The effect of job search requirements on welfare receipt: Evidence from an Australian welfare reform

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Résumé :

A challenge faced by governments is how best to both provide financial support to the unemployed and to encourage them to obtain paid employment. To tackle this problem, many OECD countries have come to increasingly rely on job search requirements, which consist of various activities required of job seekers to retain eligibility to welfare payments. There is, however, relatively little evidence on the efficacy of these requirements. Previous studies have identified the effects of incremental changes to job search requirements, but not the effects of job search requirements per se. Australian welfare policy reforms in 1995 and 2003, which saw new groups of welfare recipients subject to job search requirements, provide a unique opportunity to identify the effects of job search requirements. We find large negative effects on welfare receipt for the mature-age partnered women targeted by the policy reforms.