



Employing the unemployed of Marienthal: Evaluation of a guaranteed job program

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Public Works and Public Employment Programmes:
What role in socioeconomic recovery?

22 October 2021

- Unemployment is a core social policy problem but no consensus on solutions.
- Recently, job guarantee proposals received attention but evidence is sparse.
- Some projects in that direction have been taking place already:
 - United States: **Works Progress Administration** 1935-1943
 - India: **National Rural Employment Guarantee Scheme** since 2005
 - France: **Territoires Zéro Chômeur de Longue Durée** since 2017
 - Germany: **Solidarisches Grundeinkommen** in Berlin since 2020

- **Unconditional outside options**

Improving the bargaining position of those worst off, in employment, bureaucracies, and (romantic) relationships.

- **Covering uncovered populations**

Dropping conditionalities and means-testing, diminishing problems of benefit non-take-up.

- **Automatic stabilizers**

Smoothing business cycles and individual consumption by stabilizing disposable income.

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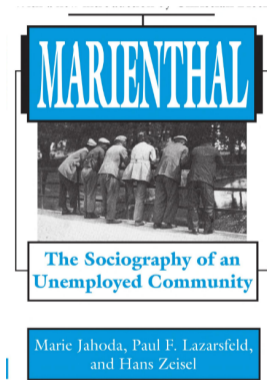
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Latent benefits of employment (*Jahoda, 1933, 1981*)

1. **Collective purpose:** Work as a source of meaning.
2. **Social inclusion:** Social interaction at work.
3. **Status:** Respect instead of social stigma.
4. **Activity:** Energy and involvement in life.
5. **Time structure:** Balance between work and spare time.
6. **Financial strain:** Income that allows for participation.

Experiences and expectations

The Marienthal job guarantee pilot

Study design

Findings: Experimental comparison (preliminary)

Conclusion

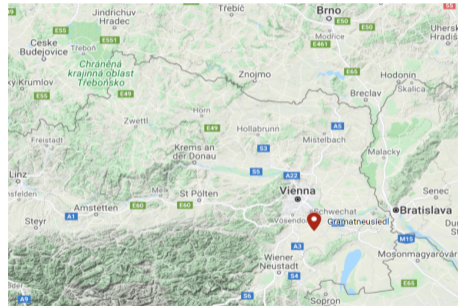
- October 2020 - April 2024 in Gramatneusiedl (Marienthal).
- Operated by *AMS Niederösterreich* (public employment service) and *it.works* (service provider).
- Budget: 7.4 Million Euro.
- All longtime unemployed (>12 months) are eligible.
- Preparatory training for up to 8 weeks. [▶ Training program](#)

The Marienthal job guarantee pilot

Key characteristics



- 1. Voluntary participation.**
No sanctions for declining a job offer.
- 2. Collectively bargained wage**
(1.500€ / month for full-time).
- 3. Meaningful employment** taking into account personal constraints.

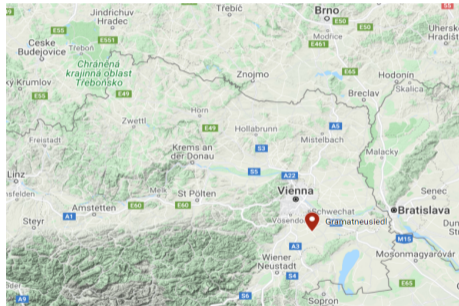


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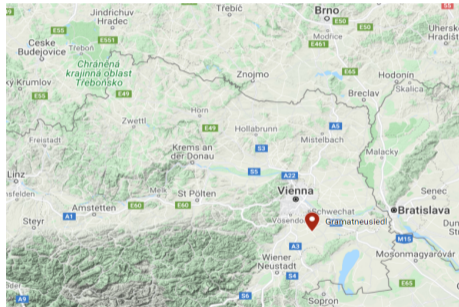


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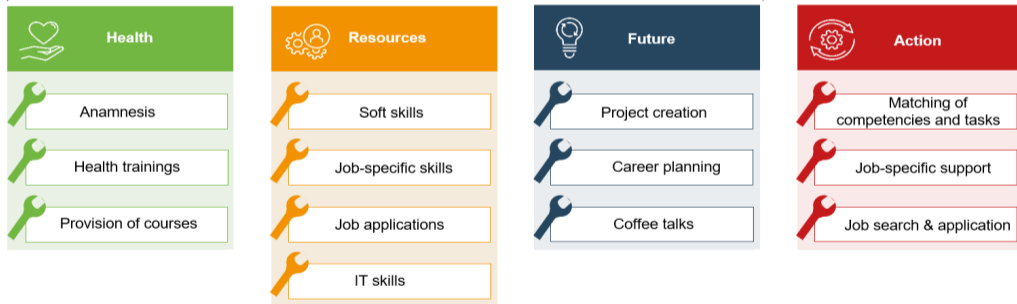
The Marienthal job guarantee pilot

Training, job-search and support are integral features



Employment

Preparatory phase for initial 2 months



Jobs are individually tailored. Options include:

- Jobs in a newly founded social enterprise (carpentry, renovation, gardening, support for elderly, ...).
- Some of these: Projects created by participants themselves (incl. planning a bike trail, book, topotheque).
- Subsidized jobs in the regular labor market.





Job guarantees and free money: 'Utopian' ideas tested in Europe as the pandemic gives governments a new role

FINANCIAL TIMES

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Unconditional job guarantee to be trialled in Austria, in world first

Pilot designed by Oxford University economists

Residents of a small Austrian town are being promised work for 3 years in the world's first universal jobs guarantee experiment

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1. Pairwise matching and staggered roll-out
2. Synthetic control comparison

Both parts of the design are [pre-registered](#) in the AEA RCT repository and approved by the Oxford Research Ethics Committee.

Disclaimer: We receive no payment for any of these evaluations, and will publish our findings independently from the implementation partners.

Design Details

Study design

Who are the "long-term unemployed" ?



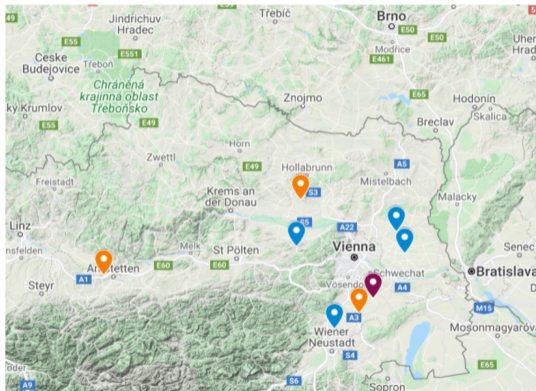
Participant characteristics



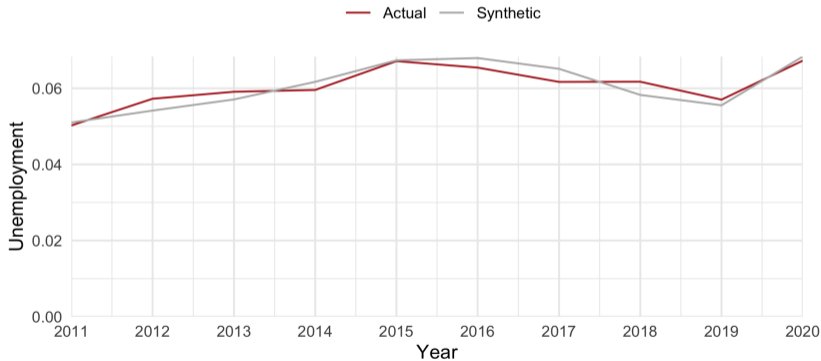
Dual study design II

Location of Gramatneusiedl (Marienthal) and control municipalities

- Gramatneusiedl
- Ebreichsdorf
- Zeillern
- Rußbach
- Leopoldsdorf im Marchfelde
- Strasshof an der Nordbahn
- Sieghartskirchen
- Sollenau



Actual unemployment and synthetic control unemployment



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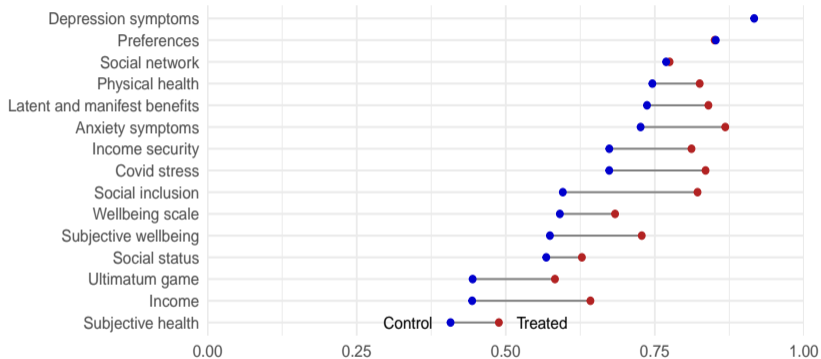
Conclusion

- Pilot is in-progress until 2024.
- We conducted an **in-depth survey** among all participants in February 2021.
 - First wave started work in November/December 2020.
 - Second wave started work in March/April 2021.
- Index construction:
 - Sign each variable so that more is better.
 - Average all variables in each category.
 - Normalize index to range from 0 to 1.

1. Higher incomes.
2. Better health and wellbeing.
3. Improvements in social inclusion, collective purpose, time structure.
4. Stable preferences.

Findings - preliminary

Average outcomes in **treatment** and control group



Red dots are averages for Group 1, those already treated.
Blue dots are averages for Group 2, those who will be treated later.
Higher values imply better outcomes. Outcomes are scaled to have range 0 to 1.

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- Preliminary findings promise social improvements in several areas, particularly for incomes, mental health, wellbeing and social inclusion.
- External validity remains an issue.
⇒ *remaining need to repeat such experiments in different contexts.*

Next Steps

- Separating out possible anticipation effects.
- Analysing longer term economic outcomes on municipal level.

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- Analysing longer term economic outcomes on municipal level.

Thank you!

"We have entered the soil of Marienthal as researchers: we have left it with the one wish that the tragic opportunity of such experimentation may soon be gone from our time" (Lazarsfeld, Jahoda, Zeisel 1933).