

# Discussion

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# Updating the Social Contract

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- Political backlash and protest
  - Inequality (Chile, Colombia, Ecuador, France, U.K.)
  - Regressive environmental policy (Canada, France, U.S.)
- (Climate) migrants add fiscal pressure
  - Syria, Central America, Sahelian Africa, Pacific Islands
- Environmental Damage
- Fears about Automation
- Demographic Change



# Smart Policy in 21<sup>st</sup> Century

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- Must emerge from holistic understanding of challenges faced by society
  - Avoid single issue policy fixes (e.g. raising gas tax)
- New ways to articulate and project a shared vision
- Evidence-based policy firmly grounded in economics and science
- Both papers speak to this challenge



# A Policy Index to Create a Sustainable, Shared-Prosperty Economy

## Clair Brown

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- Tallies and ranks policies around sustainability, markets, and public goods & services
- This is important
  - Policies (others rank outcomes)
  - Transparency
  - Comprehensive evaluation of policy package
  - Competitive upwards pressure across countries



## SSPI (Sustainable Shared-Prosperty Index)

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- 50 high-income countries, 90% of global GDP
- Pillars, Categories, Indicators
  - Sustainability: Ecosystem, Land and Soil Use, Energy Generation, Waste Management and Transport
  - Market Structure: Employment, Taxation, Property
  - Public Goods & Services: Education, Health Care, Infrastructure, Rights, Public Safety, and Global Role
- All normalized 0-100 and geometric mean across pillars.

| Sustainability Pillar (2018) |                      |       |
|------------------------------|----------------------|-------|
| Rank                         | Country              | Score |
| 1                            | Sweden               | 78.1  |
| 2                            | Latvia               | 75.7  |
| 3                            | France               | 75.2  |
| 4                            | Finland              | 74.9  |
| 5                            | Denmark              | 74.0  |
| 6                            | Slovenia             | 73.9  |
| 7                            | Estonia              | 73.9  |
| 8                            | United Kingdom       | 72.6  |
| 9                            | Germany              | 71.8  |
| 10                           | Lithuania            | 71.5  |
| 34                           | Mexico               | 57.4  |
| 35                           | Italy                | 55.8  |
| 36                           | India                | 54.8  |
| 37                           | South Africa         | 54.7  |
| 38                           | United States        | 54.6  |
| 39                           | Chile                | 54.5  |
| 40                           | Turkey               | 50.8  |
| 41                           | New Zealand          | 49.7  |
| 42                           | Singapore            | 48.8  |
| 43                           | China                | 48.6  |
| 44                           | Korea, Rep.          | 45.1  |
| 45                           | Oman                 | 42.5  |
| 46                           | United Arab Emirates | 41.1  |
| 47                           | Qatar                | 39.9  |
| 48                           | Saudi Arabia         | 38.0  |
| 49                           | Israel               | 37.4  |
| 50                           | Kuwait               | 30.3  |

| Market Structure (2018) |                      |       |
|-------------------------|----------------------|-------|
| Rank                    | Country              | Score |
| 1                       | Austria              | 79.9  |
| 2                       | Denmark              | 79.2  |
| 3                       | France               | 79.0  |
| 4                       | Australia            | 78.7  |
| 5                       | Finland              | 77.8  |
| 6                       | Germany              | 77.2  |
| 7                       | Canada               | 77.1  |
| 8                       | Sweden               | 76.4  |
| 9                       | Norway               | 74.8  |
| 10                      | Slovak Republic      | 73.7  |
| 34                      | Russian Federation   | 64.4  |
| 35                      | Greece               | 63.9  |
| 36                      | Brazil               | 61.9  |
| 37                      | United States        | 60.0  |
| 38                      | Uruguay              | 60.0  |
| 39                      | India                | 59.7  |
| 40                      | Singapore            | 59.3  |
| 41                      | Turkey               | 58.1  |
| 42                      | Kuwait               | 57.9  |
| 43                      | South Africa         | 57.8  |
| 44                      | Mexico               | 57.6  |
| 45                      | Indonesia            | 57.5  |
| 46                      | Oman                 | 57.2  |
| 47                      | Saudi Arabia         | 55.5  |
| 48                      | China                | 52.5  |
| 49                      | United Arab Emirates | 51.5  |
| 50                      | Qatar                | 44.0  |

| Governance Pillar (2018) |                      |       |
|--------------------------|----------------------|-------|
| Rank                     | Country              | Score |
| 1                        | Sweden               | 88.6  |
| 2                        | Norway               | 88.5  |
| 3                        | Luxembourg           | 88.0  |
| 4                        | Finland              | 87.5  |
| 5                        | Denmark              | 86.8  |
| 6                        | Austria              | 85.4  |
| 7                        | Iceland              | 84.8  |
| 8                        | Belgium              | 84.7  |
| 9                        | New Zealand          | 84.7  |
| 10                       | Netherlands          | 84.3  |
| 34                       | United States        | 73.3  |
| 35                       | Kuwait               | 71.5  |
| 36                       | Qatar                | 71.1  |
| 37                       | Israel               | 71.1  |
| 38                       | Uruguay              | 70.4  |
| 39                       | Argentina            | 69.7  |
| 40                       | Saudi Arabia         | 67.1  |
| 41                       | Turkey               | 67.1  |
| 42                       | Oman                 | 66.1  |
| 43                       | United Arab Emirates | 65.9  |
| 44                       | China                | 65.3  |
| 45                       | Indonesia            | 64.7  |
| 46                       | Brazil               | 63.9  |
| 47                       | Mexico               | 61.4  |
| 48                       | Russian Federation   | 61.0  |
| 49                       | South Africa         | 60.4  |
| 50                       | India                | 56.4  |



# A Policy Index to Create a Sustainable, Shared-Prosperty Economy

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### □ Comments

- Outcomes as proxies for policies
  - Outcomes often do not reflect policy effort (MCC)
    - Physicians per 100,000; Child Stunting; Internet Access
  - U-shaped trajectories (e.g. fertilizer use)
  - Matters even more as middle and low income countries added
- Use lack of data a rallying cry
- Value in a parsimonious policy-only index that grows in dimension over time
- Maximizes added value and differentiation from SDGs



# Labor Market Frictions and Adaptation to Climate Change

## Park, Pankratz and Behrer

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- Large number of papers document “environmental bads” for labor in US:
  - Air pollution and labor supply (Graff-Zivin and Neidell 2012)
  - Temperature and cognition (Graff Zivin and Neidell 2014, 2017; Park et al. forthcoming)
  - Temperature and decision-making (Heyes and Saberian 2019)
  - Large (and growing) medical & econ literature on temperature and morbidity/mortality
  - Violence (Ranson 2014)
  - Vector-borne infectious disease (West Nile, Zika, Chikungunya, Lyme)
- Effects likely to be more severe in developing countries
- Emerging literature moving into adaptation
  - Inform true cost of climate change
  - Provide policy-makers with cost-benefit on adaptation tools
  - Hard to measure credible causal impact:
    - Large geographic area for cross-sectional exposure variation
    - Credible policy counterfactual





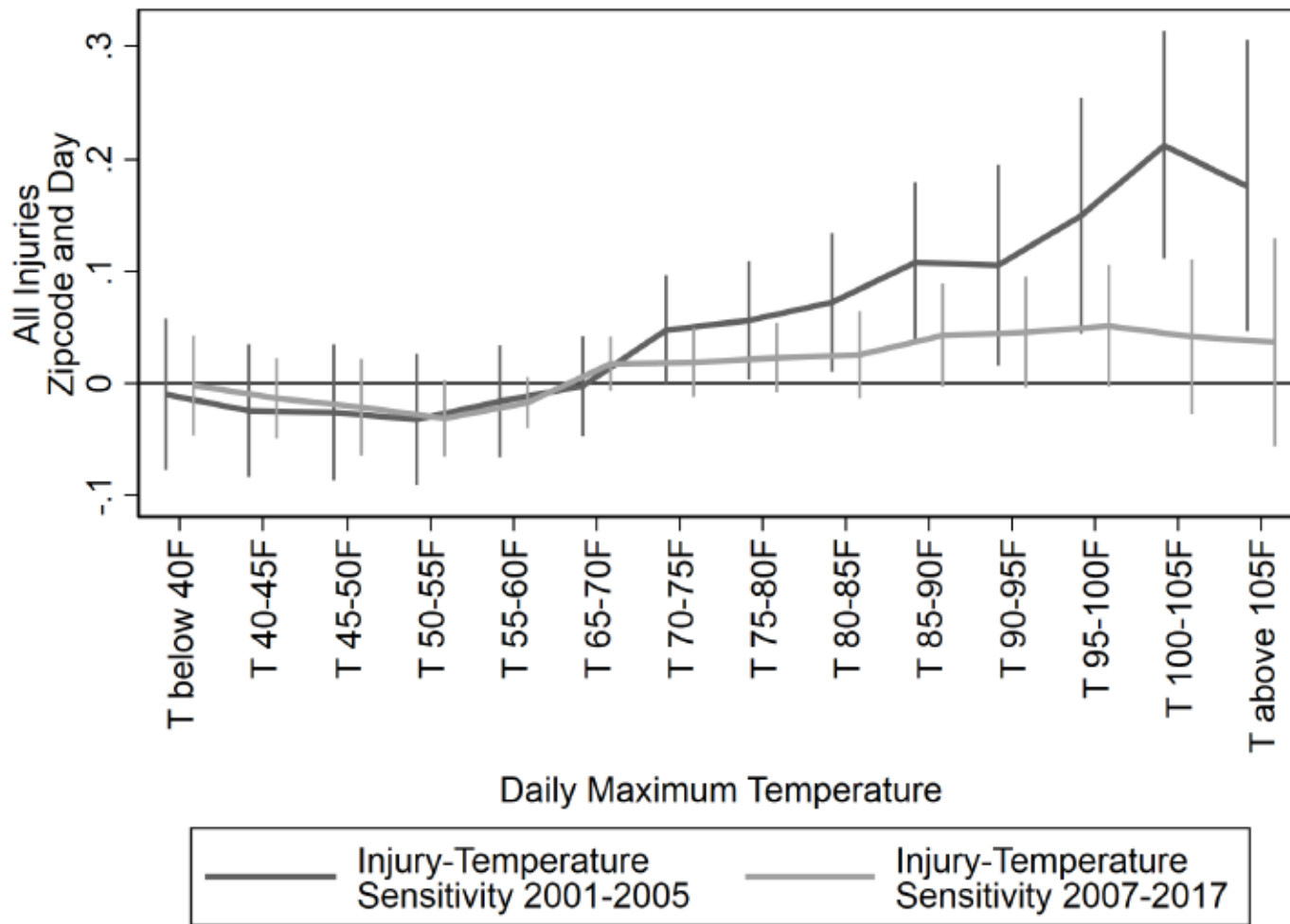
# Labor Market Frictions and Adaptation to Climate Change

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- Use worker compensation claims to show that likelihood of accidents increase on days above 85°F (4,600 excess accidents per year in CA)
  - Daily frequency and large number of cross-sectional units allow for aggressive FEs and flexible detrending specifications
- This effect disappears in CA after Heat Illness Prevention standard in 2006 (but does not change in injuries happening on other states)
- CA HPS seems to have had no effect on wages or employment in affected industries (outdoor workplaces)
  - Symptom of labor market frictions
  - Consequential for welfare costs of adaptation policy

Figure 12: Event Study: Temperature-Injury Relation Pre- and Post-2006





# Labor Market Frictions and Adaptation to Climate Change

## Park, Pankratz and Behrer

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### □ Comments

- Excellent work, combining “heat is bad” + adaptation policy + insight on labor market frictions
- Showing absence of harvesting is important ( $> 3$  days)
- Exploit the injury-by-occupation data (mentioned in paper) to test placebos but also to explore why policy worked (mechanism)
- Exploit size of data to calculate injury-temperature coefficients over space and time, show a clear drop in 2006

# Last thing...

Secular decline in number of injuries could mechanically result in smaller coefficient on injuries after 2006 (unrelated to policy). Check effect size?

