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Industrial Relations, Politics, and Government

Targeting Employment Services. Edited by Randall W. Eberts, Christopher J. O'Leary, and Stephen A. Wandner. Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, 2002. ix, 423 pp. ISBN 0-88099-244-1, $40.00 (cloth); 0-88099-243-3, $23.00 (paper).

Government-provided employment services must in some way be targeted to their intended beneficiaries. The process may be formal, involving statistically driven decision rules and administrative procedures, or it may be informal, involving factors such as access to information, client motivation, and simple random chance. These interesting papers from a conference conducted in April 1999 explore several recent innovations in formal targeting mechanisms, most notably those arising out of the implementation of the statistical "profiling" of unemployment insurance (UI) recipients in the United States that started in 1993. The evidence reported on the effectiveness of such targeting is largely positive, though many important conceptual and practical questions remain unanswered.

One thing largely lacking from the volume is a theoretical foundation for why a formal targeting strategy is needed and what its goals should be. If employment and training services were produced in competitive markets with perfect information and no liquidity constraints, workers who stood to gain the most from them would purchase them. That allocation would also be socially optimal if there were no important externalities involved. Thus, one way to think about the rationale for targeting is to ask which of the strict competitive assumptions fail and how government action might correct the problem.

For example, the first series of papers in this volume focuses on the success of current profiling initiatives in the UI system. Under current law, UI claimants are profiled using a statistical model that predicts the likelihood that they will exhaust their benefit entitlements. Mandatory employment services are then targeted to workers with the highest profiling scores. Such a strategy might make sense if workers with high profiling scores tended to have less information about service options than other workers or (as also seems likely) were more likely to suffer from liquidity constraints in purchasing such services for themselves. But the main goal in the adoption of profiling seems to have been to reduce UI benefits paid rather than to achieve any more lofty allocational ends. Not surprisingly, then, a summary of an evaluation of the profiling experience (Katherine Dickinson, Paul Decker, and Suzanne Kreutzer) concludes that profiling did indeed reduce weeks of UI benefits paid by about 0.3 weeks, but had no effect on the employment and earnings of workers profiled. Comments in this section suggest that perhaps better profiling models would have worked better (the absence of age, gender, and race from the models—due to anti-discrimination law—seems especially restrictive). But uncertainties about employment services' effectiveness in raising wages might prompt some skepticism in that regard.

A second group of papers examines the use of profiling-type methods in other applications. These papers also highlight the need for a better conceptual foundation for targeting. For example, an interesting paper by Jon Messenger, Carolyn Peterson-Vaccaro, and Wayne Vroman shows how some states have used existing profiling models to target self-employment services to workers who might like to start their own businesses. As a pointed commentary by Jacob Benus notes, there is little to recommend this targeting method for self-employment other than the hope that it will yield budget neutrality for the costs of services delivered. Targeting that focused more directly on barriers that any unemployed worker faces in starting a business might have yielded better results.

Some of the other applications of statistical targeting discussed here seem better directed, however. For example, Christopher O'Leary, Paul Decker, and Stephen Wandner show that the ineffectiveness of reemployment bonuses in reducing total unemployment benefits paid that was found in several earlier evaluations might be reversed if bonuses were targeted to UI claimants with high profiling scores. Of course, the reemployment bonus concept is not so much a targeted employment service as a reformulation of benefit payment formulas in the hope of reducing disincentives. Whether there are long-run social benefits from these sorts of adjustments is an open question.

Of greater relevance to the underlying issue of targeting of services are three papers that stress the importance of targeting services to clients for whom they are most appropriate. Louis Jacobson, Robert LaLonde, and Daniel Sullivan explore the course choices of dislocated workers who enrolled in Washington State

community colleges. They document large variations in the "value-added" from these courses and suggest that information on such outcomes should be provided to workers enrolling in them. A related paper by Randall Eberts looks at the assignment of employment services in Michigan's Work First program for welfare recipients. Eberts shows that targeting individuals to appropriate services based on employability scores from a statistical model achieved considerably higher gains than did a more haphazard assignment process. Anu Rangarajan, Peter Schochet, and Dexter Cho use data from the NLSY to show that similar targeting might be used for job retention services for welfare recipients. But it is unclear whether enough is known about the efficacy of such services to make this targeting worthwhile.

Although this book mainly focuses on experiences in the United States, two papers are devoted to evidence from Canada. Neither of these provides actual empirical evidence on targeting, but each offers some useful lessons. Terry Colpitts recounts the roller-coaster experience of the Service and Outcome Measurement System (SOMS) that sought to link administrative data from many sources as an aid to frontline employment service staff. SOMS itself appears to have worked quite well—the availability of longitudinal earnings data from tax records made the data source uniquely valuable. But the system seems to have run afoul of privacy concerns in Canada, and its long-run viability is now uncertain. Ging Wong, Harold Henson, and Arun Roy examine the rising incidence of long-term unemployment in Canada. They achieve some success in predicting long unemployment spells from data collected in the Canadian Out of Employment Panel—a relatively new data source on laid-off workers. However, although the authors present some data that are suggestive of the benefits such workers might obtain from targeted services, they have no direct evidence on the matter.

In all, then, the high-quality papers in this volume are supportive of using statistical models to target employment services. The effectiveness of that approach, however, will largely depend on three factors: the completeness of our understanding of how the social benefits of employment services differ for different types of workers; the extent to which statistical models can predict labor market problems well enough to allocate workers to services that are most productive for them; and our success in identifying ways to integrate targeting of employment services with other strategies (such as information provision or savings/loan plans) that might more efficiently address some underlying problems. In short, we need a more complete conceptual model of how employment services should be allocated before we can decide precisely what the role of statistical targeting should be.

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Labor and Employment Law

Making Human Rights Work Globally. By Anthony Woodiwiss. London: Cavendish, 2003. 160 pp. ISBN 1-9043-8508-7, £19 (paper).

Ever since the principles in the Universal Declaration of Human Rights were divided into two fundamental human rights treaties—one addressing civil and political rights, and the other addressing economic, social, and cultural rights—a rift has existed in the human rights community between these two groups of rights. Western states, and particularly the United States, have touted the former, while communist, non-aligned, and, more recently, Asian states have emphasized the latter. Anthony Woodiwiss seeks to bridge this long-standing rift in order to make the global human rights project more universally responsive to the needs of all nations. In particular, he argues that the western emphasis on civil and political rights fails to accommodate differing socio-economic and cultural conditions in non-western states. He concludes that in order for the peoples of all nations to benefit from the human rights project, two reforms must occur. First, economic and social rights must be viewed as "translatable" with civil and political rights and as legally enforceable, both through domestic courts and through the United Nations system. Second, a social clause must be added to the protocols of the WTO to enhance the international enforceability of economic and social rights.

"Translation" to Woodiwiss means the interchangeability, for practical purposes, of economic and social rights with civil and political rights. In other words, the two sets of rights should be recognized to some degree as alternative means to the common end of protecting human dignity. Woodiwiss focuses on labor rights to illustrate his thesis, since labor rights