

**Employment Subsidies vs.  
Other Forms of Active Programmes in Promoting Youth Employment**

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The wide system of active labour market programmes in Finland has often been considered as the means to conquer and control the extensive unemployment rate. The success of this system is debatable since, despite of the massive implementation of these programmes, the unemployment rate continues to remain high, and somewhat common perception is that these programmes mainly act as means to renew eligibility to generous unemployment compensation. This paper evaluates and compares the long-run effects of Finnish active labour market programmes. Effectiveness of the programmes is measured by a number of outcomes, including re-employment probability, subsequent unemployment, programme participation and subsequent annual earnings. A non-parametric propensity score matching approach adapted for the case of multiple programmes is applied to estimate the average programme effects. Our results point out distinct variation in the success of programmes, and indicate that job placement and labour market training are successful not only in promoting employment but also in increasing the annual income of the participants.