Not so miraculous after all? Employment Effects of Short-Time Work in Germany

Theresa Scholz (FDZ), Thomas Kruppe (FB E1)

During the crisis of 2008-09 Germany experienced a huge decrease in GDP. Employment, however, remained surprisingly stable. A whole strand of literature has emerged that aims at quantifying the contribution of short-time work to the German labor market miracle. In the course of this literature we estimate the treatment effect of short-time work on employment at the establishment level using methods of propensity score matching. Establishments’ time of entry into short-time work is accounted for by a dynamic matching approach. The analysis is based on data from the IAB Establishment Panel that is combined with administrative data on short-time work establishments from the Federal Employment Agency. Our results do not indicate any treatment effect of short-time work on employment. We want to use this DiskAB to discuss these preliminary findings.