

What Can the ESF Learn from US Evaluations
of Active Labor (Labour?) Market Programs (Programmes?)

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Introduction

My work: experiments, non-experimental methods, performance management

My work: links to Europe include scholarly research (with European co-authors), conferences, courses, and consulting

Today: focus on big picture and on evaluation

Another day: performance management, statistical treatment rules

Knowledge flows

The US has much to learn from Europe, too!

Example: value of high quality administrative data

Example: sanctions (data, implementation and research)

Example: independent institutes, e.g. IFAU in Sweden

The US system is not “optimal” but there are things Europe can learn and would benefit from copying

Experiments

Digest of the Social Experiments

Not just for Americans anymore!

Experiments: real issues

Not a panacea!

Heckman and Smith (1995) *Journal of Economic Perspectives*

Burt Barnow: experiments are not a substitute for thinking

But! Generally clear and compelling evidence

But! Signals a serious interest in using public funds well

Bonus! Great data for research on substance and methods

Experiments: other issues

Ethics?

Alternatives to large scale service denial:

Randomized encouragement design

Randomization with multiple treatment arms and no controls

Randomization at the margin

Cost-benefit analysis

Important for drawing sound policy conclusions from evaluations

Requires compelling impact estimates (see above!)

Good example: US National Job Corps Study

Requires data on average and marginal costs of programs, ideally broken down by service type, client characteristics and location

Major developed countries versus Farrell's Ice Cream Parlor

Cost-benefit analysis: key issues

Outcomes: arbeit ist nicht alles!

Bonus! Learn more about the behavior underlying the program

Converting outcomes to a common metric

Duration of impacts

Social discount rate

Marginal social cost of public funds

Evaluation industry: US industry

Many providers, including for-profit and non-profit firms and academics in various combinations

Many clients, including national government departments and agencies, state and local governments and foundations

Close links between evaluation firms, evaluation consumers and academics (including labor mobility)

Evaluation industry: Europe

Wildly heterogeneous among countries!

Mostly national rather than European

Focused on institutes funded by governments

Fewer providers in each national market

Fewer potential clients in each national market

Less integration of producers, consumers and academics

Evaluation industry: issues

Optimal firm size – look at US market

More potential clients = more independence

Create a fully European market?

You have to want it: how to create more places like IES?

Conclusions

Europeans should be doing more experiments

Europeans would learn more from their evaluations if they took cost-benefit analysis more seriously

A Europe-wide evaluation industry would likely improve upon the current situation

The current rate of transatlantic knowledge exchange is too low