

Macro Roundup Article

Headline: [The Employment Effects of Generous and Unconditional Cash Support](#)

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Tweet: A Spanish antipoverty program that gave recipients a cash transfer equivalent to almost 50% of the national minimum wage had strong negative labor market effects, with primary recipients 20% less likely to work relative to the control group. @iza_bonn

Summary: In this paper, we studied the employment effects of an antipoverty program that does not include any such conditions. The two-year program, implemented in Barcelona (Spain), consisted of a monthly cash transfer to households with income below the subsistence level. The benefit level depended on the household income, size, and composition. On average, households received roughly €500 (\$792 PPP) per month, equivalent to nearly 50 percent of the national minimum wage. Although the benefit was household-based, transfers were made to the account of a designated household member, the main recipient. Our findings for overall impacts can be summarized in four parts. First, we find strong evidence for sizeable negative labor supply effects. After two years, households assigned to the cash transfer were 14 percent less likely to have at least one member working compared to households assigned to the control group; main recipients were 20 percent less likely to work. Second, negative employment effects persisted until at least six months after the last payment. Third, we find tentative evidence that effects are mainly driven by households with care responsibilities. Fourth, there is no evidence of effects on social participation and education-related activities.

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