

Essays on the effectiveness of policy changes and their impact on minority groups

Thesis for the degree of “Doctor of Philosophy”

by

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Abstract

This dissertation examines the effectiveness of a number of policy measures, by studying the behavior and situation of different social groups, in several set-ups. It thereby tries to uncover a more general conclusion on how effectiveness unfolds in the case of minority and disadvantaged groups. The dissertation includes three essays, each of them studies effectiveness in a different context: a reform in the allocation of governmental grants to localities, an active labor market program, and a training program. Common to the three essays is the focus on effectiveness, the study of Israeli set-ups, and the reference to minorities. The essays differ in terms of the unit of analysis and the methodology used. The first chapter studies the impact of a natural experiment (reform) on localities' receipt of grants, using a difference-in-differences approach. The second chapter uses a randomized control trial to study the impact of an Active Labor Market Program on the outcomes of income support recipients. The third chapter is an observational study that, based on matching, studies the effect of training vouchers on the outcomes of the unemployed. The findings show that adopting rules for resource allocation is an effective way to restrain political favoritism; that changing the costs of benefits can increase labor market integration and trigger changes in the allocation of labor supply across spouses; and that training vouchers for the unemployed have a significant and long-term impact on employment. The findings shed light on the conditions for achieving effectiveness in various set-ups, and also on the reasons and circumstances in which minorities differ or converge to the situation of majority group members.