

Program for the second workshop in empirical public policy: June 13 - 14 2011

13 th of June

18.00-18.45 Rita Ginja,

Preventing Behavior Problems in Childhood and Adolescence: Evidence from Head Start

This paper shows that participation in Head Start reduces the incidence of behavioral problems, grade repetition, and obesity of children at ages 12 and 13, and depression, criminal behavior, and obesity at ages 16 and 17. Head Start's eligibility rules induce discontinuities in program participation as a function of income, which we use to identify program impacts. Our strategy allows to identify the effect of marginally expanding the thresholds for eligibility. In this case, the marginal child to attend the program is a boy, and it is more likely to be African-American.

19.00-19.45 Niklas Bengtsson,

Control and Efficiency in the Nonprofit Sector – Evidence from a Randomized Policy Experiment

Results in behavioral economics suggest that material incentives can crowd out effort, if agents are mission-oriented rather than self-interested. We test this prediction on a sample of nonprofit organizations in Sweden. Swedish nonprofit organizations receive tax funds annually to promote global development issues through information campaigns. Traditionally, the contract with the main principal (the Swedish foreign aid agency) has been based on trust and self-regulation. We designed an experimental policy intervention, effectively replacing the trust-based contract with an increased level of monitoring from the principal, along with a threat to cut future funds if irregularities were detected. Our findings are inconsistent with (strong) motivational crowd-out. Overall, using both self-reported and observed measures of outreach, we find that the intervention improved efficiency. Graphical analysis shows that non-monitored organizations exhibit a distinct tendency to maximize expenditure; in contrast, organizations in the treatment group are more likely to return unused grants to Sida. Additionally, we find no crowding out of private contributions and no evidence of a “discouraged NGO”-syndrome.

20.00-22.00 Dinner

14th of June

10.00-10.45 Anna Persson,

Leaving welfare - effects on earnings, income and poverty

Given the trend towards more active policies on reducing the take-up of welfare benefits, the consequences of leaving welfare on individual wellbeing constitutes a significant issue. This paper studies the income paths and poverty rates among welfare leavers in Sweden during 19 years (1990-2008). Using a rich set of register data we are able to accurately measure disposable income and other financial outcomes and thereby give a wellfounded analysis of the financial well-being of these

individuals. Overall, welfare participant who leave welfare to work are likely to experience a financial gain. However, other post welfare outcomes are associated with only a small probability of increasing income, and the probability to remain or become poor is substantial. Leavers who neither work nor receive benefits from social insurance are likely to be financially dependent on family members, and they are also likely to be in poverty. Groups with generally worse labor market outcomes also experience worse post welfare outcomes. We conclude that leaving welfare is not always associated with becoming financially better off, and thus taking post welfare outcomes into account is important when analyzing policy.

11.00-11.45 Mattias Nordin,

Individual and Aggregate Information Effects in the 2006 US Senate Election

Despite much research scholars still disagree whether voters have enough information to cast enlightened votes. Using the 2006 Common Cooperative Election Study I try to answer this question. From the survey I know the voters' opinions on a number of different issues as well as their knowledge on how their senators voted on those issues. Together with actual roll-call vote data this provides the ideal setting for testing if voters have enough knowledge to make enlightened vote decisions. In order to make causal inference on the effect of information I use the mismatch between the local TV markets and the states as a way of identifying knowledge of the senators' roll-call votes. The results suggest that low-informed voters make systematic errors in their vote decision. Furthermore, these errors do not cancel out in the aggregate.

12.00-14.00 Lunch

14.00-14.45 Arizo Karimi,

Paid parental leave and parental labour market outcomes – The effect of three reforms in the Swedish parental leave system

Introducing parental leave (PL) systems increases job-retention and strengthens women's attachment to the labour market. On the other hand, it has been argued that a too generous PL system deteriorates women's labour market prospects. Thus, it is important to assess the impact of extending already existing systems. Moreover, if there are strongly established gender norms, family policies might only have moderate potential to affect parents' behaviour. To investigate these issues, we exploit three reforms in the Swedish PL system, of which the first aimed to increase the general length of paid PL, and the two remaining explicitly aimed to increase fathers' share of PL by introducing "paternal quotas". We find that extended PL increased PL days, in particular for fathers. The effects of the paternal quotas also increased PL days taken by fathers. However, we find only moderate effects on labour supply of all three reforms. Thus, the results suggest that the reforms mostly implied an increased transfer of benefits (to fathers) rather than a change in behaviour, suggesting that gender norms in this respect are difficult to affect by active family policies.

15.00-15.45 Heléne Lundqvist,

Is it worth it? On the returns to holding political office

Two closely related questions are fundamental when thinking about who decides to become a politician: (i) What are the payoffs? (ii) Do payoffs matter for the selection of politicians? This paper sets out to answer the first of these questions. Specifically, with a unique newly collected data set I investigate the causal effect of being elected into a Swedish municipal council on the prospects for a political career, income and other labor market outcomes. The claim for causality, I argue, can be made thanks to a research design where the outcome of some candidate that just barely won a seat is compared to that of some other candidate that was close to winning a seat for the same party, but ultimately did not. The paper provides new evidence on the returns to politics in important ways: it is the first paper in the context of a multi-party, proportional representation system as well as in the local rather than the national political arena.

15.45-16.15 Coffee Break

16.15-17.00 Lisa Jönsson,

The Effect of Age-Targeted Labor Tax Subsidies on Retirement

In 2007, two labor tax subsidies targeted at workers above age 65 were introduced in Sweden. The first was an earned income tax credit that was substantially larger for individuals above age 65. The second was a reduction in payroll taxes for the same age group. This paper analyzes if these age-targeted labor tax subsidies affected retirement behavior at age 65. To identify the effect, I exploit that eligibility for the tax subsidies was determined by the age at the beginning of the tax year. This created a discontinuity in the financial incentives for work that depended on the timing of the 65th birthday. The results suggest that the overall effect on employment was small. The only group that seems to have responded to the changed incentives are low-educated men.

17.15-18.00 John Ham,

Government Programs Can Improve Local Labor Markets: Evidence from State Enterprise Zones, Federal Empowerment Zones and Federal Enterprise Communities

Federal and state governments spend well over a billion dollars a year on programs that encourage employment development in disadvantaged labor markets through the use of subsidies and tax credits. In this paper we use an estimation approach that is valid under relatively weak assumptions to measure the impact of State Enterprise Zones (ENTZs), Federal Empowerment Zones (EMPZs), and Federal Enterprise Community (ENTC) programs on local labor markets. We find that all three programs have positive, statistically significant, impacts on local labor markets in terms of the unemployment rate, the poverty rate, the fraction with wage and salary income, and employment. Further, the effects of EMPZ and ENTC designation are considerably larger than the impact of ENTZ designation. We find that our estimates are robust to allowing for a regression to the mean effect. We also find that there are positive, but statistically insignificant, spillover effects to neighboring Census tracts of each of these programs. Thus our positive estimates of these program impacts do not simply represent a transfer from the nearest non-treated Census tract to the treated Census tract.

Our results are noteworthy for several reasons. First, our study is the first to jointly look at these three programs, thus allowing policy makers to compare the impacts of these programs. Second, our paper, along with a concurrent study by Neumark and Kolko (2008), is the first to carry out the

estimation accounting for overlap between the programs. Third, our estimation strategy is valid under weaker assumptions than those made in many previous studies; we consider three comparison groups and let the data determine the appropriate group. Fourth, in spite of our conservative estimation strategy, by looking at national effects with disaggregated data, we show that ENTZ designation generally has a positive effect on the local labor market, while most previous research on ENTZs, much of which used more geographically aggregated data to look at state-specific effects, did not find any significant impacts. Fifth, we note that there is little or no previous work on ENTZs. Overall, our results strongly support the efficacy of these labor market interventions.

18.00-20.30 Dinner