

Anders Bruun Jonassen

SFI

“The Ins and Outs of Disincentive Effects of Social Assistance: An RD Approach with Panel Data”

Abstract

Applying a regression discontinuity approach, this study very precisely estimates the disincentive effect of a significant increase in social assistance benefits at age 25 in Denmark. The size of the adverse behavioral response to increased benefits is modest and very much in line with related studies. By use of very detailed panel data, this study also assesses the extent to which the estimated disincentive effect is made up from an increase in transitions into the program or a decrease in transitions out.