

Labor market and health effects of an activation program for the long-term inactive

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Abstract

Some active labor market programs have been shown to improve labor market outcomes, however they mostly focus on individuals relatively close to the labor market. Many long-term benefit recipients suffer from mental health issues, indicated by the high rate of mental health care use in this group. Activation strategies for this group may not result in better labor market outcomes, but may benefit these individuals by replacing some of the benefits that a job offers such as providing a routine, social network and a sense of being valued or appreciated. We evaluate the effects of an activation program for individuals with a large distance to the labor market, at least five years out of employment and on general assistance. We exploit the staggered implementation of the program which allows for a difference-in-difference design. We evaluate labor market and mental health effects.

Keywords: Activation, welfare, health

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