

## RESEARCH BRIEFING

Institute for New Economic Thinking  
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# UNIVERSAL JOB GUARANTEE BOOSTS WELLBEING & ELIMINATES LONG-TERM UNEMPLOYMENT



## SUMMARY

- An unconditional job guarantee pilot has run in an Austrian town since 2020, filling an evidence gap on a policy tool of widespread interest.
- The pilot eliminated long-term unemployment – an important result, given the programme’s voluntary nature – and drove a large reduction in overall unemployment.
- Participants’ incomes rose and they gained greater financial security.
- Those taking part were happier, more satisfied, and felt more in control of their lives. They had more meaningful interactions with others, felt more valued, and felt they had more people around them who they could rely on.
- The pilot is forecast to cost marginally less per person than equivalent Austrian unemployment benefits.

In 2020 a unique job guarantee pilot began in the Austrian town of Mairienthal, offering an unconditional guarantee of a paid job to every resident unemployed for over 12 months. Unemployment leaves deep scars on people and communities; the Mairienthal Job Guarantee shows voluntary, fair and affordable alternatives are possible. As well as eliminating long-term unemployment, the pilot made participants happier, more financially secure, and more involved in their community.

## WHY A JOB GUARANTEE?

Globally, hundreds of millions of people lack paid work, with severe consequences for them, their families and their wider communities.<sup>1</sup> The long-term 'scar effects' of unemployment include increased risks of future unemployment, lower earnings, worse health, and the erosion of socio-political trust and political participation.<sup>2</sup> Meanwhile, there are jobs we urgently need but which the market is not supplying - in care and the green transition, for example. Job guarantees can help connect unemployed people with vital work under fair conditions. Most unemployed workers look for employment for reasons beyond sustaining their income and are willing to work under a job guarantee scheme.<sup>3</sup>

Well-designed job guarantees are powerful tools for reducing poverty and rebalancing economic power.<sup>4</sup> A job guarantee offering meaningful work for a fair wage strengthens people's labour market bargaining position by allowing them to reject exploitative or unfair employment without falling into destitution. Guaranteed work for decent wages can thereby help even those not employed through the scheme.

Job guarantees can complement existing welfare programmes, as they do in the Mairienthal pilot. They can also work well with other innovations in social policy such as basic income programmes, since these policy tools serve different populations and purposes under the broader goal of building a robust social safety net.<sup>5</sup>

## THE MARIENTHAL JOB GUARANTEE

In the 1930s, Mairienthal was the site of a ground-breaking study on how unemployment affected not just incomes but also health, wellbeing, social ties, and community life.<sup>6</sup> This new study returns to examine the opposite: how access to guaranteed employment changes people's lives, communities, and the economy.

All residents in Mairienthal and the surrounding municipality, Gramatneusiedl, unemployed for a year or more were unconditionally invited to take part. Participants began with a two-month preparatory course including one-to-one training, counselling and, support from experienced social workers.

Participants were then helped to find a suitable job, either as a subsidised job with pre-existing employers or in a newly founded social enterprise. Participants were also supported to create a job based on their skills and their knowledge of their community's needs. As well as eliminating long-term unemployment in the region, the scheme aimed to offer all participants genuinely useful and meaningful work, whether it be in childcare, gardening, home renovations, or elsewhere. Job offers were tailored to

participants' health needs and time constraints, with part time work offered when necessary. All jobs paid at least the relevant sectoral, collectively bargained minimum wage.

**Voluntary participation:** Though benefit conditionality such as monitoring and sanctions can have positive short-term effects on reducing registered unemployment, they lead to debt, lower earnings, reduced job duration, and occupational mismatches.<sup>7</sup> They carry high social and health costs, including negative impacts on family and children and increased depression and anxiety.<sup>8</sup> Conditionality within job guarantees also undercuts their aim of rebalancing economic bargaining power.

Importantly, therefore, employment through the Marienthal Job Guarantee is entirely voluntary; participants can reject any job offer without incurring sanctions and continue to receive full unemployment benefits.

**Zero net costs:** A year of Austrian unemployment benefits costs approximately €30,000 per person – excluding the hard-to-measure negative externalities of unemployment – whereas the Marienthal programme is forecast to cost €29,841 per person per year. The costs of any job guarantee must be assessed against the long-lasting social, political and economic costs of unemployment.

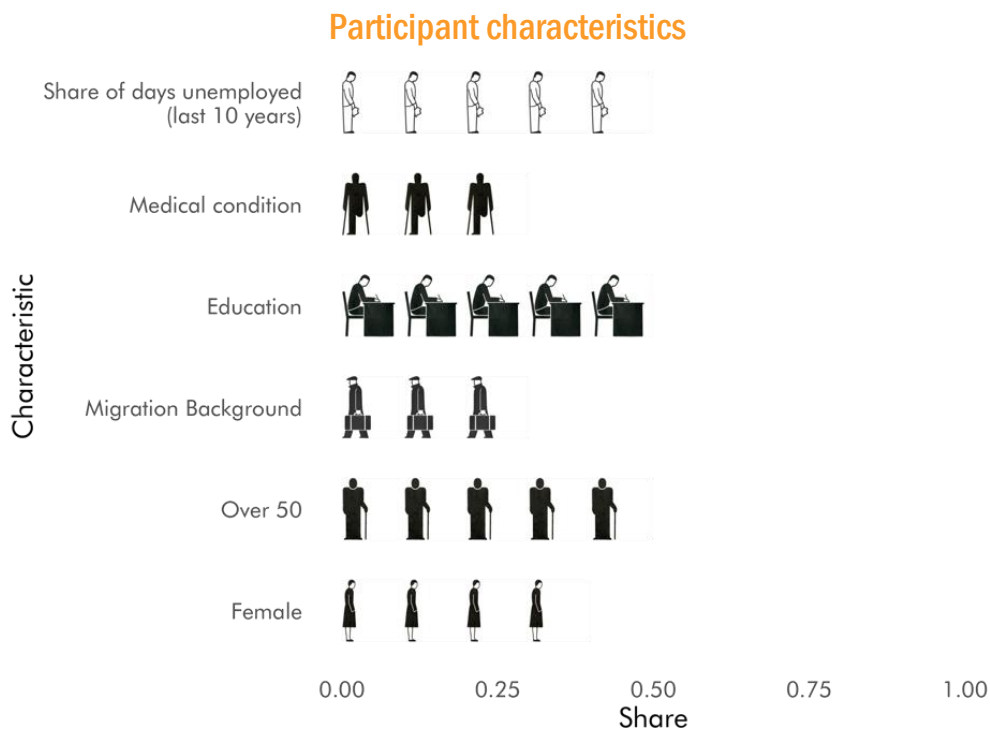


Figure 1. Education shows the share of participants with more than compulsory schooling as educational attainment. The graph draws on the "Isotype" system developed by Otto Neurath.

**Evaluation:** Results are being evaluated using three innovative approaches: First, participants were randomly assigned to two groups. The first group started the programme earlier than the second group to reveal the programme's direct short-term effects. Second, researchers compare labour market outcomes for Marienthal to other similar towns by constructing a synthetic control. Finally, participants are being compared to similar individuals in control towns to document anticipation and direct effects over a longer time period. The pilot is scheduled to last until 2024.

### Case studies:

- **Public food garden:** The local mayor provided 250m<sup>2</sup> of land which participants cultivate as a sustainable food garden. Herbs and vegetables can be picked free of charge and the garden is open year-round. The first harvest was in summer 2022.
- **Animal therapy:** Two participants are employed with an association providing animal-assisted therapy for children with various conditions (e.g. autism, ADHD, disabilities, learning difficulties). By looking after the association's animals, house, and garden, they have enabled the centre to improve its services and care for more young people.
- **Funeral urns:** During Michaela P.'s paid internship doing office work at a funeral parlour, her employer noticed her talent for painting. Her internship turned into permanent employment and, in addition to office work, she now paints urns – a new business venture for the parlour. Before Michaela became unemployed, she worked in a canteen and never thought she would be able to include her hobby in her job.

## KEY RESULTS

- The pilot **eliminated long-term unemployment** – an important result, given the programme's entirely voluntary nature. It also drove a large reduction in the town's overall unemployment without replacing existing jobs.
- The programme had **strong positive impacts on participants' economic and non-economic wellbeing**. Participants' incomes rose and they gained greater financial security. They had more meaningful interactions with others, felt more valued, had more people around them who they could rely on, experienced their time as more structured and useful. They also reported being more satisfied with and in control of their lives.
- These improvements continued across the programme's first two years.
- A parallel qualitative study found the focus on offering **purposeful work that took participants' health and life situations into account** as essential to the programme's success.<sup>9</sup>

## POLICY CONCLUSIONS

- Design details are key: a good job guarantee programme is voluntary and provides meaningful work for fair pay.
- A job guarantee can have an important role by providing outside options – i.e., giving people the ability to say ‘no’ because the alternative is not destitution. In doing so, it improves the bargaining position of the most vulnerable vis-a-vis employers, government officials, or romantic partners.
- A job guarantee can serve as an important compliment to existing welfare programmes as well as other innovations in social policy such as a guaranteed income.

Read the full study: [‘Employing the unemployed of Marienthal: Evaluation of a guaranteed job program’](#), [Lukas Lehner and Maximilian Kasy. INET Oxford working paper No. 2022-29.](#)



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<sup>1</sup> ILO, [World Employment and Social Outlook: Trends 2023](#) (Geneva, 2023), p. 138, appendix C. Official unemployment rates should be taken as a likely lower bound of the actual extent of this issue, since they exclude many informal workers, those who give up their job search due to lack of opportunities or lack of support to shoulder unpaid care commitments.

<sup>2</sup> Azzollini, L, [Scar effects of unemployment on generalised social trust: The joint impact of individual and contextual unemployment across Europe](#), Social Science Research, Volume 109, 2023, p.1008.

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<sup>3</sup> Lehner, L (forthcoming), What do unemployed workers want: guaranteed work or guaranteed income?, Working Paper.

<sup>4</sup> UN Special Rapporteur, De Schutter O. 2023. *The Employment Guarantee as a Tool in the Fight against Poverty*. Report of the Special Rapporteur on Extreme Poverty and Human Rights, Olivier De Schutter. United Nations General Assembly. Human Rights Council, Fifty-Third Session. <https://digitallibrary.un.org/record/4011274>.

<sup>5</sup> For details of a basic income programme that could complement an unconditional and universal job guarantee, see Sandra Bohmann et al., [“Pre-analysis plan: Experimental evaluation of a Basic Income Pilot in Germany”](#). Whereas job guarantees are particularly beneficial for the long-term unemployed, basic income programmes aim to strengthen the position of a wider group of disadvantaged people. Both policy tools contrast with the conditionality of most current welfare benefits – a conditionality which weakens the bargaining position of disadvantaged groups. Overall, then, a key feature of successful job guarantee and basic income programs will be the absence of conditionalities.

<sup>6</sup> Jahoda, Marie, Paul F. Lazarsfeld, and Hans Zeisel. 1933. *Marienthal: The Sociography of an Unemployed Community*. Reprint, New Brunswick, U.S.A: Transaction Publishers, 2017.

<sup>7</sup> Dwyer, P, Scullion, L, Jones, K, McNeill, J, Stewart, ABR. Work, welfare, and wellbeing: The impacts of welfare conditionality on people with mental health impairments in the UK. *Soc Policy Admin*. 2020; 54: 311– 326. <https://doi.org/10.1111/spol.12560>.

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<sup>8</sup> Williams, E. Punitive welfare reform and claimant mental health: The impact of benefit sanctions on anxiety and depression. *Soc Policy Adm*. 2021; 55: 157– 172. <https://doi.org/10.1111/spol.12628>.

<sup>9</sup> Quinz, H, and Flecker, J, “*Marienthal.reversed*” - *The effects of a job guarantee in an Austrian town*, ILPC Padova, April 21, 2022.