Intergenerational Effects of Active Labour Market Policies

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Abstract

We study the influence of parents' participation in active labour market programmes, such as training, job subsidies, job creation programmes, or workfare, on their children's successful entry into vocational training and employment at a later point in time, as well as on their children's chances of avoiding unemployment and benefit receipt. In this way, we hope to gain an understanding of whether parents' programme participation contributes to avoiding an intergenerational transmission of unemployment. The focus is on recipients of means-tested unemployment benefits in Germany. We expect parents' employment chances and economic situation to improve as a consequence of programme participation and therefore their ability to invest in their children's education. Parents' employment may also have a positive effect on children's self-esteem and can improve their scholastic achievements in this manner as well. Parents' participation particularly in longer-term programmes that involve a regular daily schedule might also contribute to improving children's success in school, as well as in entering vocational training or employment, in as far as parents' function as a role model is a factor. We use rich administrative data and focus on teenagers who were 14-17 years old when their parents participated in a programme. Labour market outcomes for the young adults are evaluated at ages 17-23. We draw comparable families from participant and non-participant groups using matching methods. Additionally, we plan to conduct heterogeneity analyses for different subgroups. Our findings indicate significantly positive effects of parents' participation in job subsidies and further vocational training programmes on children's labour market outcomes. Our analyses can contribute to understanding whether and which types of active labour market programmes have particularly long-term effects, improving the situation of the next generation as well.

Introduction

Unemployment can have detrimental effects for individuals (Kassenboehmer and Haisken-DeNew 2009; Paul and Moser 2009). Moreover, it can even have effects that go beyond the individual level, e.g. effects on the families and children of the unemployed.

The international literature on intergenerational transmissions of unemployment or poverty shows that the risk of being unemployed or poor is higher if ones' parents already were unemployed or poor (Antel 1992; Corak, Gustafsson, and Österberg 2000; Ekhaugen 2009; Lorentzen, Dahl, and Harsløf 2012; Siedler 2004; Stenberg 2000).

It is therefore of interest to study the individual as well as intergenerational effects of programmes that combat unemployment. Many OECD and European countries have activation policies that are intended to improve unemployed persons' employment chances. In Germany, a large-scale welfare and employment policy reform (known as Hartz IV) took place in 2005. It involved a stronger focus on activation policies for long-term unemployed persons. Greater emphasis has since been put on participation in active labour market programmes (ALMPs) such as training programmes, workfare, or job subsidies as a means towards improving long-term unemployed persons' employment chances. Previous research (Bernhard, Gartner, and Stephan 2008; Bernhard and Kruppe 2012) indicates positive individual employment effects especially of further vocational training and job subsidies. Our research goes a step further to ask whether the next generation benefits from parents' programme participation as well.

We study the influence of parents' participation in several ALMPs, such as further vocational training, job subsidies, job creation schemes, or workfare programmes, on their children's successful entry into vocational training and employment at a later point in time, as well as on their children's chances of avoiding unemployment and benefit receipt. In this way, we can gain an understanding of whether parents' programme participation has the potential to contribute to avoiding an intergenerational transmission of unemployment. The focus is on recipients of means-tested unemployment benefits in Germany.

Our analyses can contribute to understanding whether and which types of ALMPs have particularly long-term effects, improving the situation of the next generation as well. If parents' programme participations do positively affect children's later employment outcomes, this could indicate that investments in ALMPs are particularly rewarding.

The Institutional Framework in Germany

Germany introduced an important and large-scale labour market reform in 2005, known as the Hartz IV reform in order to reduce the level of unemployment (Eichhorst, Grienberger-Zingerle, and Konle-Seidl 2010). An important goal of the reform was the activation of people who were formerly not active on the labour market. Moreover, the newly introduced Unemployment Benefit II (UB II) merged the former social assistance and the former unemployment aid.

UB II is a means-tested welfare benefit for persons who are not eligible for or have run out of their unemployment insurance benefit. Households have to pass a means test in order to qualify for UB II receipt. The base benefit is 404€ as of January 2016, costs of housing and heating are covered additionally.

In order to reduce the household's dependency on welfare benefits, all household members are expected to make efforts to enter employment. Therefore, UB II recipients are expected to accept any type of employment or participate in any ALMP proposed by their case manager in the jobcentre.

Assignments to ALMPs are an important instrument for improving UB II recipients' employment chances. We concentrate on four ALMPs which have a minimum duration of three months and last up to three years: Job subsidies, further vocational training programmes, One-Euro-Jobs and job-creation schemes. Table 1 gives an overview of the content of these programmes.

Table 1: Description of the ALMPs

Job subsidies	• Participants receive wage by employer • Two variants: employer subsidies, covering up to 50% of the monthly wage or income supplements paid directly to UB II recipient • Duration: up to 12 or up to 24 months Bernhard, Gartner, and Stephan (2008)
Further vocational training	• Training courses with longer duration, occupation-specific courses, sometimes with a degree or certificate • Benefit recipients receive vouchers for courses offered by certified external providers • Duration: median around three months, up to three years Bernhard and Kruppe (2012)

One-Euro-Jobs	• Participants receive 1-2 Euros an hour in addition to their regular UB II • Workfare programme, work required to be of public interest and not replace regular jobs • Aim is for participants to become accustomed to a regular work schedule; can also be used as a work test • Duration: usually 6 months or less Hohmeyer (2012)
Job-creation schemes	• Participants receive a lump sum payment • Work required to be of public interest and not replace regular jobs • Aim: last chance to stabilise and qualify unemployed persons for later re-integration into regular employment • Duration: usually 12 months Stephan and Pahnke (2011)

Previous Research on ALMP effects

Card, Kluve, and Weber (2015) give an overview of international evaluation studies on individual ALMP effects. Individual employment effects of different German ALMPs have also been analysed by several evaluation studies. We briefly summarise the results of studies that concentrated on the effects for UB II recipients.

Studies on individual employment effects of One-Euro-Jobs find small positive medium- to long-term employment effects for most groups (Hohmeyer 2012; Hohmeyer and Wolff 2012). Job creation schemes have larger positive employment effects than One-Euro-Jobs (Hohmeyer and Wolff 2010). Further vocational training programs likewise tend to have substantial positive employment effects for UB II recipients (Bernhard and Kruppe 2012). Large employment effects are found for job subsidies (Bernhard, Gartner, and Stephan 2008).

So far, however, there is no study that has analysed intergenerational effects of ALMPs.

Theoretical Considerations

Intergenerational effects of unemployment or poverty relate to different outcome variables for children, such as, e.g., educational outcomes, youth or later adult unemployment, school-to-work transitions, subjective wellbeing or poverty.

Different mechanisms may play a role for the intergenerational transmission of unemployment. First, the intergenerational transmission of unemployment possibly reflects intergenerational transmissions of education as education is linked to employment chances (Ekhaugen 2009). Risks of unemployment are higher for those with lower levels of education, and parents with lower levels of education are less well able to help their children with their studies. More highly educated parents have higher educational aspirations for their children (Piopiunik 2014), are better able to help them with their studies and provide knowledge on the functioning of the education system (Pfeffer 2008).

Second, parents' lower material resources make it more difficult to financially support children's education (Kalil and Wightman 2011).

Third, unemployment and poverty lowers self-esteem, perceptions of self-efficacy, and ambitions, which is conveyed to children as well (Andersen 2013). Lower self-esteem then reduces children's educational and labour market achievements. Therefore, unemployed parents are not as well able to serve as role models for successful labour market participation (Andersen 2013).

Fourth, unemployment lowers subjective wellbeing. Such individual wellbeing can also be transmitted to children (Kind and Haisken-DeNew 2012). Moreover, unemployment can also lead to stress within the family that also influences children of unemployed parents (Jones 1988).

Moreover, different theoretical approaches are further discussed for instance in Bane and Ellwood (1986), Corcoran (1995), Greenwell, Leibowitz, and Klerman (1998), Kane (1987), and Mayer (2002).

Our hypotheses build on these theoretical considerations in the literature on intergenerational transmissions of poverty and unemployment. We are interested in the question whether ALMPs may interfere in the mechanisms responsible for intergenerational transmissions of unemployment and poverty.

Research Questions and Hypotheses

We developed research questions on the effect of ALMP participation on children of participating unemployed parents who receive UB II. We expect parents' employment chances and economic situation to improve after ALMP participation, enabling parents to more strongly invest in their children's education in the long run. Parents' employment may also have a positive effect on children's self-esteem and ambitions and can improve their scholastic achievements in this manner as well. Parents' participation particularly in longer-term programmes that involve a regular daily schedule might also contribute to improving children's

success in school, as well as in entering vocational training or employment, in as far as parents' function as a role model is a factor.

Thus, our research questions are:

- Do investments in parents' employment chances in the form of ALMPs improve children's future employment chances as well?
- Can parents' ALMP participations reduce children's risks of unemployment and welfare receipt?

The investigated ALMPs in this study are: Further vocational training, job subsidies, job-creation programs and One-Euro-Jobs.

We developed the following hypotheses:

H1: Parents' ALMP participations increase adolescents' future chances of unsubsidized employment and apprenticeships.

H2: Parents' ALMP participations lower adolescents' own future risks of unemployment.

H3: Parents' ALMP participations increase adolescents' future chances of being without UB II receipt.

H4: Intergenerational effects of parents' further vocational training, job subsidies, and job creation programs are larger than of their One-Euro-Job participations.

Data and Methodology

The data we use are register data from the Federal Employment agency. We draw on the Integrated Employment Biographies (IEB) and the Unemployment Benefit II History data set (LHG). These data provide longitudinal spell information on, e.g., employment, unemployment, and program participation. Moreover, they encompass information on children. The spells were prepared for scientific analysis on the basis of notifications sent by employers to health and pension insurance funds, as well as data collected by employment offices (vom Berge, König, and Seth 2013).

For the empirical analyses, we use these data to study the effects of ALMPs in which parents participated in 2007 on their children's vocational training, employment, and benefit receipt outcomes in subsequent years. Our study focuses on teenagers who were 14-17 years old when their parents participated in the programme. We study children's outcomes several years later, in 2008 – 2014. In terms of outcome variables, we took a variety of young adults' activity statuses into account to gain a comprehensive picture of their situation: being in regular (contributory) employment, in-firm apprenticeship, having a minijob, being unemployed, receiving UB II with none of the above statuses applying (out-of-labour force status), and none

of the above activity statuses without any UB II receipt (this includes classroom apprenticeships, school and university education).

The sample we analyse consists of adolescents aged 14 – 17 in households receiving UB II on 1.6.2007, whose mother and/or father was not employed but capable of employment and not already participating in an ALMP at this point in time. The observed outcome variables are young adults' activity statuses in 2008 – 2014 at ages 17 – 23.
Young people whose parent participated in one of the analysed ALMPs in the second half of 2007 are compared to young people whose parent did not participate in an ALMP.

In order to determine the effects of the parents' programme participation, we draw comparable families from participant and non-participant groups using propensity score matching methods. Since the administrative data we use provides very large sample sizes, we are able to draw very similar comparison groups. In the matching procedure, we take numerous characteristics of both parents, the regional labour market and individual characteristics of the adolescents into account. This helps us to ensure that the identifying assumptions of the propensity score matching are fulfilled as it relies on the selection on observables. We use individual variables of the adolescents, such as gender, age group, number of siblings, and age of the youngest sibling. We also consider parents' characteristics such as education, disability, age, lone parent, marital status, nationality, employability, cumulated employment experience in contributory employment and minijobs, cumulated past UB II receipt, number of previous job spells, past labour market programme participations, and characteristics of the parents' last job: duration since, occupation, earnings, and employment status. Moreover, we take regional labour market classifications into account.
Next to the main analyses, we also plan to conduct heterogeneity analyses in which we investigate whether effects of parents' programme participation differ between children of lone parents and those with two parents, whether effects differ between girls and boys, and if this depends on whether the mother or the father took part in the programme.
We conduct exact matching for young people's narrower age groups.
Moreover, we plan to use entropy balancing methods next to propensity score matching.
Table 1 presents sample numbers.

Table 1: N of matched treated and matched controls in the samples

		matched treated	matched controls
14-17	One-Euro-Jobs	16,544	57,768
years	Job-creation schemes	2,263	10,298
	Job subsidies	2,594	11,812
	Further vocational training	3,514	16,059
14-15	One-Euro-Jobs	6,886	24,474
years	Job-creation schemes	891	4,050
	Job subsidies	1,136	5,186
	Further vocational training	1,563	7,099
16-17	One-Euro-Jobs	9,658	33,294
years	Job-creation schemes	1,372	6,248
	Job subsidies	1,458	6,626
	Further vocational training	1,951	8,960

Source: IAB Integrierte Erwerbsbiographien (IEB) V12.00, Nürnberg 2015 and IAB Leistungshistorik Grundsicherung (LHG) V08.01, Nürnberg 2015, own analyses

Results

Tables 2 to 4 present the first results of our analyses. Table 2 shows the results of the estimates for the overall age group of 14 to 17 year olds. Tables 3 and 4 show the results of the heterogeneity analyses for two age groups: 14 and 15 years olds (Table 3) and 16 and 17 year olds (Table 4).

Table 2 shows average treatment effects on the treated (ATTs). They indicate the causal effect of parents' participation in one of the programmes on the labour market outcomes of their children compared to those parents who did not participate in any programme. Children were 14 to 17 years old during the programme participation of their parents, labour market outcomes are shown for ages 19 to 21.

The results in Table 2 show that parents' programme participation indeed has an effect on labour market outcomes of their 14 to 17 year old children. This varies for different programmes and for different outcome variables. Only some of the results are significant.

Parents' job subsidy participation has a significantly positive influence on children's regular employment rate at age 20 and 21 with an ATT of 1.5 to almost 4 percentage points, apprenticeship participation at age 19, minijob employment at age 19, and on the probability of being out-of-labour force without UB II receipt at age 19 and 20 with more than 6 and more than 3 percentage points. Moreover, it has a significantly negative influence on the probability of being out-of-labour force with UB II receipt.

By contrast, parents' One-Euro-Job participation has a significantly negative influence on the regular employment rate of children at age 21, a negative influence on the probability of being out-of-labour force without UB II receipt, a positive influence on the probability of being unemployed at ages 20 and 21 as well as of being out-of-labour force with UB II receipt at age 20. However, One-Euro-Job participation of parents also influences the apprenticeship participation at ages 19 and 20 positively with small ATTs (less than 1 percentage point).

Parents' job-creation scheme participation shows almost no significant results. It only influences minijob participation at age 21 negatively, and the probability of being out-of-labour force without UB II receipt positively at age 21 (2.7 percentage points).

Parents' participation in further vocational training influences apprenticeship participation positively (by 1.3 to 3.2 percentage points). It also influences the probability of being out-of-labour force without UB II receipt positively at age 19. Moreover, it influences the probability of being out-of-labour force with UB II receipt negatively, being unemployed at ages 19 and 21 negatively, and being regularly employed at age 19 negatively.

Table 2: Average Treatment Effects (ATTs) in percentage points for all age groups, outcomes measured at age 19, 20 and 21

	age	Regular job	Apprentice-ship	Minijob	Unemploy-ment	Out-of-LB, UB II	Out-of-LB, no UB II
One-Euro-Jobs	19	-0.176	**0.776**	-0.073	0.317	0.748	**-1.592**
	20	-0.293	**0.756**	0.021	**0.629**	**0.991**	**-2.103**
	21	**-0.592**	0.751	0.079	**0.693**	0.741	**-1.671**
Job-creation schemes	19	0.018	-0.203	-0.663	-0.963	0.866	0.946
	20	-0.283	-0.698	-0.698	0.009	0.663	1.008
	21	-1.008	-0.018	**-1.971**	-0.601	0.946	**2.651**
Job subsidies	19	0.254	**2.922**	**1.658**	**-2.637**	**-9.021**	**6.823**
	20	**1.480**	1.426	1.049	**-1.781**	**-5.551**	**3.377**
	21	**2.968**	-0.278	0.540	-0.948	**-3.092**	0.810
Further vocational training	19	**-0.865**	**1.303**	0.398	**-1.485**	**-1.844**	**2.493**
	20	-0.410	**3.244**	-0.085	-0.859	**-3.182**	1.292
	21	0.683	**2.464**	0.114	**-2.129**	**-1.633**	0.501

Source: IEB and LHG, own analyses, bold figures are significant at least at the 10 % level

Table 3 presents a subsample, the ATTs of parents' programme participations on children who were 14 or 15 years old during participation. The outcome variables for the children are shown at ages 17 to 21.

Parents' One-Euro-Job participation has a significantly negative effect on adolescents' regular employment rate at ages 17 and 21, a positive effect on the probability of receiving UB II and being out-of-labour force at age 17 (1.7 percentage points), and a negative effect on the probability of being out-of-labour force without UB II receipt (1.4 to 2.3 percentage points).

Moreover, parents' One-Euro-Job participation slightly increases the probability of doing an apprenticeship at age 19 (0.9 percentage points).

As is the case for the broader age group, there are hardly any significant effects of parents' job-creation scheme participation on their 14 to 15 year old children. It lowers the probability to be employed in a minijob at ages 17, 20 and 21 and it increases the probability to be out-of-labour-force without UB II receipt at age 21 by almost 5 percentage points.

Parents' participation in a job subsidy first lowers the probability for children to have a regular job (age 18), and increases the probability of having a regular job by 2.5 percentage points at age 21. It increases the probability of having a minijob at age 19. However, job subsidy participation by parents significantly lowers their children's the probability of being unemployed at ages 18 to 20, and tremendously lowers their children's probability of being out-of-labour force with UB II receipt. This effect is quite high at almost 20 percentage points at age 17. This may be attributed to parents' own greater employment chances. However, this negative effect remains until the age of 21. Moreover, job subsidy participation by parents also significantly improves the probability of being out-of-labour force without UB II receipt. The average treatment effects are highest at ages 17 and 18 at more than 19 and more than 11 percentage points.

Further vocational training participation lowers the probability for participants' children to have a regular job at age 19. It increases their probability of being in an apprenticeship at age 20 and having a minijob at ages 18 and 19. It reduces the probability to be out-of-labour force with UB II receipt at ages 17, 20 and 21 and increases the probability of being out-of-labour force without UB II at ages 17 and 18. Probably, these adolescents go to school.

Table 3: Average Treatment Effects (ATTs) in percentage points for adolescents 14+15 years, outcomes measured at age 17 to 21

	age	Regular job	Apprentice-ship	Minijob	Unemploy-ment	Out-of-LB, UB II	Out-of-LB, no UB II
One-Euro Jobs	17	**-0.171**	-0.366	0.076	0.514	**1.676**	**-1.728**
	18	0.107	0.805	-0.064	-0.337	0.494	-1.005
	19	-0.221	**0.906**	-0.134	0.076	0.726	**-1.353**
	20	0.119	0.581	0.296	0.775	0.532	**-2.303**
	21	**-0.938**	0.842	0.645	0.195	0.999	**-1.743**
Job-creation schemes	17	0.202	0.471	**-1.751**	0.673	0.875	-0.471
	18	-0.269	-0.629	-1.212	-1.167	2.649	0.629
	19	-0.157	-0.808	-1.684	-0.516	2.132	1.033
	20	-1.549	-0.875	**-2.222**	0.718	2.469	1.459
	21	-1.639	-0.696	**-3.389**	-1.324	2.200	**4.848**
Job subsidies	17	-0.158	0.458	0.370	-0.810	**-19.190**	**19.331**
	18	**-0.563**	0.528	0.845	**-1.919**	**-10.370**	**11.479**
	19	0.405	-0.440	**2.940**	**-2.430**	**-6.972**	**6.496**
	20	1.092	-0.475	2.289	**-2.905**	**-4.613**	**4.613**
	21	**2.500**	-0.335	1.338	-1.373	**-3.380**	1.250
Further vocational training	17	0.000	0.345	0.793	-0.896	**-3.916**	**3.672**
	18	-0.205	-0.909	**1.638**	**-1.369**	-1.753	**2.598**
	19	**-1.408**	1.574	**1.830**	**-1.280**	-1.983	1.267
	20	-1.049	**3.685**	1.395	-0.307	**-3.711**	-0.013
	21	0.819	2.393	0.307	**-1.689**	**-1.971**	0.141

Source: IEB and LHG, own analyses, bold figures are significant at least at the 10 % level

Table 4 presents the subsample of older adolescents: it shows the ATTs of parents' programme participations on children who were 16 or 17 years old during their parents' participation.

One-Euro-Job participation by parents has no significant effects on adolescents' probabilities of employment or apprenticeship training at ages 19 to 23. However, it slightly increases the probability of being unemployed at ages 21 to 22 and it lowers the probability of being out-of-labour force without UB II receipt at all ages, while increasing the probability of being out-of-labour force with UB II receipt at ages 20 and 23.

Job-creation scheme participation has almost no significant effects on children's outcomes for this subgroup either. It has ambivalent effects on unemployment, and lowers the probability of being out-of-labour force with UB II receipt at age 23.

Parents' job subsidy participation increases the probability to have a regular job at ages 21 to 23 by about 3 or 4 percentage points. It increases the probability to have an apprenticeship at age 19 by more than 5 percentage points, and at age 20 by about 3 percentage points. It also significantly lowers the probability of unemployment at age 19. Moreover, it significantly lowers

the probability of receiving UB II and at the same time being out-of-labour force at all ages. Moreover, it increases the probability of being out-of-labour force without UB II receipt at ages 19 to 20.

Further vocational training participation by parents with 16 and 17 year old adolescents also positively influences the future labour market career of their children. It lowers the unemployment probability of their children at almost all ages and it increases the probability to have an apprenticeship at ages 20 to 22. It also lowers the probability to have a minijob at age 20. Moreover, it reduces the probability to be out-of-labour force with UB II receipt at ages 20, 22, and 23, and increases the probability to be out-of-labour force without UB II receipt at ages 19 and 20.

Table 4: Average Treatment Effects (ATTs) in percentage points for adolescents 16+17 years, outcomes measured at age 19 to 23

		Regular job	Apprentice-ship	Minijob	Unemploy-ment	Out-of-LB, UB II	Out-of-LB, no UB II
One-Euro Jobs	19	-0.145	0.683	-0.029	0.489	0.764	**-1.762**
	20	-0.586	0.880	-0.176	0.524	**1.319**	**-1.961**
	21	-0.346	0.685	-0.325	**1.048**	0.557	**-1.619**
	22	0.275	0.470	0.178	**1.245**	0.342	**-2.510**
	23	-0.060	0.437	-0.396	0.644	**0.822**	**-1.448**
Job-creation schemes	19	0.131	0.190	0.000	-1.254	0.044	0.889
	20	0.539	-0.583	0.292	-0.452	-0.510	0.714
	21	-0.598	0.423	-1.050	-0.131	0.131	1.224
	22	2.362	-0.277	0.131	**-2.012**	-0.073	-0.131
	23	1.429	-0.773	-0.102	**1.778**	**-2.216**	-0.117
Job subsidies	19	0.137	**5.542**	0.658	**-2.798**	**-10.617**	**7.078**
	20	1.783	**2.908**	0.082	-0.905	**-6.283**	**2.414**
	21	**3.333**	-0.233	-0.082	-0.617	**-2.867**	0.466
	22	**3.868**	-1.097	-1.193	0.000	**-2.181**	0.604
	23	**3.909**	-0.247	-1.029	-0.247	**-1.962**	-0.425
Further vocational training	19	-0.431	1.087	-0.748	**-1.650**	-1.732	**3.475**
	20	0.103	**2.891**	**-1.271**	**-1.302**	**-2.758**	**2.337**
	21	0.574	**2.522**	-0.041	**-2.481**	-1.363	0.789
	22	0.564	**1.773**	0.615	-1.199	**-2.583**	0.830
	23	1.261	0.533	1.220	**-2.173**	**-2.768**	1.927

Source: IEB and LHG, own analyses, bold figures are significant at least at the 10 % level

These first estimation results show that especially job subsidy and further training participation by parents with teenage children positively influences children's labour market outcomes.

Conclusion

This is the first paper to analyse intergenerational effects of ALMPs. The focus is on UB II recipients in Germany. We study the influence of parents' participation in four ALMPs – One-Euro-Jobs, job-creation schemes, job subsidies and further vocational training – on their children's labour market success at a later point in time. We expected parents' employment chances and economic situation to improve as a consequence of programme participation and therefore their ability to invest in their children's education. Parents' employment may also have a positive effect on children's self-esteem and can improve their scholastic achievements in this manner as well. Parents' participation particularly in those longer-term programmes that involve a regular daily schedule might also contribute to improving children's success in school, as well as in entering vocational training or employment, in as far as parents' function as a role model is a factor.

We used rich administrative data and focused on teenagers who were 14-17 years old when their parents participated in a programme. Labour market outcomes for the young adults are evaluated at ages 17-23, depending on their age during their parents' programme participation. We draw comparable families from participant and non-participant groups using propensity score matching methods.

The results show that two of the analysed programmes – job subsidies and further vocational training programmes – have the most positive influence on children's labour market outcomes. Parents' job subsidy participation significantly increases children's regular employment chances, even at the comparatively young ages observed in this study. Both programmes influence apprenticeship participation and out-of-labour force status without UB II receipt positively. The latter can be attributed to school or university attendance or apprenticeships in schools. The results may also partly reflect parents' better labour market chances and lower UB II receipt rates of parents' households and thus of their co-resident children.

By contrast, the effects of One-Euro-Jobs and Job-creation schemes are negative or ambiguous. However, there is one outcome variables that is influenced positively with a small ATT by parents' One-Euro-Job participation: firm apprenticeship participation.

These are first results of the estimation of effects of parents' programme participation on their adolescent children's labour market outcomes. We did not estimate the effects on parents' labour market chances separately. These can also improve through programme participation. On the basis of our current results, we are not able to disentangle such intermediate effects.

Our analyses can contribute to understanding whether and which types of active labour market programmes have particularly long-term effects, improving the situation of the next generation as well.

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