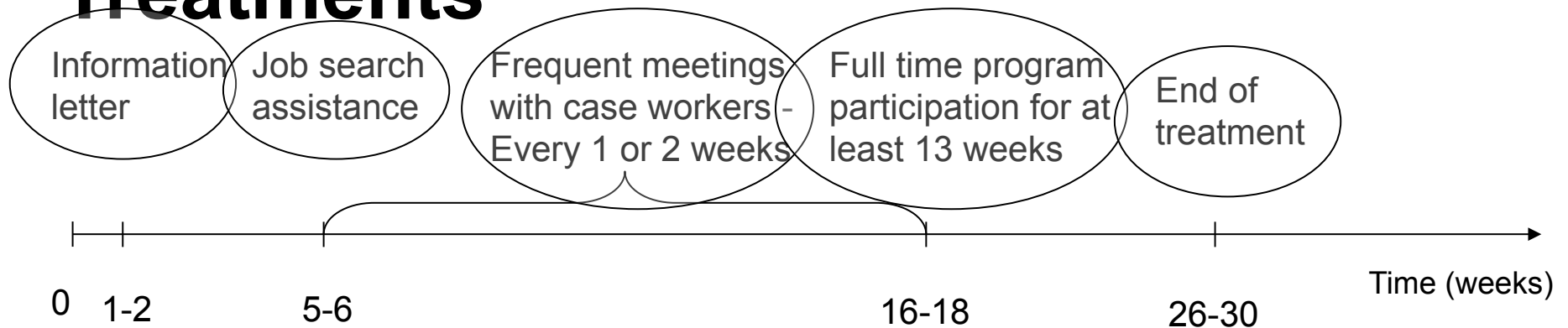
- › I report evidence from first 5 experiments
 - › They focus on early and intensive ALMPs for *newly unemployed workers*
 - › 6th and 7th experiment shows absolutely no effects for sick-listed and the weaker, long term unemployed
 - › (8th experiment focuses on youth, evaluation is ongoing, no results yet)
 - › (9th experiment focuses on the 'hard-to-place' unemployed workers and is ongoing)

The 1st experiment (2005-6)

Controls

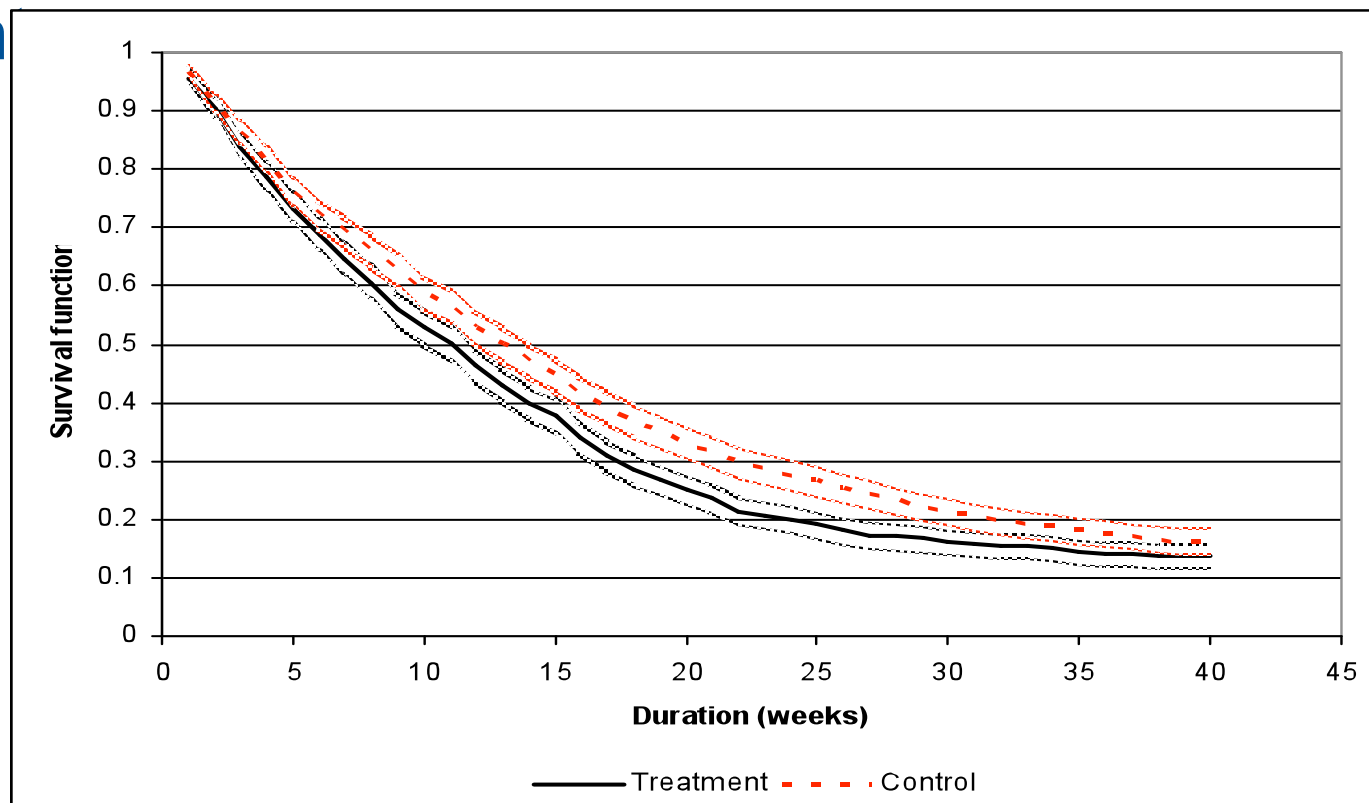


Treatments



The 1st experiment (2005-6)

Figure 1. Survival in unemployment, Storstrøm
coun



The 1st experiment (2005-6)

- › Effect: Unemployment duration was reduced by **3 weeks**
- › A CBA conducted by The Danish Economic Council (2007) shows net benefits of about 2000€ per unemployment spell
- › BUT... it would be interesting to know more:
 - › **what** worked, **when** (in the unemployment spell) did it work, and **for whom** did it work?

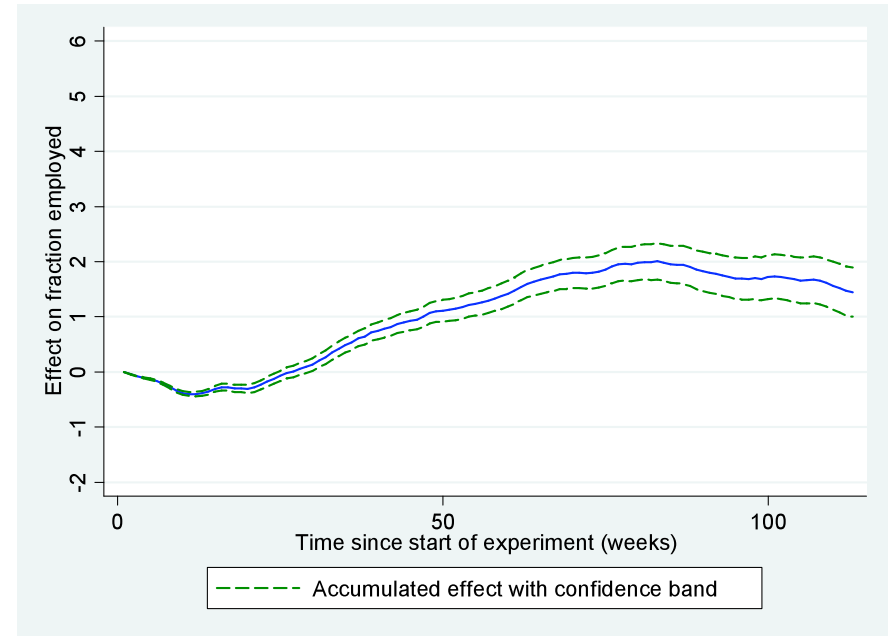
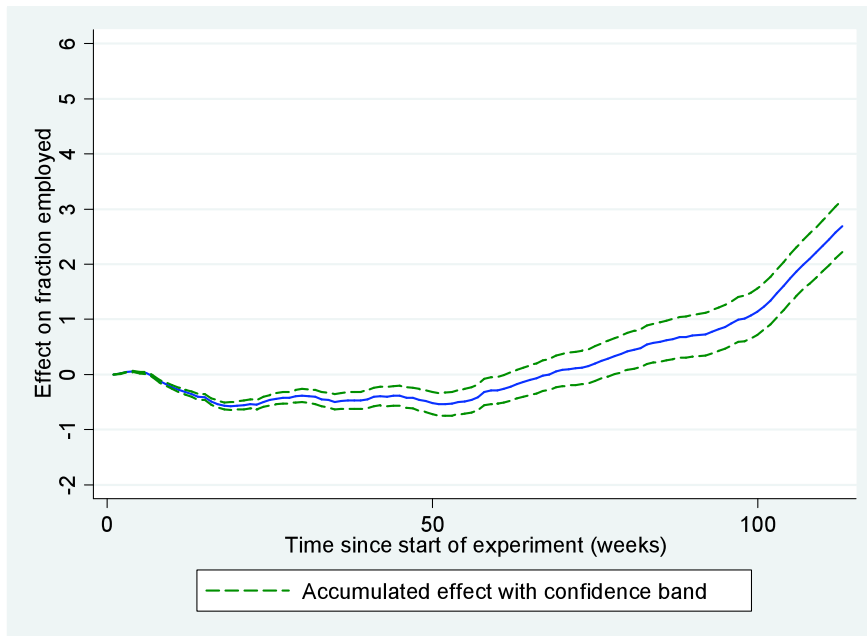
The 2nd-5th experiments (2008)

Table 1. Overview of experiments

| Experiment | Content | Region | Jobcentres |
|------------|--|-------------------------|--|
| A | Group meeting each week | Northern Jutland | Frederikshavn, Brønderslev, Hjørring |
| B | Early activation (after 13 weeks) | Mid Jutland | Aarhus |
| C | Early activation and group meeting each week | Southern Denmark | Esbjerg, Vejle |
| D | Individual meeting w. case worker every other week | Copenhagen & Sealand | Holbæk, Roskilde, Gribskov, Ishøj- Vallensbæk, Vordingborg |

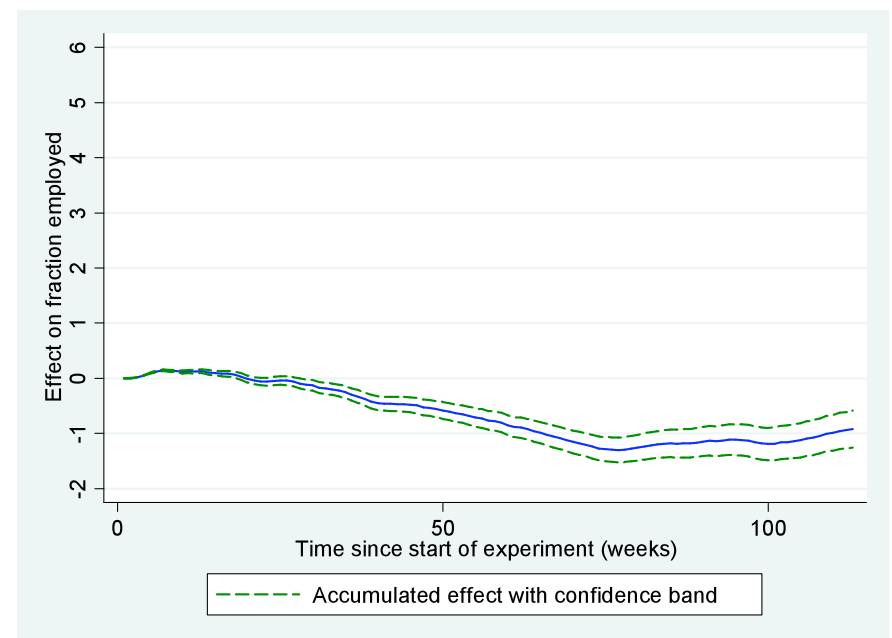
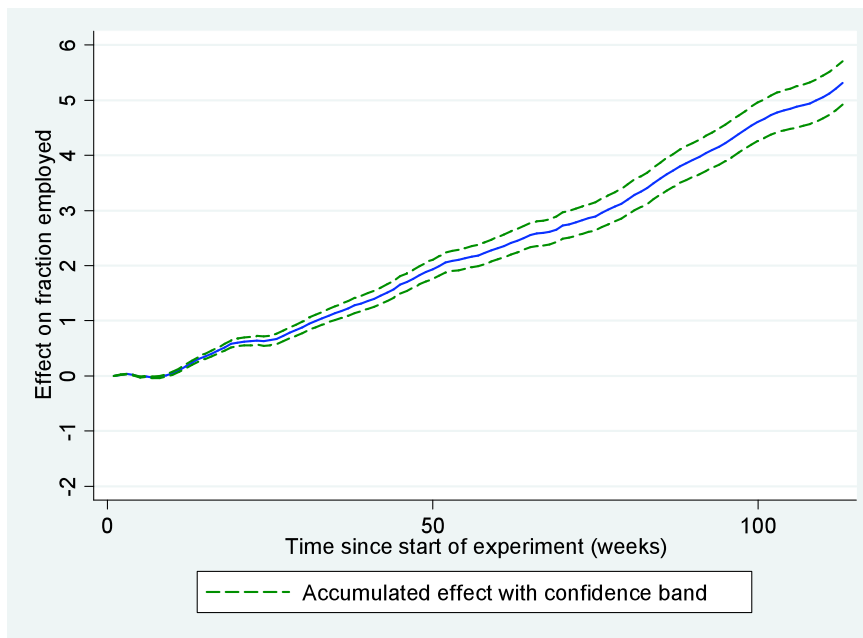
The 2nd-5th experiments (2008)

Figure 2. Accumulated effects of group meetings (A),
men
women



The 2nd-5th experiments (2008)

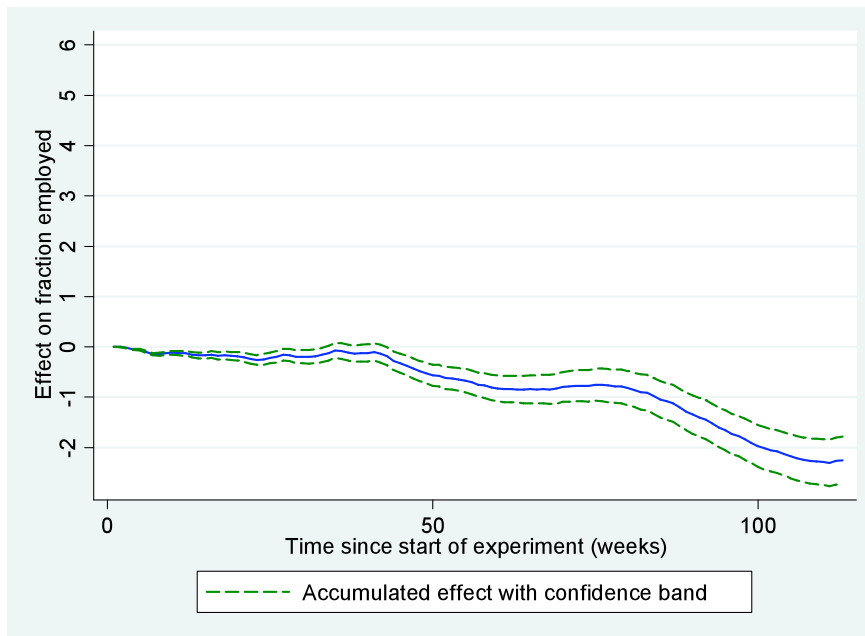
Figure 3. Accumulated effects of early activation (B)
men
women



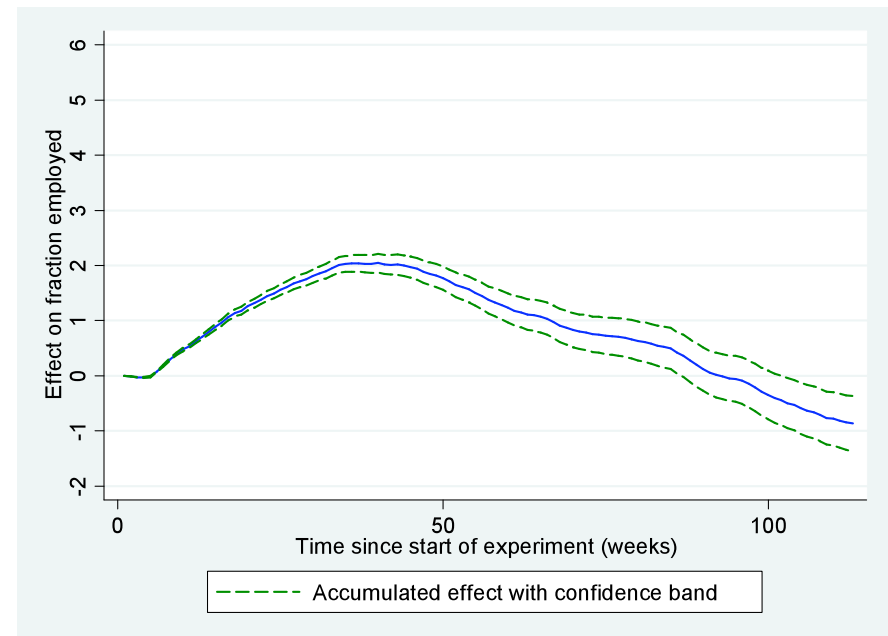
The 2nd-5th experiments (2008)

Figure 4. Accumulated effects of group meetings and early activation (C)

men

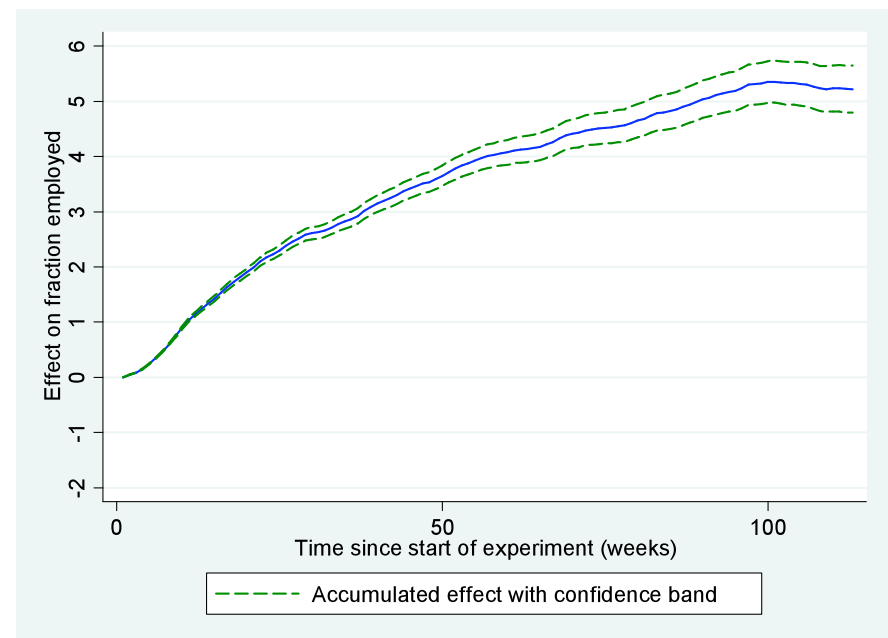
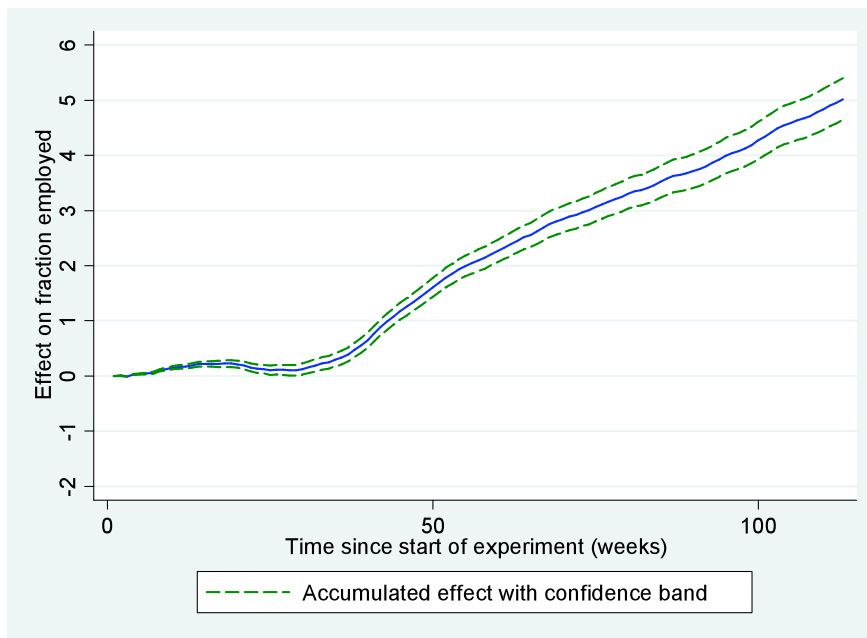


women



The 2nd-5th experiments (2008)

Figure 5. Accumulated effects of individual meetings (D)
men
women



Cost Benefit Analysis (per unempl. spell)

- › Group Meetings (A): €1335
- › Early Activation (B): €1252
- › **Early Activation & Group Meetings (C): -€1607**
- › Individual Meetings (D): €4700

Discussion

- › An intensive active labour market policy has large effect on exit rates from unemployment
 - › Suggests previous intensifications 1994-2003 are responsible for drop in structural unemployment
- › All are positively affected by meetings
- › Men are positively affected by (the threat of) early activation

Discussion

Additional evidence from ‘Laboratory DK’:

- › Meetings work
- › Sanctions work
- › Threat of activation works
- › Activation ‘closer to labour market’ more effective (in short run) than classroom training programs