

## **Assessing Labour-market Policies in the OECD. A difference-in-difference approach**

**Sergio Destefanis**, CSEF, DISES — University of Salerno

**Giuseppe Mastromatteo**, Istituto di Economia e Finanza—Università Cattolica del Sacro Cuore, Milan

**Abstract:** In this paper we assess the impact of labour-market policies on employment performance in the OECD over the last decade. We examine long-run trends in employment rates and unemployment rates through a difference-in-difference approach over a sample of 24 OECD countries from 1994 to 2009. We consider the robustness of the claims made in OECD follow-up studies within a very panel set-up, and highlight the impact of unobserved heterogeneity and non-random policy assignment. We find that complying with OECD policy recommendations had a favourable impact the Strategy favourably (but weakly) affected employment growth, especially of older workers. We also find that, regardless of policy action, changes in labour-market performance are inversely linked to lagged performance.