

cases (ICON Institute, 2016). The recent “Corona initiative” aims at reinforcing professional guidance and counselling, taking into account individual requirements.

2. Reducing the cost of employment of the long-term unemployed, with either temporary employment subsidies or cuts in social security contributions can boost demand for their services. The latest OECD Employment Outlook suggests that such measures can help to prevent detachment of individuals from the labour market, while avoiding that money is spent for workers who would have been hired anyway. Chapter 2 shows that employment costs are inflated in Austria by a high labour tax wedge. Targeted employment subsidies to long-term unemployed were introduced in 2021 (notably the *Springboard* program which aims at reintegrating 50 000 long-term unemployed with a total of EUR 300 million of employment subsidies).
3. Start-up incentives promote entrepreneurship by encouraging the unemployed to launch their own business (OECD, Jobs Strategy, 2018). The 2021 OECD Employment Outlook stresses their distinct potential to contribute to the job recovery after the pandemic (OECD, 2021). There is room for more self-employment in Austria as discussed below (Figure 1.24).
4. The “Corona initiative” includes start-up incentives. Complementary reforms to foster competition and new entries in service activities would help.
5. Public sector job creation schemes subsidise temporary, non-market jobs which would not be created without public intervention (OECD, 2021). While the long-term ability of these schemes to bring participants durably back to the labour market is questioned (Card et al., 2017), recent OECD assessments suggest that they may be of some help in extreme circumstances (OECD, 2021). Austria introduced a small scale but innovative job guarantee scheme in 2021. Rather than offering standard guaranteed jobs in the public sector, it combines the previous three options in an individualised framework (Kasy and Lehner, 2021). It deserves to be closely monitored (Box 1.8).

Box 1.8. The Lower Austria universal job guarantee programme

A universal job guarantee experiment, run by the Austrian Public Employment Service and designed in co-operation with Oxford University economists started in the town of Marienthal in 2021 (home to a path-breaking sociological study of the consequences of long-term unemployment in the 1930s - Jahoda et al., 1931).

The scheme guarantees a fully-paid job to every Marienthal resident who has been unemployed for more than 12 months. As well as getting training and assistance, all participants are guaranteed paid work, at least at a minimum wage level, in either the public or the private sector, or as self-employed, for a duration of up to three years. Participation is entirely voluntary.

Participants start with a two-month preparatory course, which includes one-to-one training and, for those who need it, support from experienced social workers and psychologists. They are then helped to find a suitable and subsidised private sector job, or supported to create their own micro-business based on their skills and their knowledge of their community's needs. Options include: i) jobs in a newly founded enterprise (carpentry, renovation, gardening, support for elderly and childcare); ii) projects created by participants themselves (for example putting in place a local bike trail); iii) a subsidised job in the regular labour market.

The Public Employment Service funds the project, which will cost EUR 7.4 million. A year of unemployment support is estimated to incur fiscal costs of around EUR 30 000 per recipient in Austria. The project is calculated to cost EUR 29 841 per participant. The designers of the project consider that the newly created jobs may generate fiscal revenues of more than EUR 380 000.

The project includes very detailed evaluation provisions. It will be monitored by an international team of researchers. An assessment plan has been registered with the American Economic Association. A detailed evaluation report will be published by 2024.

Table 1.4. Labour market, social partnership, collective agreements: past OECD recommendations and government follow-ups

Past OECD recommendations	Follow-ups
Labour utilisation remains low. Minimise the tax distortions that penalise transition from part-time to full-time work.	Lowering fiscal burdens on minor or part-time employment is seen by the authorities as the most efficient tax measure to incentivize participation on the labour market. The <i>eco-social tax reform</i> , (presented to the public in October 2021) contains tax rate reduction targets for various income brackets (Box 1.6). Health insurance contributions of low income earners will also be reduced.
New forms of work blur the lines between dependent and independent work. Adapt labour law and social partnership to enhance representation and protection of platform workers.	No action so far. A consultation is initiated between social partners for policy recommendations in this area.
Create room for labour tax cuts for lower income earners by raising consumption, environmental and inheritance taxes. Consider replacing VAT rate reductions with targeted transfers.	Austria gained some experience with an "inheritance tax" levied until 2008 and a "wealth tax" abolished in the 1990s. Authorities report that models simulating the effects of such taxes suggest that they would be counterproductive and would not generate sufficient revenues compared to administrative costs. The <i>eco-social tax reform</i> plans to introduce incrementally increasing carbon taxes from July 2022 (Box 1.6).
Enhance incentives for businesses to offer apprenticeship positions, notably in professions affected by digitalisation.	An apprenticeship bonus introduced in 2020 helped fund 25 000 new apprenticeship places. The "Digi Scheck" subsidy introduced in 2021 as a funding opportunity in the company-based apprenticeship funding scheme supports company-based apprenticeships in digital technologies, sustainability, energy efficiency, circular economy and entrepreneurship.
Further develop special life-long learning schemes focussing on digital skills. Involve employer organisations more closely in the design and management of these programmes.	Various related programmes including "Digital Skill Vouchers", "Innovation Camps" and "Digital Pro Bootcamps" were introduced in 2020-21, in addition to "Fit4internet", an initiative started in 2019.

Better supporting the free-lancers and the self-employed

Workers with non-standard contracts have suffered more during the pandemic, as they were comparatively less protected by the standard social safety net and Covid-specific measures than regular wage earners (OECD, 2021f). The self-employed -- who represent a low proportion of the labour force in Austria but employ more apprentices than in other countries -- have faced the most serious strains. Since 2009, they were given the possibility to take voluntary unemployment insurance, but only a negligible proportion (0.3%) had done so before the pandemic. Take-up rates picked up somewhat after spring 2020. Their rate of compensation for lost income, and their take up rates of COVID-19 measures fell below wage earners and below their counterparts in the peer countries (Figure 1.23). Financing livelihoods through borrowing was also difficult, as many had a narrow equity base which restricted their access to bank loans. While severe distress cases benefitted from transfers from the *Hardship Fund*, more than 30% of the self-employed have endured significant income losses. Children in families with self-employed parents, especially two self-employed parents, have suffered in particular (University of Vienna, 2020; WIFO, 2020).