

TNO-report

18441/25042

**Measuring Effects: Roads to success in
rehabilitation**

**How to measure re-employment policies
in The Netherlands?**

Proceedings of the conference, September 13, 2004

Date 1 December 2004

Author E. L. de Vos

Polarisavenue 151
P.O. Box 718
2130 AS Hoofddorp
The Netherlands

www.arbeid.tno.nl

T +31 23 554 93 93
F +31 23 554 93 94

Content

Proceedings of the conference '*Measuring effects: Roads to success in rehabilitation*'
How to measure re-employment policies in The Netherlands?,
Maastricht, MECC conference centre, September 13, 2004.

Keynote speakers

Professor Coen Teulings

SEO / Tinbergen Institute, The Netherlands.

"From evaluation to policy design."

Professor Bart Cockx

Department of Economics of the Université Catholique de Louvain, 'Institut de Recherches Economiques et Sociales' (IRES).

"Can we measure Net effect with longitudinal data? Disputes on econometrical research."

Professor Gerard van den Berg

Free University Amsterdam, IFAU-Uppsala, CEPR.

"Conditions for Labor Market Policy Evaluation. With illustrations concerning the Effects of Monitoring and Sanctions."

Professor Martin Browning

Institute of Economics, Kopenhagen, Denmark.

"Evidence based econometrical research contributions."

Professor Susanne Ackum

IFAU, Institute for Labour Market Policy Evaluation, Sweden.

"Infrastructure needed for Net effect and longitudinal research."

The conference was organised by TNO Work and Employment, and chaired by *Edwin L. de Vos*.

The goal of the conference was to present an overview of research and evaluations of effects of labour market policy in different countries and to discuss the importance of this research. The conference was also meant to stimulate more international, high-quality research on active labour market policy.

1	Introduction.....	4
2	Contributions	7
2.1	Why Active Labour Market Policies?.....	7
2.1.1	No perfect world	8
2.1.2	Econometrical research and evidence based policy	8
2.2	Measure ALMP effect with longitudinal data.....	9
2.3	Alternative approaches to empirical policy evaluation.....	10
2.4	Conditions for labour market policy evaluation	11
2.4.1	Policy recommendations.....	12
2.5	Infrastructure needed for Net effect and longitudinal research.....	13
2.6	Key to success.....	14
3	New questions raised	15
4	Information on the Keynote speakers	16
5	Verantwoording	18
6	For Additional Information	19

1 Introduction

In the past ten years The Netherlands took a substantial amount of policy measures focusing on removal of barriers to employment for long term unemployed and people with disabilities. There are increased incentives and expanded resources for services and supports. Over 5 billion Euro is spent every year on re-employment programs for long term unemployed and people with disabilities. However we have no idea if this tax-payers money is well spend.

Another part of the labour market policy process in The Netherlands are ongoing reforms of the social security system and the shift from public to private re-employment service providers. These reforms are more or less driven by the new ideologies. For instance the idea that competition between privatised employment service providers will result in the optimal price and employment programme. Again we want to know if the money is well spend.

Conference goal

The goal of this conference was to present an overview of research and evaluations of effects of labour market policy in different western countries and discuss the importance of this research. The conference is also meant to stimulate more international, high quality research on active labour market policy.

The Nordic model: Measuring effect with large quantitative representative data sets

Two outstanding models prevail for The Netherlands when it comes to successful labour market and social policy in the 21st century; the Swedish and the Denmark model. Part of their success has to do with transparency. Both countries have a long standing tradition of active labour market policy evaluation. They use large longitudinal data sets that cover many of the life events of most of the inhabitants over a period of ten to twenty years.

During the 90's The Nordic countries established competent independent research institutes that receive full cooperation from their governments.

Policy design based on information and research

The conference speakers and participants were invited to discuss what The Netherlands can learn from the experience of both Nordic countries and Belgium. At the end of the conference they concluded that having access to a database is a necessity for The Netherlands. In the Netherlands policy design can improve when it starts with the kind of policy evaluations as in Denmark and Sweden. We invited Professor Susanne Ackum as keynote speaker to explain the Swedish practice. She showed us why and how The Netherlands can better evaluate its active labour market policy.

Compared to the founding of the Swedish Institute for Labour Market Policy Evaluation (IFAU) ten years ago, The Netherlands counts enough good researchers. Because Sweden and Denmark were short of researchers they invited good researchers from all over the world. The researchers liked to come because of the good data. One example is Professor Martin Browning who was invited to the Maastricht conference. He spoke about the dream of every researcher: using large quantitative representative data sets. He is British and professor at the university in Copenhagen where he has direct access to the Danish panel data. This database comprises the whole labour population of over 4 million people and covers more than 20 years of registration.

Because of a lack of Dutch data, PhD students and academics in the Netherlands evaluate policies from other countries, using their data. One of them we invited, Professor Gerard van den Berg. He said that : "We subsidize the quality of policy abroad at the expense of the quality of Dutch policy."

In Belgium the building of an administrative data base, ‘De Kruispuntbank’ started in 1996. We invited Professor Bart Cockx to tell us why this data base is an example for The Netherlands.¹ He explained the pro’s and con’s for research of this bank full of administrative data. As in The Netherlands the Belgium privacy protection legislation hinders science and policy makers. Their societies do not profit fully from the possibility of policy evaluation based on good data sets.

Measuring effect and policy design

Professor Coen Teulings was invited to give an overview of Active Labour market policy (ALMP) and explain why evaluation studies in The Netherlands have minimal impact on the actual policy design. He said that the quality of many of the evaluation studies is limited and he identified a number of other reasons. One is the limited theoretical frameworks that economist and sociologist use. Another is the lack of clearly defined and motivated goals by the policy makers.

Growing attention for ALMP evaluation

As expenditures on Active Labour Market Policy is rising steadily, the effectiveness of ALMP in the Netherlands receives growing special attention.² The Ministry of Social affairs and Employment is working on an evaluation protocol to ensure that evaluation of labour market policy is organized efficiently. It includes the evaluation procedure to be applied, the evaluation methodology and the questions designed to elicit information for the evaluation. The aim of the protocol is to evaluate future labour market policy in a consistent, structural way. According to the Ministry, policy design should also take into account whether the policy can be effectively evaluated.

How to organize a platform or institution in The Netherlands where scientist have contact with politicians and the media in relation to policy evaluation? An answer to this question is one of the objectives of this and successively planned conferences. Another goal is to gather information on the best organizational setting and cooperation (infrastructure) to collect data and deal with the privacy problem. But even when there are large, representative data sets available for policy analysis, there are several alternative approaches to measure effects. An ideal policy analyses would not only combine different economical approaches but also incorporate qualitative analyses. The platform should also involve non-economical sciences such as anthropology, sociology and other orientations. The question is: Can a broad platform be effective?

Evaluation and stable labour policy

During the conference we discussed many examples of more and less successful labour market policies for unemployed and disabled people. We learned a lot on what might be effective and what not and why we want to know more on that.

One of finding is that countries profit from policy evaluation and stable ALMP. That stability is desirable for all labour market participants, the (un)employed, disabled persons and employers. Eager policy makers make new policies and seldom pay attention to policy evaluation. It is no coincidence that, as Professor Ackum stated, in the Nordic countries new policy making with fancy names came to a halt after evaluation research came into practice. Evaluation and stable policy seem to float together.

Questions, program and speakers

We invited the five keynote speakers to share ideas and experience on econometrics and the use of large data sets for policy analyses. The other 25 invited academics work in many different disciplines and sectors and have an occupational interest in Active

¹ Web site: www.belgenzijnbeter.nl

² Web site Ministry of Social Affairs and work: www.social.affairs.gov.nl

Labour Market Policy. Among the other scientific fields covered are economics, political science, sociology and related areas. The particular focus of the speakers was on econometrical research in North Sea countries. The main topics and questions were sent out with the invitation for the conference:

Measuring the effects of active labour market policy:

- Roads to success in rehabilitation: can measuring effect lead the way to combat exclusion and unemployment?
- How can we measure effect?
- What effects and policy outcomes can we measure with econometrical research? (And what not?)
- What are the disputes on the practise of measuring effect?

Econometrical research contributions to reintegration and re-employment:

- Is there “evidence based” evaluation of public policy?
- What are the conditions for labour market policy evaluation?
- How econometrical research contributes to policy design?
- Lessons to be learnt from the different countries?
- What organisational networks are needed for effect evaluation?
- How to build and secure a platform (infrastructure) for measuring effects?

Programme and speakers are presented in the frame below.

Keynote speeches

The morning speeches centred on the necessity and possibility of measuring effects of ALMP.

1. From evaluation to policy design

Professor Coen Teulings (SEO / Tinbergen Institute, The Netherlands)

2. Can we measure Net effect with longitudinal data?/ Disputes on econometrical research

Professor Bart Cockx (Department of Economics of the Université Catholique de Louvain, ‘Institut de Recherches Economiques et Sociales’ (IRES))

In the afternoon the Keynote speeches centred on how econometrical research can contribute to policy making, inclusion and re-employment.

3. Conditions for Labor Market Policy Evaluation. With illustrations concerning the Effects of Monitoring and Sanctions

Professor Gerard van den Berg (Free University Amsterdam, IFAU-Uppsala, CEPR)

4. Evidence based econometrical research contributions

Professor Martin Browning (Institute of Economics, Copenhagen, Denmark)

5. Infrastructure needed for Net effect and longitudinal research

Professor. Susanne Ackum (IFAU, Institute for Labour Market Policy Evaluation, Sweden)

(You find a biosketch of the speakers at the end of this paper.)

In the next paragraph we present an overview of the speeches and discussions.

2 Contributions

2.1 Why Active Labour Market Policies?

Do we need labour market policy anyway and do we need policy evaluations? Professor Coen Teulings started the day with his answers to these questions.

The mayor social relevant question of these times is whether and how we should employ an Active Labour Market Policy (ALMP). Until now economists have paid surprisingly little attention to the issues of optimal labour market policy design. There are many evaluation studies. Most research on ALMP is empirical research. However policy makers complain that the studies are not applicable because they are hard to compare and have no clear conclusions on the net return. The policy makers are right according to Teulings: there is too much measurement and too little theory. Therefore Teulings shared with us a theoretical framework for 'evidence bases' policy design. He started with a description of a (perfect Walrasian) world in which all the conditions are there for an optimal and efficient economy. In such a perfect world an ALMP would only be a distortion that lowered the efficiency. Since we don't live in this perfect world, we can investigate the theoretical effects of an ALMP that arise when mayor externalities or deviations of the Walrasian properties occur.³ In a perfect world there is/are:

- No distortive taxes;
- Rational individuals;
- Perfect competition;
- No minimum wage.

Distortive taxes

What use has an ALMP in a world with taxes? Since taxes cause inequality between private marginal rates of return (MR) and social marginal rates of return (SMR), ALMP might be used as a tool to redress these inefficiencies. To do this we would like to subsidise effort and not ability, but there is a problem in distinguishing these. As an alternative we can check if the following condition holds: *Extra tax revenue is greater than Marginal costs of the ALMP.*

If this holds there is a reason to enact the ALMP, because it will (eventually) pay off. When enacted, the most effective way is to aim at the unemployed at the lower end of the labour market since there the marginal return on tax (MTR) is higher.

Non-rational individual

In the perfect world every individual has perfect knowledge of the market system and the parameters and variables of his utility function. Therefore the individual is able to optimise his behaviour. As an example of non-rational behaviour Professor Teulings states that people do not always take into account that a first job raises future wages. This is a disturbance in the assumption of rational individuals. By subsidising a first job, ALMP can redress this inefficiency. Research has shown that accepting temporarily work increases the probability of finding a regular job with 30%. This is the 'Foot in the door effect'. ALMP can therefore be a useful device to compensate for inefficiencies raised by non-rational behaviour.

³ The macro effects or general equilibrium effects are beyond the scope of the presentation. Teulings, focal point is the micro effects.

Imperfect competition

Usually, one of the most important arguments for ALMP is to minimize search frictions. There is normally a gap between potential workers and available jobs. Furthermore, not every job is occupied by the most suited person. ALMP could stimulate job searching which could lead to a more efficient distribution of labour and hereby minimizing search frictions. However, there is also a negative effect, because ALMP can cause congestion on the labour market. Congestion leads to a more inefficient distribution of labour. Under the assumption of constant return to scale both effects cancel out. This means that the argument of employing ALMP in order to minimize search frictions is not as important as usually stated by policy makers.

Minimum wage

Minimum wage is an important fourth externality in causing distortions. Enacting ALMP to reduce this imperfection is also not important. Moving the taxation from the lower incomes to the higher incomes will address this problem.

2.1.1 *No perfect world*

We do not live in a perfect Walrasian world and therefore ALMP might be effective when externalities occur. The most important externalities are distortive taxes and non-rational individuals. Reducing these frictions is a good argument for ALMP. Search friction or minimum wage are no good arguments to employ ALMP. A simple formula that should hold when ALMP is employed is:

Extra tax revenue > Marginal costs ALMP.

When ALMP is employed it should be aimed at the lower end of the labour market since the MRT is higher. Furthermore, people choose optimal schooling themselves. Only when this is disturbed, for example with woman or immigrants entering the labour market, offering schooling and vocational rehabilitation is effective

Teulings concluded that because there is no perfect world, we need ALMP. And we need to evaluate policies to be sure we have the best policy for the lowest price. Therefore we have to know: What can we measure and what can't we measure?

2.1.2 *Econometrical research and evidence based policy*

The many evaluation studies done during the past decade, had a limited impact on the actual policy design. This might be due to the limited quality of many of these studies. However, this is unlikely to be the complete explanation for this limited impact. In his presentation Professor Teulings identified a number of reasons why evaluation studies had less impact than to be expected.

First, there is a considerable amount of confusion between micro and macro studies. The former type of studies analyses with great econometric rigor the effect of an individual "treatment" on the outcome for that individual, usually ignoring general equilibrium effects. Much attention is paid to the construction of a proper counterfactual. The latter type of macro studies spends most effort on measuring the general equilibrium effects (substitution or crowding out effects): to what extent are prospects of the "treated" improved at the expense of the "non-treated"? Both are legitimate questions, but some ground for comparison of both types of studies is needed. In this process, it is very important to clearly define what we mean by "deadweight loss". Economists and policy makers attach different meaning to this concept.

Second, public policies usually lack a clear goal that is well specified and motivated. This problem is not easily resolved. Most politicians or civil servants specify a goal straight from the air. For example, one of the targets of the 'Lisbon Treaty' is that labour force participation of elderly (60-65year) should raise to 60 percent before 2010. Though this goal is clearly specified, it lacks any motivation why this goal is socially

desirable and why such a target is reasonable. A stated preference by the policy maker is a thin justification for a policy. Any intervention should be based on some kind of public interest argument, that is, an externality. Teulings noted that there are a limited number of rationales for intervention, each of them for their own reasons. He also said that economists have paid surprisingly little attention to these issues of optimal policy design from a theoretical point of view. Hence economist in the Netherlands have not much to offer to politicians in this stage. What economist can offer are some simple accounting rules that can guide policymakers until economic science has come up with a more complete approach.

2.2 Measure ALMP effect with longitudinal data

The contribution by *Professor Bart Cockx* was on micro-econometric evaluation analysis of Labour Market Policies. He shared his ideas on the prospects and limitations and explained how we can measure effect with longitudinal data.

The objective of econometric evaluation is to measure effect of a treatment on the individual's outcome. This treatment can for example be training, counselling, wage subsidy or direct job creation. The outcome or result for the individual can be wage, employment status, (un)employment duration and other measurements. The (Nett) effect is the difference in the result between treatment and no treatment.

Problem of missing data

A fundamental problem in effect evaluation is missing data. There are several solutions to the problem of missing data. One is to focus on summary statistics of the impact distribution rather than on the impact on the individual. Econometricians replace missing data by appropriate other observed data. But even then the available data does not always allow to uncover the average treatment effect for the population of interest. Professor Cockx suggestion is to limit analyses to small scale programmes. The scope of micro-econometric evaluation is to estimate the treatment effect of relatively small programs that lack large spillovers. But even then it is not always feasible to estimate impact of interest. *There is no such thing as "The Effect" except if the impact is the same for every individual.* This is seldom the case on the labour market.

The problem of the diversity of methods and data.

Cockx stated that policy evaluation is complex and requires much expertise because there is no uniform method available. This reduces the possibility of automation of evaluation. Furthermore methods depend on credibility of the (pre)assumptions made by the researcher. Therefore different methods must be compared and discussed. This causes good evaluation to be a time consuming research activity.

Furthermore there is the problem of the quality of the data. Data is always panacea for policy evaluation, especially when using large administrative data sets.

Professor Cockx showed us how in Belgium researchers started to get the best data in order to construct the best theory.

Belgium data warehouse

Professor Cockx described an example of The Crossroads Bank of Social Security (CBSS). Data from this "Data warehouse" bank is only recently available to researchers in Belgium. The bank is very rich and promising. It can provide large samples of longitudinal data at much lower cost than survey data. Moreover, it can also be very precise (especially when functioning of administration depends on data). However, there are some essential problems because of restrictions to safeguard privacy. Another problem is that integration information from different administrations is not

possible because the systems are not compatible. Therefore, it takes much time to harmonise data.

Using administrative data is very promising if:

- 'Red tape' and the length of administrative procedures are reduced;
- Information of different administrations are integrated;
- The researcher receives well-documented, cleaned data in a format ready for statistical analysis.

According to Cockx there is a need in Belgium to establish intermediary organisations (like IFAU) in charge of data delivery in research format.

In general the prospects in Belgium are good. In the future Professor Cockx expects more links with economic theory and positive analysis. Because of the many constraints Cockx warned us that:

Policy evaluation of high international scientific standard takes years rather than months.

But with the other speakers, he is convinced that econometrical research can contribute to policy making.

2.3 Alternative approaches to empirical policy evaluation

Reaching for a complete approach is the goal of *Professor Browning*. How to get there he described in his presentation on "evidence based" evaluation of public policy. Professor Browning shared with us some methods for policy analysis using large quantitative representative data sets of Denmark (The dream of every researcher).

The Danish data

Scientists and administrators in Denmark are filling a huge database. They now have a 19 year panel (1981-1999) for the whole adult population (about 4 million people). The administrative data include:

- Demographics (age, marital status, family structure etc.);
- Income and wealth information (from tax records);
- Work status with links to the firm. This allows to identify displaced workers in any year;
- Health information supplied by doctors and hospitals.

In Denmark a dream came true for scientists. Take for instance research on health and unemployment. These data are close to the 'ideal sample design' required for analysis in this area. In particular the Danish researchers have samples that are:

- Large (we take a 10% sample of 400,000 men and women);
- Representative (the 10% sample is random), and;
- Contain objective health measures.

This data allows scientist to observe all workers displaced in, for example, the time period 1986-1996 for some time before the displacement until some time after. In this way they can for instance control for pre-displacement health status. In addition the data also allows to construct a control group; workers who were not displaced.

Professor Browning warned that even in the large Danish data sets, it is not always possible to find suitable control groups. As a consequence we can not for all policies conduct analysis. And sometimes we can only identify uninteresting effects.

The design of unemployment insurance (UI) systems

The Center for Applied Micro-econometrics (CAM) in Copenhagen provides a forum for Danish and foreign researchers to interact and to conduct research. One of CAM's research interests encompasses modelling and design of unemployment insurance (UI) systems. For this research many inputs are used including ideas and models on:

- Social values concerning equity, marginalize, fairness, and others;
- How are jobs lost and found? Models of the labour market;
- Possibilities for self-insurance or other forms of insurance. Models of inter-temporal allocation;
- The tax and social assistance system;
- Individual 'tastes for work' and the relation between this concept and productivity.

Policy parameters used in the design of UI systems are:

- The structure of benefits (the replacement rate and the maximum benefit);
- The length of the entitlement period and the benefit period;
- Administrative rules;
- Active labour market elements.

Some of the outcomes that are of interest for this conference are:

- Aggregate unemployment rate;
- Proportion of long term unemployed amongst the unemployed;
- Taxes received and UI benefits paid out;
- Sum of gross earnings;
- The quality of job matches;
- The level of a well specified social welfare function.

The advantages of fully parametric modelling done in Denmark are the following:

- We can predict the impact of any changes in the UI program parameters on any outcome of interest;
- We can conduct welfare analyses and predict who will gain and who will lose from particular policy suggestions;
- We are forced to focus on uncomfortable questions concerning the motives and aspirations of individual workers.

The complete approach

Professor Browning stated that there are several alternative approaches when using a large representative data set for policy analysis. They all have comparative advantages and disadvantages. Ideal policy analysis combines not only different quantitative approaches but also uses different qualitative analyses. Developing this complete approach is a target for the CAM forum in Denmark.

Even in Denmark, where large, representative data sets are available for policy analysis, there is the need for several alternative approaches to measure effects. An ideal policy analysis not only combines different economical approaches but also incorporates qualitative analyses. Other researchers involved are scientists with a non-economical background such as anthropology and sociology and also medical doctors and teachers can contribute.

2.4 Conditions for labour market policy evaluation

The contribution by *Professor Gerard van den Berg* addressed the conditions for a careful empirical evaluation of labour market policies. He illustrated this by way of a cross-country comparison of conditions in The Netherlands and Sweden.

Van den Berg focused on conditions under control of the government, and on policies that aim at improving the labour market prospects of individual workers. He started

with an overview of the empirical work (data, methods, and results) of two studies. One on the effects of monitoring unemployed workers and benefit recipients and the labour market outcomes in terms of employment. The second study was on sanctions and the unemployment benefits exit rate.

Conditions for good evaluation research

Professor Van den Berg summarises the conditions for good evaluation research. These are:

- Data and evaluation methods;
- Knowledge transfer to politics;
- Applied econometric skills.

According to Van den Berg high quality evaluation such as social experiments are virtually non-existent in EU countries. This is because the outcome of the research is difficult to manipulate by policy makers. As the outcomes do not allow for political influence, it may interfere with vested interests. The social experiments that Prof. Van den Berg worked on were only used for new “negative” policies (with anonymous “victims”) and policies that were considered unimportant or ineffective.

Van den Berg explained that the excellent accessibility to data for research in Sweden in comparison with difficult access to data in The Netherlands is triggered by the obsession with privacy of The Dutch. As a consequence, PhD students in the Netherlands mostly evaluate policies from other countries, using data from those countries like the US, UK, Sweden, Denmark, Norway and Finland. *'The Netherlands subsidize the quality of policy abroad at the expense of the quality of Dutch policy'* he stated.

Transfer of knowledge between scientists, the media and politics in The Netherlands is largely absent compared to Sweden. This is because most researchers in The Netherlands have short run contracts. ALMP research in the Netherlands is commissioned and is usually carried out by commercial bureaus. In contrast, contacts between science and policymakers in Sweden are very intensive and they have frequent direct meetings. The consulting of scientists is without interference. In the long run the Swedish policy evaluation system educates new cohorts of skilled researchers. The result is a more knowledge-based policy for the Swedish society. Therefore Van den Berg has some recommendations for The Netherlands.

2.4.1 Policy recommendations

Policy evaluation recommendations for The Netherlands are:

- More social experiments;
- Unlimited access to matched register data;
- Involve academic world and scientific research institutes;
- Policy evaluation enforced by law.

IFAU background

The Institute for Labour Market Policy Evaluation (IFAU) is a research institute under the Swedish Ministry of Industry, Employment and Communications, situated in Uppsala. IFAU's objective is to promote, support and carry out:

- Evaluations of the effects of labour market policies;
- Studies of the functioning of the labour market;
- Evaluations of the effects of the educational system.

IFAU was established July 1, 1997. At present, the institute has 6 administrators, 20 researchers with at least PhD, 3 graduate students and 5 investigators. Most of these are economists and econometricists but there are also statisticians and political scientists. IFAU has a traditional board of directors. Besides deciding on the annual report, the board also decides on the allocation of IFAU's research grants and evaluates whether the activities are carried out in an efficient way and in accordance with the institute's assignment.

A reference group is also connected to the institute. In this group, representatives for employers and employees as well as relevant ministries and authorities are represented. The reference group gives its views on the activities and makes suggestions about potential research issues. The Swedish government provides funding for the IFAU as well as for external researchers.

2.5 Infrastructure needed for Net effect and longitudinal research

The presentation by *Professor Susanne Ackum* focused on the infrastructure needed for evaluations of social programmes. She started with a presentation of the set up of the Institute for Labour Market Policy Evaluation (IFAU) in Sweden.

IFAU is an independent research institute financed by the Swedish government. Its task is to evaluate labour market programmes and educational policies and to study the functioning of the labour market. At present, the institute counts 34 employees. Most of these are economists but there are also statisticians and political scientists. Susanne Ackum is general director of IFAU. She gave us an impression of how they work and of the role of the government.

Since IFAU is financed by the Swedish government the institute's independence is very important. To this end, IFAU's staff members are free to choose their own topics (within the institute's research agenda), as well as appropriate methods. The results are presented when the analyses have undergone academic scrutiny. The timing of the presentation of results is not influenced by any political agenda.

General activities of IFAU

To create the conditions for carrying out evaluation research of high international quality IFAU's activities are:

- Recruiting highly qualified researchers and committed members of staff;
- Creating a database for evaluation research (the longitudinal database from 1985 on encompasses the Swedish population aged 16 to 65);
- Give courses in methods of evaluation;
- Creating an international network of contacts by inviting visiting researchers and participating in international conferences and workshops.

To produce and spread knowledge IFAU's activities encompass:

- Research and follow-up studies;
- Lunch seminars, seminars, workshops and conferences;
- Spreading results through publications, press-releases, seminars, workshops and conferences;
- Summarising existing knowledge.

2.6 Key to success

Creating and documenting a rich and high-quality database is the key to success in this business. Without disposal of a database, which is the case in many other countries such as The Netherlands, evaluating labour market policy becomes very difficult. IFAU does not gather the raw data themselves, though. This task is done by (some) statistical bureau(s).

Quality guarantee

Before IFAU publishes its results, the report is presented at an internal seminar, whereupon the representatives of employers, employees and policymakers can respond. Subsequently, the report is also presented at least at one external seminar. Finally, the report is refereed by two researchers, one external and one internal. After publication of the results, the report is presented at seminars, workshops and conferences. The report is also published in a scientific journal.

Privacy

Naturally, IFAU considers people's privacy of paramount importance. Despite this, they found an ideal balance between privacy legislation and generously sharing knowledge and data with other people. In order to protect their credibility, IFAU makes a clear distinction between research results and personal views. Furthermore, preliminary results will never be discussed with journalists and decision makers.

3 New questions raised

The conference brought forward new questions among the participants. These questions are mentioned below.

What effects and policy outcomes can (and cannot) be measured with econometrical research?

We can measure effects of an active labour market policy with the use of longitudinal data on employment and unemployment of individuals. Can we also evaluate inclusion policy directed on activating vulnerable groups (people with a disability, the homeless and the poor in the cities)? Outcome and effects of these policies cannot be measured in terms of (re)employment.

And how can we evaluate policies with respect to the safety and inclusion of young school drop-outs? In The Netherlands municipalities are responsible for these groups of individuals.

Who is responsible for the delivery of data sets?

The Netherlands is unique in Europe. Active labour market programs are offered by professional organizations in a regulated competitive market. In a competitive market organizations do not disclose information for free. Who is responsible for the delivery of data sets and who will pay the costs?

How can econometrical research contribute to policy design?

Evaluation and econometrical research takes time (several years rather than months). Research reports are often available after policy has changed and a new policy design is already in practice.

As evaluations of active labour market policies are always too late, policymakers use the evaluation that suits their purpose best. How can we overcome this problem?

Will the competition on becoming a leading knowledge based economy be lost by The Netherlands?

Denmark and Sweden established very competent, independent research institutes which receive full cooperation from their government. In this respect policymakers in The Netherlands certainly have a lot to learn from both Sweden and Denmark, and also from Belgium. Especially having access to a database is necessary in order to compete with Scandinavian countries on evaluating labour market policies. Will the competition on becoming a leading knowledge based economy be lost by The Netherlands?

Does The Netherlands need a new institution for ALMP evaluation?

What are the merits of an independent institute for ALMP evaluation like in Denmark and Sweden? What are the costs of founding and funding a new institute on the short and long range?

4 Information on the Keynote speakers

Professor Susanne Ackum

Susanne Ackum is Director-General of IFAU, the Institute for Labour Market Policy Evaluation, Sweden. IFAU is an independent research institute under the Ministry of Industry, Employment and Communications.

Susanne Ackum got her PhD in Economics at the Uppsala University. She has a long working history. Before she became Director-General of the Institute for Labour Market Policy Evaluation in July 1997, she was Director of the Trade Union Institute for Economic Research. She was Member of the board of Stockholm School of Economics until 2002 and she still is Member of the board of The Swedish Research Council and of the board of the Seventh Pension Fund.

Professor Gerard van den Berg

Gerard J. van den Berg (1962) is Full Professor in Labor Economics at the Free University Amsterdam, since 1996. He has previously worked at Northwestern University, New York University, Stockholm School of Economics, Tilburg University and Groningen University. Gerard van den Berg is a research fellow of IFAU, INSEE-CREST(Paris), CEPR (London) and, since January 1999, of IZA. Since July 2004, he has been IZA Program Director for "Evaluation of Labor Market Programs". He is Joint Managing Editor of The Economic Journal. He has published in *Econometrica*, *Review of Economic Studies*, *International Economic Review*, and other journals.

Professor Martin Browning

Martin Browning is the Director of the Centre for Applied Micro-econometrics (CAM). CAM supports research in all areas of applied micro-econometrics and provides a forum for Danish researchers, students and researchers from outside Denmark to interact and to conduct research. Martin Browning has a connection with The Netherlands. After he studied economics and anthropology at the London School of Economics, he received his PhD from Tilburg University (1993).

Professor Coen Teulings

Coen Teulings is Managing director of The Foundation of Economic Research SEO since June 2004. SEO is an independent research institute, which carries out contract research for private and public clients. SEO specialises in advanced empirical economic and econometric research and analysis. Today, research is carried out by a staff of about 35 professionals, mostly economists and econometricians.

Coen Teulings started his career in 1985 as researcher at the Foundation of Economic Research (SEO). Some years later he was Head of department of income policy at the Ministry of Social Affairs and in 1997 he became Professor in Labour Economics at the University of Amsterdam. Other functions of Coen Teulings are: Professor in Labour Economics at the Erasmus University of Rotterdam and the General Director of the Tinbergen Institute, 1998- 2004.

Other activities are Fellow of CEPR, CES-Ifo, IZA, and the Tinbergen Institute and Member Central Planning Committee (advisory board CPB).

Professor Bart Cockx

Bart Cockx is professor at the Department of Economics of the Université Catholique de Louvain and researcher at the 'Institut de Recherches Economiques et Sociales (IRES).

In the 80's he studied Economics at The London School of Economics and he got his PhD in Economics at the Department of Economics of the Katholieke Universiteit Leuven (1992). His main research interests are evaluating the impact of policy interventions, micro-econometrics and labour economics. His research effort is devoted to proposing alternative methods to analyse grouped transition data and to developing methods that correct for the "selection bias" in studies evaluating the impact of policy interventions.

During the years Bart Cockx held several different posts at the Katholieke Universiteit van Leuven. In the year 1994 he worked as a researcher at the Tinbergen Institute Amsterdam

Other professional activities are Fellow of IZA (Bonn), CESifo (Munich); Head of Unit 4, "Labour and Social Policy" of IRES, 1994-2001 and President of the IRES, 2001-2002.

5 Verantwoording

De Invitational Conference '*Measuring effects: Roads to success in rehabilitation*' vond plaats op 13 september 2004 in het MECC conferentie centrum te Maastricht. In dit verslag bespreken we de doelstelling van de conferentie, het programma met de sprekers en hun bijdrage. Eén van de thema's van de conferentie betrof de voorwaarden voor het in Nederland opzetten van evaluatieonderzoek van hoge internationale kwaliteit. Het belang daarvan heeft de aandacht van het ministerie van Sociale Zaken en Werkgelegenheid. De conferentie paste ook in de lijn van het Nederlandse voorzitterschap van de Europese Commissie en heeft daarom een financiële bijdrage ontvangen van het ministerie. Hieronder vindt u informatie over de conferentie.

Informatie

Het onderwerp van de conferentie is het (nut van het) meten van (Netto-) effectiviteit van arbeidsmarktmaatregelen (subsidies en sancties) en het gebruik van econometrische methoden daarbij. De conferentie is bedoeld om een inhoudelijke discussie te voeren met een dertigtal deskundige deelnemers uit binnen- en buitenland. Daarom zijn een vijftal deskundige sprekers gevraagd een presentatie te verzorgen: Coen Teulings (SEO), Gerard van den Berg (Tinbergen institute), Susanne Ackum (IFAU, Zweden), Bart Cockx (Université Catholique de Louvain) en Martin Browning (University of Copenhagen). De deelnemers aan de discussie zijn werkzaam bij 22 verschillende organisaties. Tot de deelnemers behoorden medewerkers van de 'beleidsmakers' van de ministeries van SZW en van Financiën. Daarnaast waren er ook in Nederland bekende econometristen en professionals actief op het terrein van effectmeting van arbeidsmarktmaatregelen en werkzaam bij (semi-)publieke organisaties zoals Gemeente Rotterdam, CPB, RWI en UWV en onderzoeksinstituten zoals VU, TNO, APE, EIM, SEO. Uit het buitenland waren vertegenwoordigers uit de VS (Cornell University), Ierland (Rehab Group), Denemarken (SFI), België (HIVA) en Zwitserland (ILO).

De organisatie was vanuit TNO in handen van Edwin de Vos, Veerle Brenninkmeijer en Lesley Wuite. Zij zijn ondersteund door Astrid Schoone, Nienke Velterop en Evrim Yüksel. Vanuit TNO waren verder betrokken Daan Zult, Cees Wevers, Wim Zwinkels en Jan Besseling.

Het verslag is gemaakt op basis van de abstracts, presentaties en discussies. Het wordt verspreid onder de deelnemers en belangstellenden.

Het is te downloaden van de website van TNO Arbeid (www.arbeid.tno.nl) en van GLADNET (www.gladnet.org).

Bij de organisatie van de Invitational conference is samengewerkt met de organisatoren van het tweede IFDM-congres. Dit congres vond aansluitend plaats vanaf de avond van 13 september tot en met 15 september, en werd geopend door Minister De Geus. Bij de organisatie van dit laatste congres was naast het ministerie van SZW en TNO Arbeid ook betrokken de Commissie het Werkend Perspectief. Zie hiervoor: www.ifdm.nl.

6 For Additional Information

Martin Browning
Institute of Economics
University of Copenhagen
Studiestræde 6
DK-1455 Copenhagen, Denmark
Tel : + 45 35 32 30 70
Fax : + 45 35 32 30 64
E-mail: martin.browning@econ.ku.dk
Web site : <http://www.econ.ku.dk/staff/new/profile.asp?ID=4>

Susanne Ackum
IFAU
PO Box 513
SE-751 20 Uppsala, Sweden
Tel : + 46 18 471 70 80
Fax : + 46 18 471 70 71
E-mail : susanne.ackum@ifau.uu.se
Web site : <http://www.ifau.se/cvfoto/susanne.shtml>

Gerard van den Berg
Department of Economics
Free University Amsterdam
De Boelelaan 1105
1081 HV Amsterdam, The Netherlands
Tel : + 31 20 444 61 32
Fax : + 31 20 444 60 20
E-mail : gjvdberg@xs4all.nl
Web site : <http://www.iza.org>

Bart Cockx
Institut de Recherches Economiques et Sociales (IRES)
Department of Economics, Université Catholique de Louvain
3, Place Montesquieu
B-1348 Louvain-la-Neuve, Belgium
Tel : + 32 10 47 34 39
Fax : + 32 10 47 39 45
E-mail : cockx.at.ires.ucl.ac.be
Web site : <http://www2.econ.ucl.ac.be/Users/b.cockx/>

Coen Teulings
SEO / Amsterdam Economics
Roetersstraat 29
1018 WB Amsterdam, The Netherlands
Tel : + 31 20 525 16 30
Fax : + 31 20 525 16 86
E-mail : teulings@seo.uva.nl
Web site : <http://www.tinbergen.nl/scripts/tifellows.pl?id=106&code=3>

Edwin L. de Vos, Msc., MIM,
Researcher, consultant
TNO Work and Employment
Polarisavenue 151
Postbus 718, 2130 AS Hoofddorp, The Netherlands
Tel : +31 23 554 9952
Fax : +31 23 5549302
Email : e.dvos@arbeid.tno.nl
Web site : www.arbeid.tno.nl