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The Labor Market Experience of Workers with Disabilities: The ADA and Beyond

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ethics and training programs too often present these as simple normative choices. This book reminds us that in today's corporate bottom-line world, professionals are under relentless structural pressures to adjust their beliefs, values, and norms in line with their employers' economic interests, and Draper compellingly describes and illustrates the ease with which they are able to rationalize those adjustments. In that sense, Draper's argument goes beyond a simplistic picture of compliant professionals who are inadequately socialized by their professions. Instead, she underscores that professonalization and corporatization are evolving together and reinforcing one another. The professions orient professionals to work in large bureaucracies, where they may hold beliefs at odds with the corporation's interests but are still required to act as team players because the social and legal context determines how they do their job.

Company Doctor is a distressing cautionary tale that should be read by anyone—professional or otherwise—employed by a large complex organization. On one hand, it alerts us to the ways in which the fundamental tenets of modern medicine, and by implication of other professions, can, in a corporate environment, mutate to serve employers' overriding interest in controlling workers and maximizing profits. On the other hand, the book also indirectly offers hope: if the social and legal context of professional work is responsible for the breakdown of professional ethical codes, then reform may be possible by changing that context.

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The Labor Market Experience of Workers with Disabilities: The ADA and Beyond. By Julie L. Hotchkiss. Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, 2003. 229 pp. ISBN 0-88099-252-2, $40 (cloth); 0-88099-251-4, $20 (paper).

This book uses relatively straightforward and appropriate estimation methods to measure the effect of the Americans with Disabilities Act (ADA) on the labor market experience of disabled people. The main part of the book takes each component of labor market experience and measures changes in the experience of disabled people, relative to non-disabled people, before and after the passage of the ADA. The components of experience include employment, wages, hours, and occupational and industrial distribution. Where appropriate, the author controls for important potential selection effects. The empirical results are revealing and credible, and the book overall—despite some policy analysis that is disconnected from the empirical analysis and not well defended—is quite useful for understanding trends in labor market experience of disabled people over the 1990s.

The first chapter after the Introduction examines changes in employment patterns among disabled people and considers the effect of the ADA on those changes. Other researchers, such as Thomas DeLeire in *Journal of Human Resources* (Vol. 36, No. 1, Winter 2001) and Daron Acemoglu and Joshua Angrist in *Journal of Political Economy* (Vol. 109, No. 5, Oct. 2001), have shown that the effect of the ADA was to reduce employment rates among disabled people. Hotchkiss provides important results relevant to understanding the earlier researchers' findings. First, she shows that the observed pattern is really a labor force participation effect rather than an employment effect. In particular, the labor force participation rate of disabled people fell after the passage of the ADA, and, once one controls for changes in labor force participation, the employment effect disappears. Second, she shows that the reduction in the labor force participation rate is due to a movement of people from self-described non-disabled out of the labor force to self-described disabled out of the labor force. This is consistent with other work (for example, Brent Kreider in *Journal of Human Resources,* Vol. 34, No. 4, Fall 1999) that suggests the self-classification of disability may be endogenous. While Hotchkiss's results do not imply that the ADA was harmful to disabled people, neither do they imply that it significantly benefited them.

The second chapter looks at the effects of the ADA on wages of disabled people after controlling for employment. Hotchkiss finds a small reduction in disabled people's wages, especially among those with musculoskeletal problems. She provides some evidence that the reduction occurred for all disabled people and not just those at firms covered by the ADA. She concludes that, since the reduction affects all disabled people, it does not reflect the cost of accommodation.

The reasoning here is weak. Consider the

alternative that the wage reduction represents the cost of accommodation. Those disabled workers remaining in the covered sector should observe a reduction in wages. Some workers will move from the covered sector to the uncovered sector, thus reducing wages in the uncovered sector as well. In a more general sense, Hotchkiss never comes to terms with the Coase argument: if the accommodations mandated by the ADA were beneficial to the disabled worker and firm jointly, then the accommodations would have been initiated by the firm and the cost would have been shared by the worker and the firm. Maybe the Coase argument is not appropriate here, but if it is not, Hotchkiss must show why it is not.

The next chapter looks at other employment characteristics and focuses on hours. Hotchkiss finds that the ADA increased the incidence of part-time work among disabled people. She suggests that movement from full-time to part-time work may have been an accommodation by firms to disabled workers. I find this a reasonable conjecture, but I would have liked to see more critical analysis. For example, if it was just an accommodation, then other job characteristics such as wages should not have changed; that is, part-time jobs should look like full-time jobs with just fewer hours. This is not the case, as, for example, hourly wages of part-time disabled workers fall relative to hourly wages of full-time disabled workers. On the other hand, there is still the empirical fact that part-time employment increased post-ADA. There is some discussion in the chapter distinguishing between "voluntary" and "involuntary" hours reduction, but I could find no definition of "voluntary."

Hotchkiss shows some results on the distribution of workers across different industries and occupations. For me, the most salient characteristic of these data is the volatility of the distribution measure over time. I did not feel comfortable interpreting any of the results in this discussion given the unreasonable amount of volatility.

The next chapter looks at unemployment and search behavior. The data used here are unemployment duration data in the Current Population Survey. There are data only on the length of unfinished spells of unemployment. Since these data provide no information about unemployment spell behavior except under very restrictive and unreasonable assumptions, I found this chapter unconvincing.

The last empirical chapter looks at how state versions of ADA-type laws affect behavior. I found this chapter extremely useful. First, it includes a table of relevant state laws that should be a valuable resource for many researchers. Second, Hotchkiss shows that much of the lack of effect of the ADA can be attributed to earlier passage of similar laws at the state level. In particular, in a regression including dummies for the passage of the ADA and passage for each state law, she finds that the state law dummies are jointly significant and have expected signs, while the ADA dummies have no statistically significant effect.

The final chapter is a less formal discussion of policy issues. Unfortunately, it does not really follow from the earlier analysis. Maybe the best example of this lack of connection is a discussion advocating more education programs for disabled people. To support such an argument, Hotchkiss should have included interactions of education with disability status, maybe also interacted with the ADA passage variable. If such a regression showed that disabled people have a low rate of return to education, for example, her argument would not work. Nevertheless, the chapter provides a nice summary of the set of programs for disabled people now being considered by policy-makers.

Overall, I found the book easy to read and informative, and it affected the way I think about the ADA. I recommend it to all researchers interested in the economics of disability.

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The Cotton Dust Papers. By Charles Levenstein and Gregory DeLaurier, with Mary Lee Dunn. Amityville, N.Y.: Baywood, 2002. 176 pp. ISBN 0-89503-265-1, $32.95 (cloth).

This review was written shortly after California Governor-Elect Arnold Schwarzenegger joined the rising chorus of politicians offering to redefine work injuries for political and economic ends. The idea that medical science should dictate how work injuries are defined is absent from the current debate over California workers' compensation law. Against this background, the belief that our society relies on the scientific objectivity of the medical profession is hard to maintain.

Anyone still committed to that belief, or anyone seeking to disprove it, would do well to read Levenstein, DeLaurier, and Dunn's *The Cotton*