

## **Die Wirkung von Alg-II-Sanktionen auf den Reservationslohn**

### **Abstract**

In 2005, benefit sanctions in Germany were tightened with the introduction of the new means-tested unemployment benefit II (UB II), codified in Social Code (SC) II. This study analyzes the effect of benefit sanctions on the reservation wage of sanctioned unemployment benefit II recipients. The behavioral effect of a benefit sanction is still empirically undetermined. According to job search theory, benefit sanctions directly reduce reservation wages. To explore this hypothesis, propensity score matching is adopted. The dataset used is a unique survey of UB II recipients in the first year of SC II. For the identification of the effect, the study relies on the rich individual data and the rather unsystematic sanctioning process in the starting months of the SC II. The timing of the sanction is explicitly considered by estimating the effects for the first four quarters of UB II receipt in 2005. The main result is that there was no significant effect of sanctions on the reservation wages of sanctioned unemployment benefit II recipients. A side result is that sanctioned UB II recipients were not more likely to be employed at the time of their interview either. Both results are robust regardless of the various specifications of the estimations and of the timing of the UB II sanction.