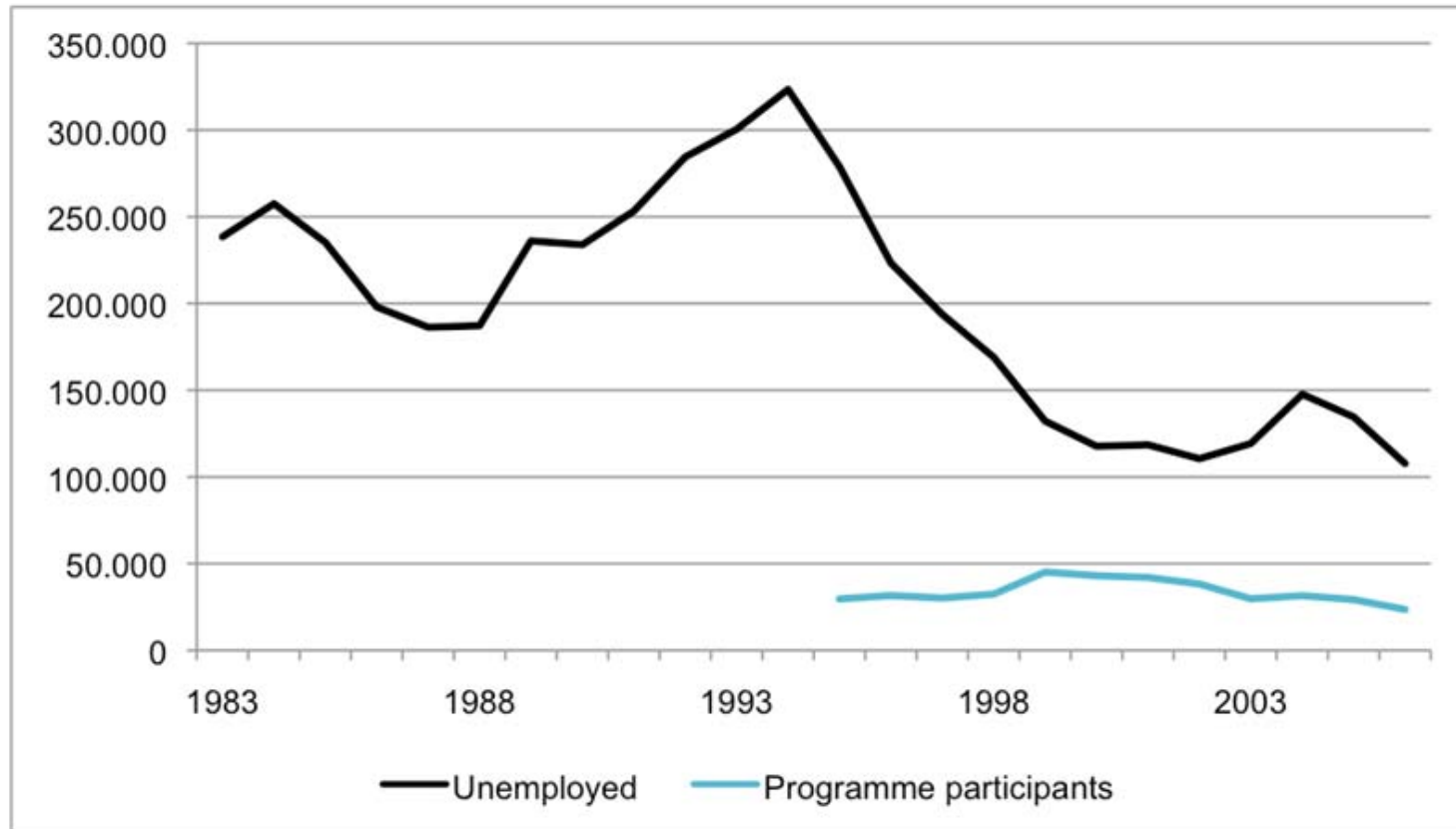


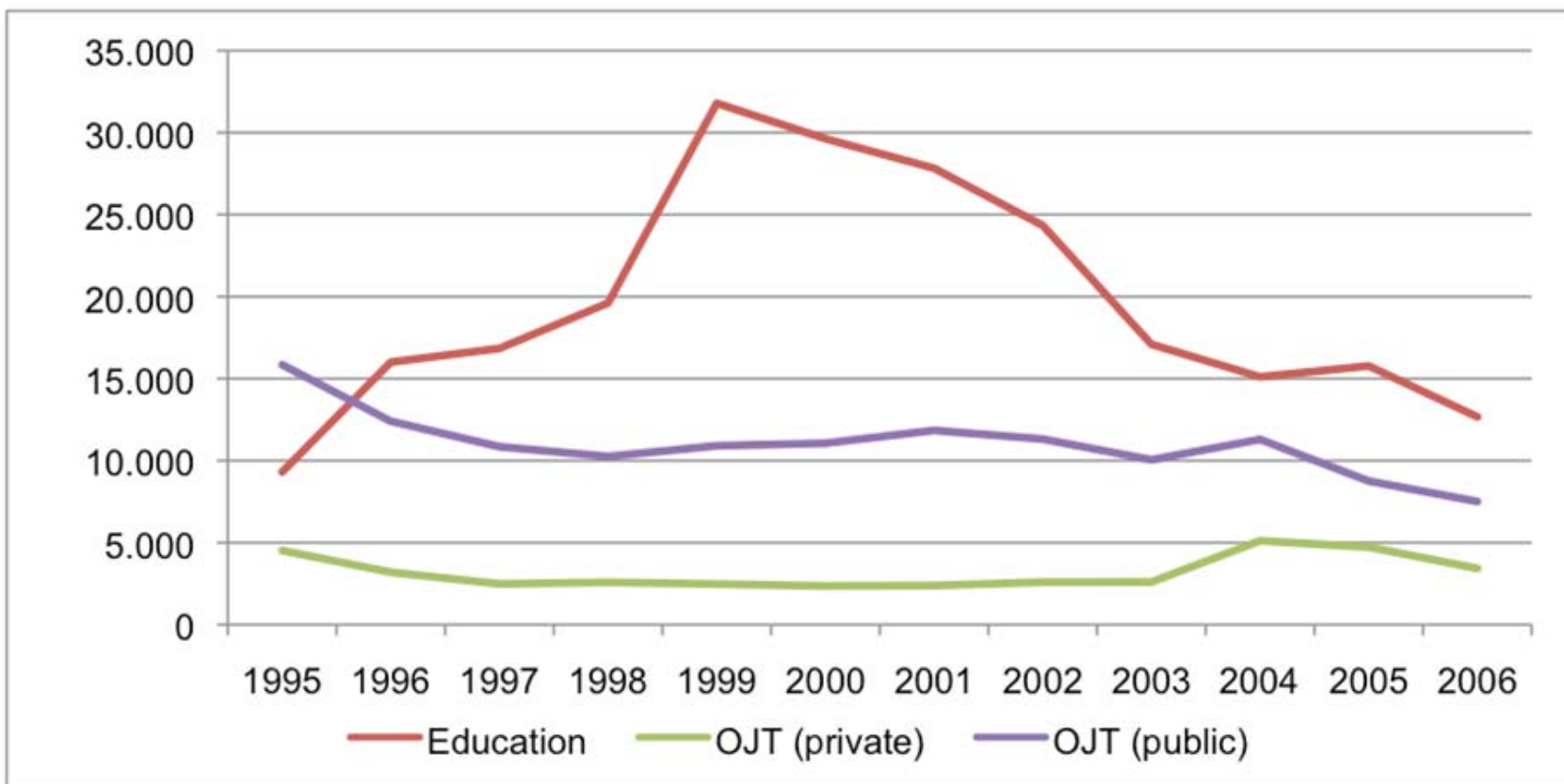
The Costs and Benefits of the Danish Active Labour Market Programmes

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Unemployment in Denmark



Unemployment in Denmark



- Comparison of accumulated value of earnings effects with direct operation costs of programmes corrected for marginal cost of public funds
- Consider long-run outcomes (11 years of data)
 - Differences in short and longer run effects important

- Annual earnings effects
 - (Impressive) short-run effects for OJT-programmes
 - $\geq 5,500$ € per year (close to 50%)
 - (Expected) short-run effects for educational
 - $\approx -2,000$ € per year (around 20%)

- Annual earnings effects
 - Longer-run effects for private OJT
 - 2,200 € per year (15 %)
 - Longer-run effects for public OJT
 - 500 € per year (4%)
 - Longer-run effects for educational programme
 - 1,100 € per year (8%)

- Benefits and costs accounted for:
 - Direct effects on earnings
 - Reduced distortions from taxation due to saved UI-benefits
 - Direct programme costs (administration of programmes, education material, teacher hours)
 - Wage subsidies during job training (value of production during job training equals wage minus subsidy)

Social Returns to Danish ALMPs

- Benefits and costs not accounted for
 - Value of reduced leisure
 - Displacement of non-subsidized workers
 - Effects on well-being of participants
 - Ex ante effects

- **Net Present Value per Participant**

- Private On-the-Job Training: 37,000 €
- Public On-the-Job Training: 12,000 €
- Educational Programmes: -11,000 €