How Tight Are the Screws?
Conditions and Sanctions for the Unemployed in the OECD, 1980-2012

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What we know about support for the unemployed:

- How much you get and for how long you get it
  (Korpi and Palme 2008; Nelson 2010; Scruggs, Jahn and Kuitto 2014; van Mechelen et al. 2011)

- How much is spent on labor market programs (training, subsidies, placement services)
  (OECD.Stat; Eurostat)
Motivation

What we know about support for the unemployed:

▶ How much you get and for how long you get it
  (Korpi and Palme 2008; Nelson 2010; Scruggs, Jahn and Kuitto 2014; van Mechelen et al. 2011)

▶ How much is spent on labor market programs (training, subsidies, placement services)
  (OECD.Stat; Eurostat)

What we did not know (much) about so far:

▶ What you have to do while you receive benefits...
▶ ...and when you have to accept work and leave the dole queue
  (see e.g. Clasen and Clegg 2007; Venn 2012)
PART III.—UNEMPLOYMENT BENEFIT AND SICKNESS BENEFIT.

Division 1.—Qualification for Benefit.

15. Subject to this Act, every person (not being a person in receipt of, or qualified to receive, a pension) who—

(a) has attained the age of sixteen years but has not attained the age of sixty-five years, or, in the case of a female, sixty years;

(b) is residing in Australia and has been continuously so resident for a period of not less than one year immediately prior to the date of the claim; and

(c) satisfies the Director-General that he—

(i) is unemployed and that his unemployment is not due to his being a direct participant in a strike;

(ii) is capable of undertaking, and is willing to undertake, work which, in the opinion of the Director-General, is suitable to be undertaken by that person; and

(iii) has taken reasonable steps to obtain such work,

shall be qualified to receive unemployment benefit.

Unemployment and Sickness Benefit Act (No. 10) of 1944
28. The Director-General may postpone for such period as he thinks fit the date from which unemployment benefit shall be payable to any person, or may cancel the payment of unemployment benefit to any person, as the case requires—

(a) if that person voluntarily became unemployed without good and sufficient reason;

(b) if that person became unemployed by reason of his misconduct as a worker;

(c) if that person has refused or failed, without good and sufficient reason, to accept an offer of employment which the Director-General considers to be suitable; or

*Unemployment and Sickness Benefit Act (No. 10) of 1944*
The dataset
Information on:

1. The definition of suitable employment
   - Occupational protection
   - Geographical mobility requirements
   - Wage protection
   - Other criteria

2. Job-search & reporting requirements/Jobseeker plans

3. Sanctions
   - Refusals of employment
   - Voluntary unemployment
   - Failures to report/conduct job-searches
Coverage

- 22 core-OECD countries
- Generally 1980-2012
- Longer time-series for most countries
- Exceptions:
  - United States – incidence of rules by state
  - Belgium post-2012 (UI devolved to regions)
Source material

1. Based on primary sources (historical legislation, regulations, guidelines, policy manuals)
2. Existing scholarly material was used to cross-check the findings
3. External country-experts (at least one per country) were asked to check detailed summaries of the developments in each country
Key trends
Two important findings

1. Conditions and sanctions for the unemployed have clearly become stricter in many ways
2. Less well-known development: more precise rules
Occupational protection

<table>
<thead>
<tr>
<th>Year</th>
<th>No Protection</th>
<th>Temporary Protection</th>
<th>Unlimited Protection</th>
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<tbody>
<tr>
<td>1980</td>
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<tr>
<td>1990</td>
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<td>2010</td>
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</table>
Job-search requirements

<table>
<thead>
<tr>
<th>Year</th>
<th>No requirement</th>
<th>Undefined intervals</th>
<th>At least every 6 months</th>
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<td>1980</td>
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<td>2010</td>
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</table>
Individual action plans

ET Choices (MA, 1983)

<table>
<thead>
<tr>
<th>Year</th>
<th>JSA at least partially/voluntary</th>
<th>JSA compulsory for all claimants</th>
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</thead>
<tbody>
<tr>
<td>1980</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>1990</td>
<td>0.4</td>
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<tr>
<td>2000</td>
<td>0.6</td>
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<td>2010</td>
<td>0.8</td>
<td>0.6</td>
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Sanctions for a (first) refusal of employment

![Graph showing effective non-payment period (weeks) over years from 1980 to 2010, with median and mean values.](image)

- Median line
- Mean line

<table>
<thead>
<tr>
<th>Year</th>
<th>Median</th>
<th>Mean</th>
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<tbody>
<tr>
<td>1980</td>
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<td>2010</td>
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</table>
Stepwise sanctioning rules
The big picture
The activation turn

![Graph showing the activation turn with strictness scores over years.](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Strictness of conditions</th>
<th>Strictness of sanctions</th>
<th>Overall conditionality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
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<td>1990</td>
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<td>2010</td>
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</table>
Conditions, 1980 vs. 2012

The image shows a scatter plot comparing sanctions in 1980 versus 2012 for various countries. The x-axis represents sanctions in 1980, while the y-axis represents sanctions in 2012. Each country is represented by a marker on the plot. The data points suggest an overall positive correlation between sanctions in 1980 and 2012, indicating that countries that imposed more sanctions in 1980 also tended to impose more sanctions in 2012.
Stricter conditionality, lower unemployment?
Main findings (preliminary!)

- Stricter conditions are correlated with lower unemployment rates
- Stricter sanctions are correlated with higher unemployment rates
Unemployment & conditions

Unemployment rate (avg. 1980/2012)

Strictness of conditions (avg. 1980/2012)
Unemployment & sanctions

Unemployment rate (avg. 1980/2012)

Strictness of sanctions (avg. 1980/2012)
Long-term unemployment & conditions

![Graph showing the relationship between long-term unemployment rate and strictness of conditions for various countries. The graph indicates a negative correlation between the two variables.](image-url)
Long-term unemployment & sanctions

![Graph showing the relationship between long-term unemployment rate (≥12 months) and strictness of sanctions (avg. 1980/2012)].
Summary

1. Rules have become stricter, but that is not the entire story
2. Most unemployed will arguably not be affected by these policies (stronger effect on long-term unemployed)
3. Implementation matters & stricter is not necessarily better (sanctions!)
Many thanks!

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References


