

IAB-Colloquium

zur Arbeitsmarkt- und Berufsforschung

Einladung
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The Duration and Wage Effects of Long-Term Unemployment Benefits: Evidence from Germany's Hartz IV Reform

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Displaced workers often exhaust their initial unemployment benefits. I analyze Germany's 2005 Hartz IV reform, which reduced the generosity of long-term unemployment insurance (UI) available once short-term benefits run out. Using administrative data on UI claimants, I exploit cross-worker and cross-cohort heterogeneity in the timing of Hartz IV's effective onset to estimate how long-term benefit reductions affect jobless durations, subsequent wages, and job characteristics. The hazard rate of reemployment rises steadily in the months before the cuts take effect, culminating in a much larger spike in job-finding at benefit exhaustion than was evident before the reform. My estimates imply that the new benefit schedule reduced the probability of experiencing a one-year jobless spell by 12.4 percent. Conditional on completed jobless duration, workers who accept jobs after exhausting short-term benefits earn 4 to 8 percent lower wages than they would have absent the reform. Averaging across completed durations, and accounting for offsetting wage gains due to shorter spells, I conclude that UI reform reduced mean reemployment wages by 1.9 percent. Hartz IV diverted claimants from low-paid "mini-jobs" that often supplement UI receipt. Net employment gains are driven by full-time jobs.

Datum:

Donnerstag,
30. März 2017

Uhrzeit:

11:00 Uhr

Ort:

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