

Local Labor Market Conditions and Disability Insurance Take-up: Evidence from Environmental Protections in the Pacific Northwest

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Discussion by

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Summary

- Question
 - How does SSDI vary with local labor market conditions?
- Approach
 - Exploit wildlife policy affecting earnings and employment for lumber workers
 - Use a shift-share design using the baseline share in treated counties
- Key Results
 - Elasticity estimates match previous papers
 - Robust to alternative specifications and instrument
- Comments
 - Endogeneity
 - Contribution
 - Heterogeneity and Mechanism

Endogeneity

- Test relies on wildlife policy change
- Problem
 - Manufacturing declining generally
 - SSDI possibly increased following 1991 policy change
 - Manufacturing areas more likely to take up SSDI than others
- Solution: Use placebo groups
 - Untreated counties
 - Alternative industry dynamics
 - Stability in household finances

Contribution

- Charles et al. (2018) more representative than Black et al. (2002)
 - Longer period, informative industry, larger geography
- Maestas et al. (2018) use national sample and flow data
- Problem: What is the contribution?
- Solution: Explore heterogeneity and mechanisms

Heterogeneity and Mechanism

- Heterogeneity tests across various demographic groups
- Consumer debt
 - Is consumer debt a substitute or complement for SSDI?
 - How do house prices and collateral availability interact with this effect?
- Labor mobility
 - Why don't workers move to other industries and localities?
 - How does mobility correlate with SSDI?

Conclusion

- Paper pins down important elasticity
- Exploits policy change and shift-share design
- Could improve on robustness of design and contribution