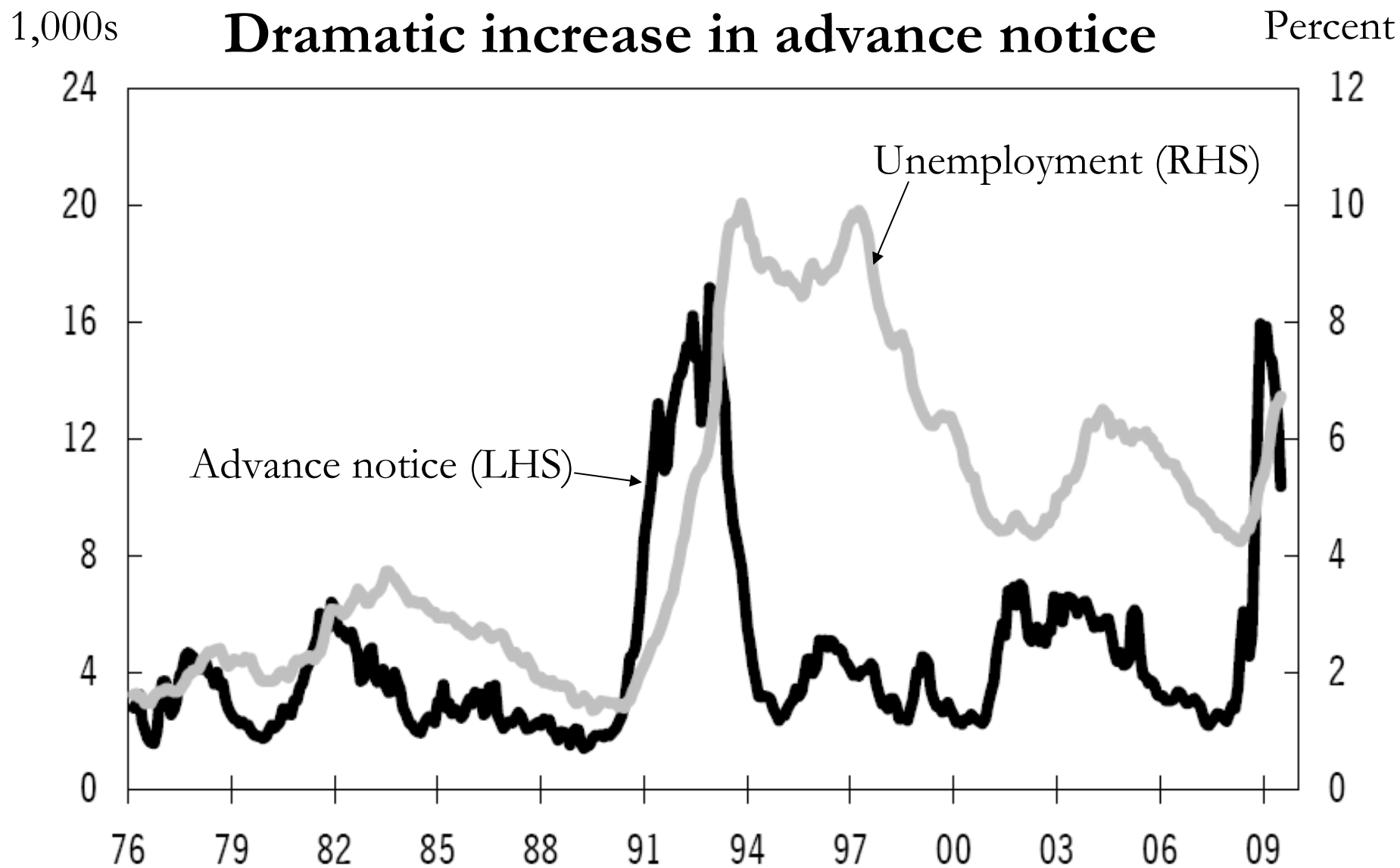
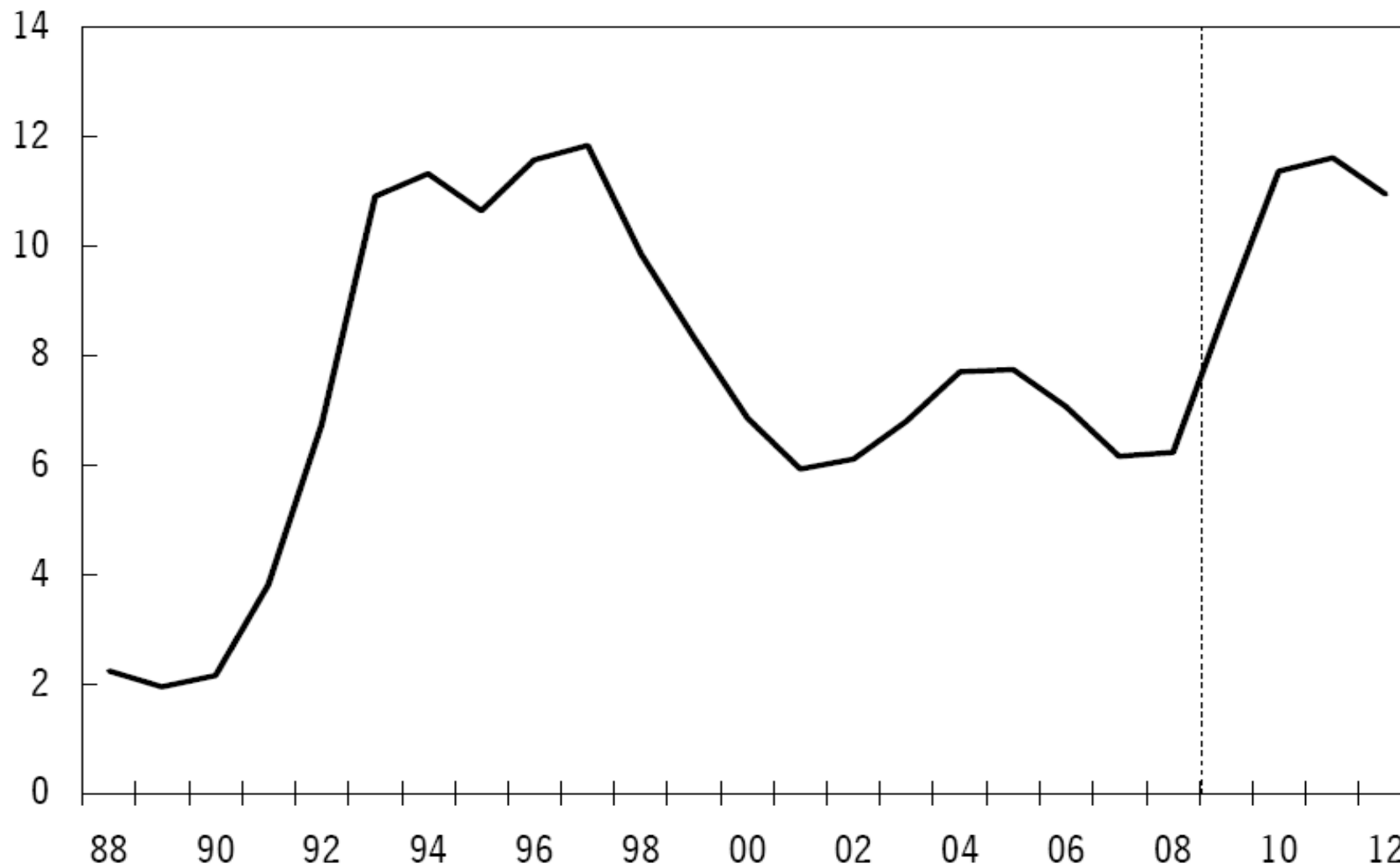


What happened to those who lost their jobs during the 1990s? (And what can we learn from this experience?)

Anders Forslund, Peter Fredriksson, and Linus Liljeberg



Unemployment 1988--2012



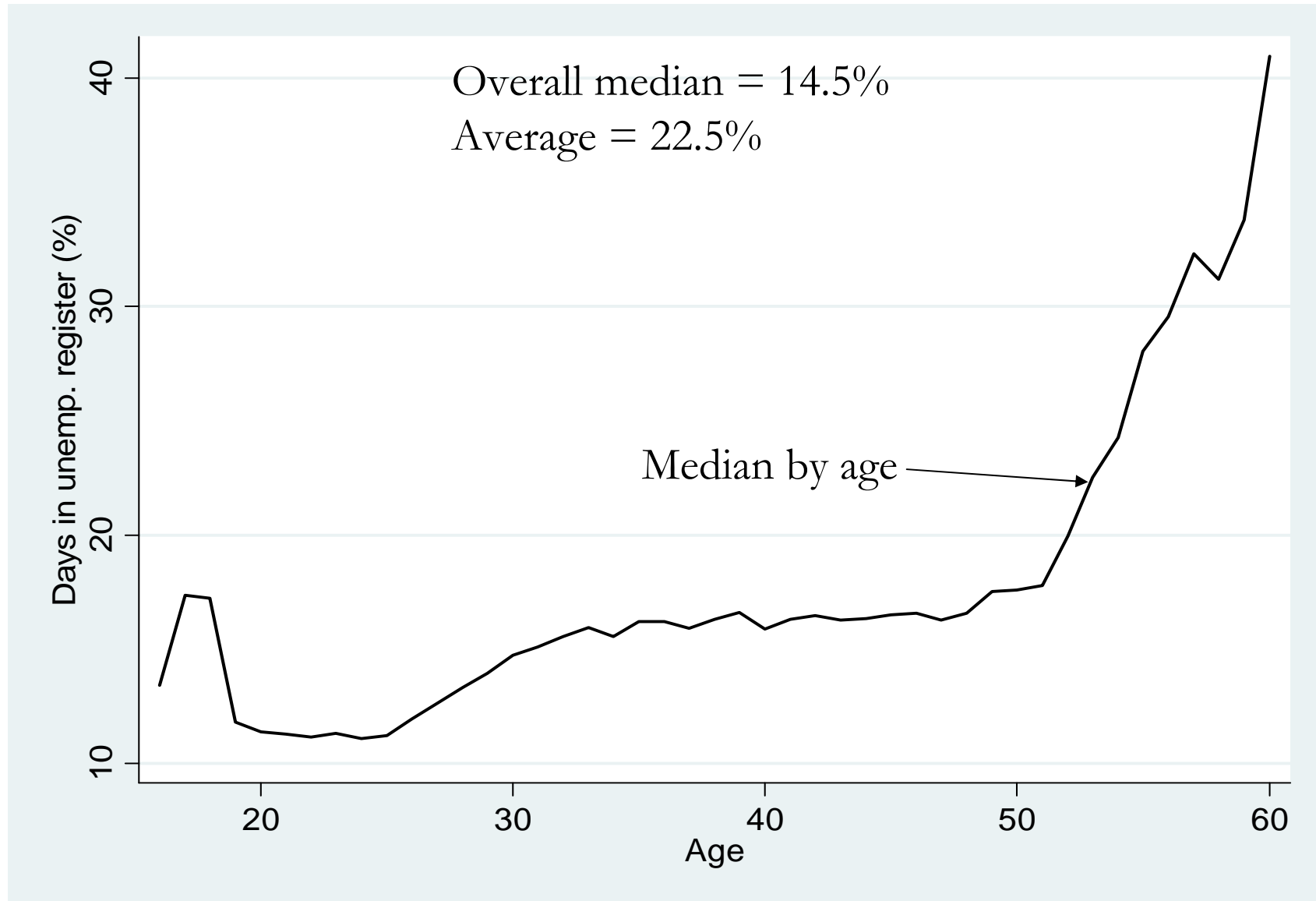
Note: Projections 2009--2012

Can we learn from the 1990s?

- Arguably -- yes
 - Shock as big
 - (Although, sources of shock different and duration shorter (??))
- What have we done?
 - We have followed unemployment entrants (~a million ind.) during the crisis of the 1990's (1992-95) until 2006 in the unemployment register
 - We count # days in the register and relate those to the total # days from unemployment entry until dec. 2006 (or retirement)

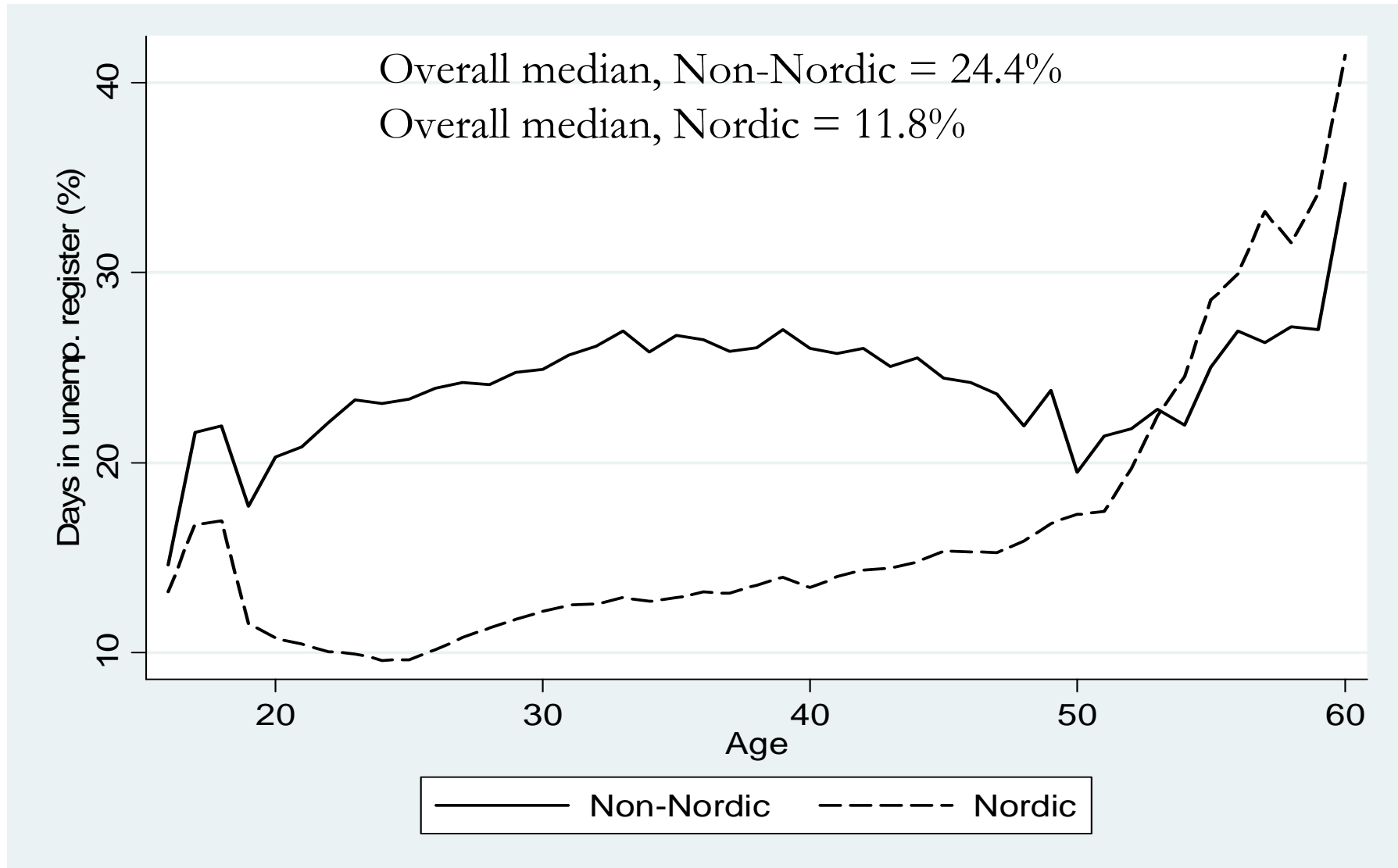


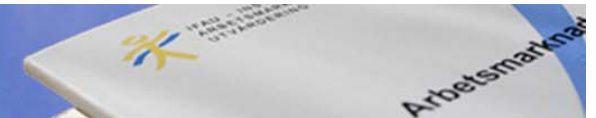
What happened to them?



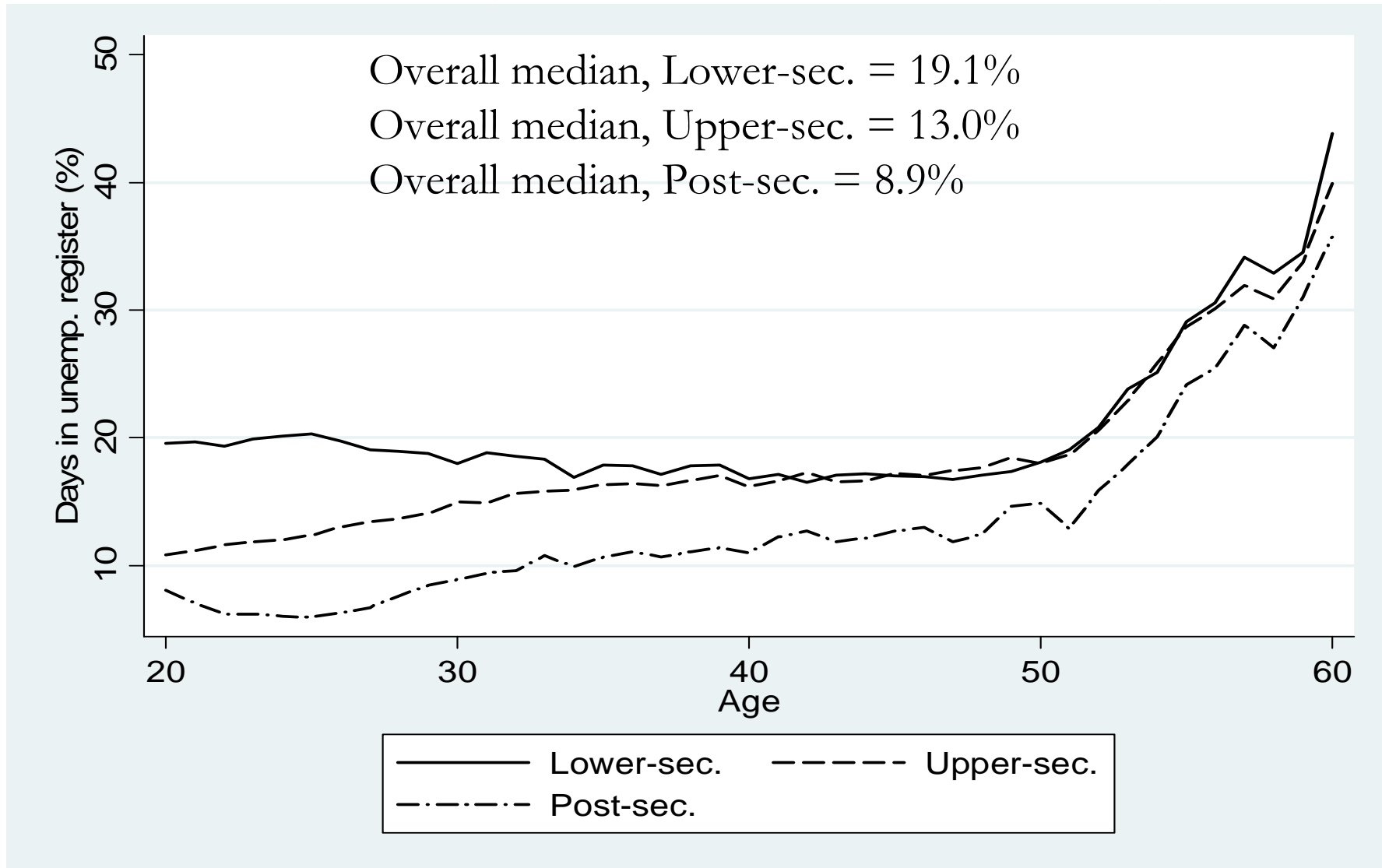


Days in register by birth-region and age



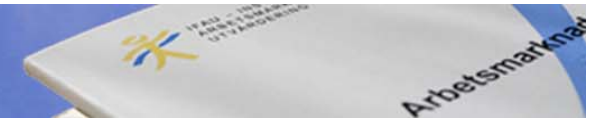


Days in register by education and age

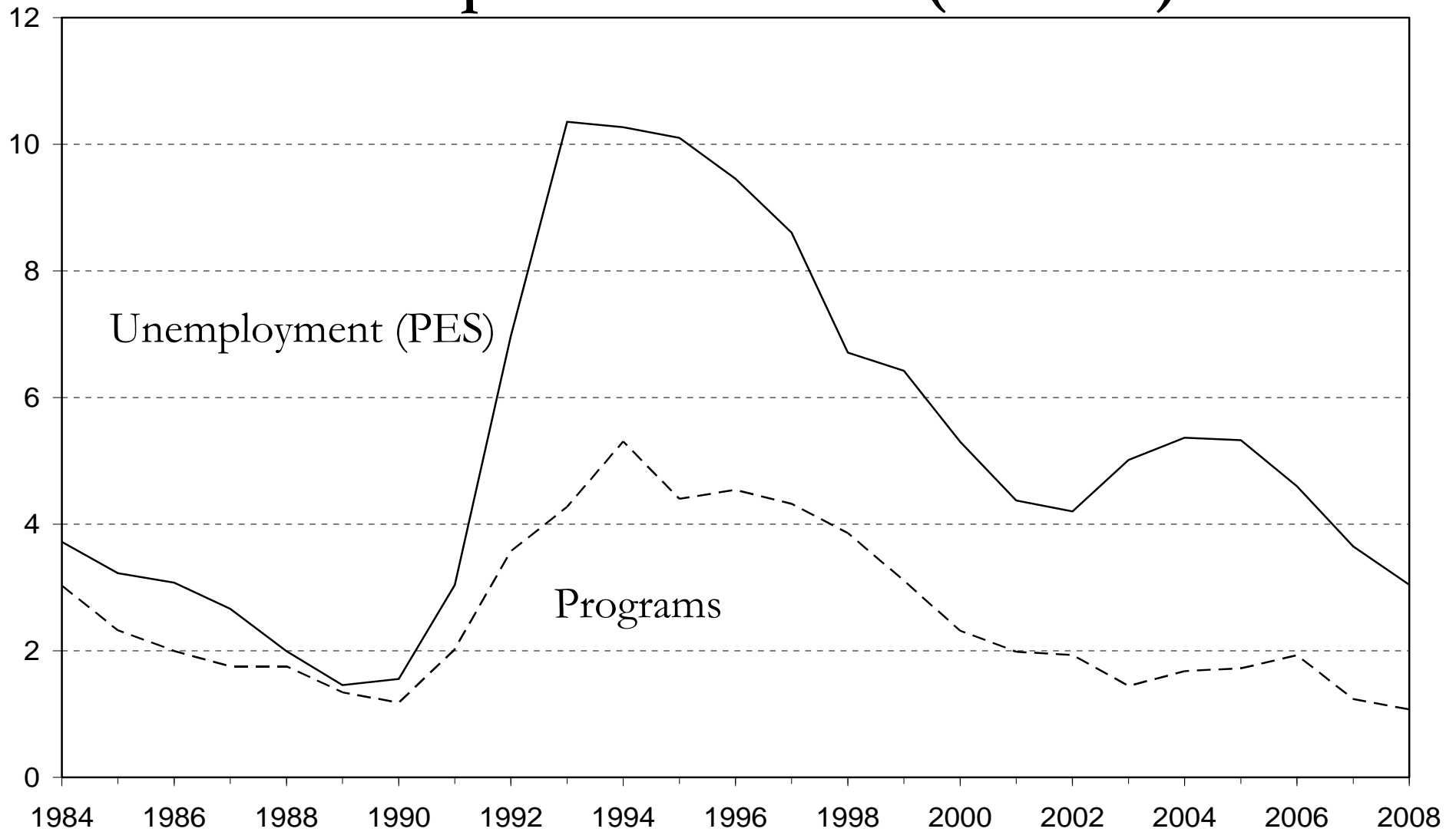


Policy implications?

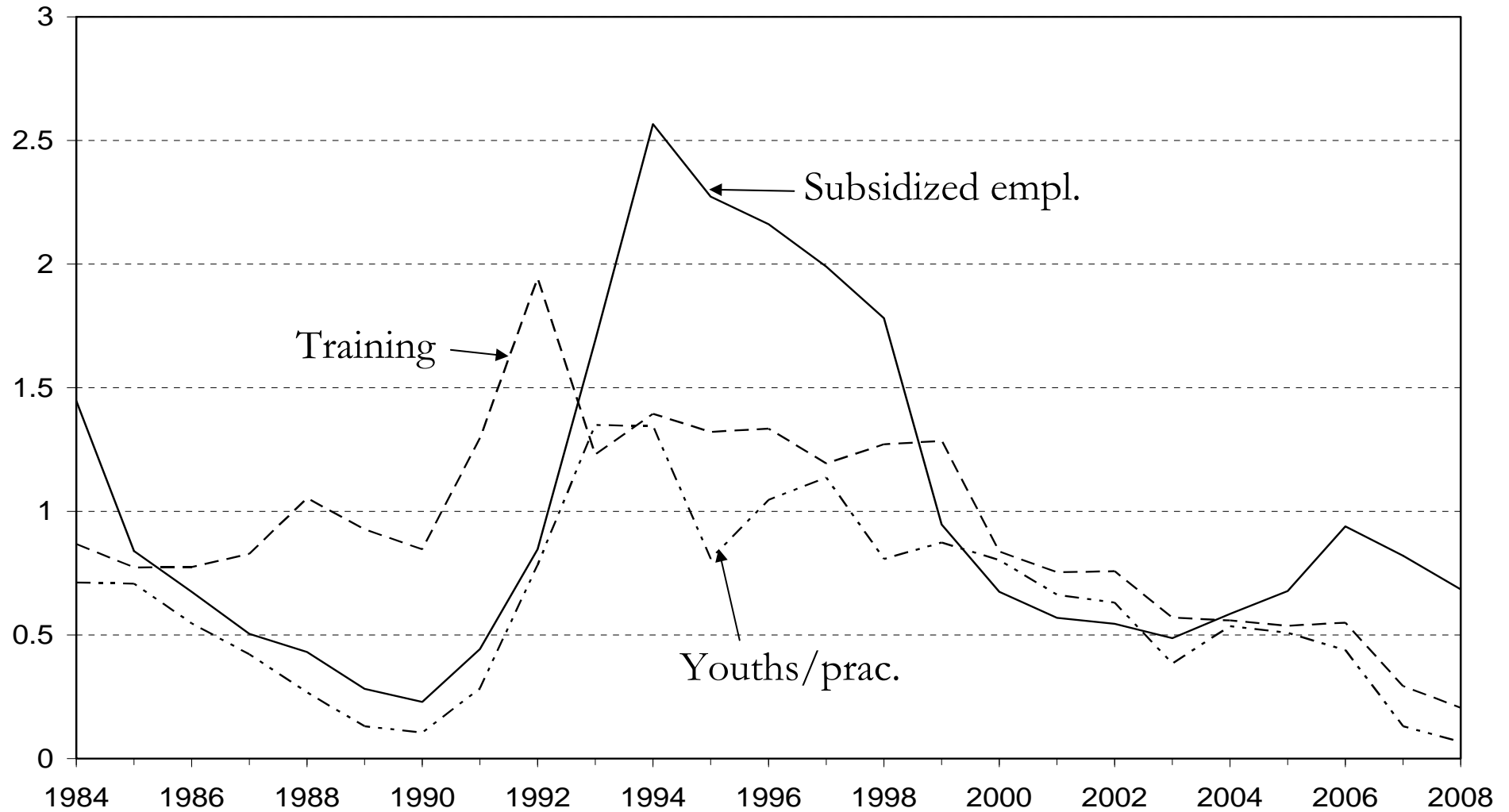
- Those who fared worst during the crisis of the 1990s:
 - Individuals aged +55
 - Individuals born outside Nordic countries
 - Low-educated
- Little support for measures targeted broadly at youths
 - But there are youths who fare poorly (drop-outs/never-entrants in upper-secondary school)
- But what works?



Participation in ALMPs (% of LF)



What kind of programs (% of LF)?



Evaluations of ALMPs during 1990s

- ...are a dismal reading in general
- At best programs had no effect on the probability of finding a job for the participants
- One interpretation is that participants would have been better off with increased assistance (or incentives) to search for a job
- ALMPs during the 1990s
 - Were (arguably) too broadly targeted
 - (Probably) focused too little on search activity
 - Provided “perverse” incentives (re-qualification UI)

Implications for ALMPs in the current crisis?

- Job-search assistance for the majority of those entering unemployment
- Target the disadvantaged
 - Not only the long-term unemployed
 - Also those unemployment entrants with a high risk of ending up in long-term unemployment
- Labor market training (LMT) not a large-scale cyclical measure
 - only for individuals hit by structural shocks (but earlier than in the recent past)