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Workplace Injuries and Diseases: Prevention and Compensation—Essays in Honor of Terry Thomason

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smoker is projected to “over-pay” \$6,549 into the Social Security system in his lifetime. That is still a substantial sum, of course, and both analyses suggest that a smoking reduction program could put serious strains on the solvency of Social Security by extending life expectancies.

Another question to which the two approaches provide different answers is how large a cigarette tax is required to offset market failures. W. Kip Viscusi, in a 1994 NBER paper, concluded that “on balance, smokers do not cost society resources because of their smoking activities, but rather save society money.” In an analysis that looked at the present value of costs and savings at various reasonable discount rates, he found evidence that the taxes paid by smokers offset any medical and insurance claims and that cigarette taxes exceed the estimated net externalities. Although Sloan and his coauthors obtain the same qualitative result, the magnitude of society’s net “gain” they estimate is smaller, because their more global approach takes into account *all* of the costs—costs imposed on the smoker, the smoker’s family, and society. This has become an emotional issue. Since smokers are killed off before they require age-related medical care and they collect lower than average benefits from public and private pensions, society saves. This is an argument the tobacco companies have turned into an attack on the anti-smoking champions, saying a credit for lower societal costs arising from early death is “ghoulish” and “utterly repugnant to a civilized society” (p. 19).

TPS covers a multitude of issues: public health, personal health costs, the role of the government, equity, private versus social costs, taxes, smoking cessation aids, litigation, the impact of smoking on the solvency of the Social Security and Medicare programs, morbidity, disability and work loss, and the health of others in the smoker’s household.

For related views, readers should consult Robert Tollison and Richard Wagner’s *The Economics of Smoking* (1992), David Cutler and Edward Glaeser’s “Why Europeans Smoke More Than Americans” (NBER, March 2006), and Susan Busch et al.’s “Tobacco Spending and Its Crowd-Out of Other Goods” (NBER, December 2004). Like Sloan et al., Tollison and Wagner conclude that smokers are over-taxed; however, they defend consumers’ right to act on their own free choice. Cutler and Glaeser document that smoking is considerably more common across the Atlantic than in the United States: the U.K. and U.S. rates, for example, are 27% and 19%, respectively, despite a relative cigarette price two times higher in the United Kingdom than in the United States (World Health Statistics, 2000). Half of the difference

in smoking incidence between the United States and Europe, Cutler and Glaeser conclude, is the result of differences in beliefs about health effects of smoking, with Europeans less likely to think it harmful. Busch concludes that in order to buy cigarettes, smokers spend less on housing, apparel, and, sometimes, food. She estimates the cigarette own price elasticity to be -0.782 for 29,704 smoking households, -0.986 for the full sample of 91,486 individuals, and -0.946 for 24,748 low-income individuals.

Some minor criticisms: the book lacks a list of the extensive tables and figures, the tables are not well described in the headers and footnotes, the index is not easy to use, and *TPS* could use an appendix on the changes in cigarette manufacturing and the attempt to make cigarettes safer over time. Also useful would have been an appendix defining and discussing the Master Settlement Agreement (a 1998 agreement between the attorneys general of 46 states and the four largest tobacco companies in the United States that, among other things, prohibited tobacco advertising that targets youth).

On the whole, *TPS* is a very useful book and a worthy addition to the life-work of Sloan and his co-authors. It will be of value to economists, policy-makers, advocates, other academics, and politicians and their staffs. Most important, it should also serve as an exemplar of economic policy analysis. I recommend it.

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Workplace Injuries and Diseases: Prevention and Compensation—Essays in Honor of Terry Thomason. Edited by Karen Roberts, John F. Burton, Jr., and Matthew M. Bodah. Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, 2005. 301 pp. ISBN 0-88099-324-3, \$20.00 (paper).

This volume grew out of a 2004 conference in memory of Terry Thomason, who, at his death, was Director of the Schmidt Labor Research Center at the University of Rhode Island. While he conducted research broadly in labor economics, Thomason was perhaps best known for his many contributions to the economics of occupational safety and health, with an emphasis on workers’ compensation. This book contains papers first

presented at the 2004 conference by leading scholars of workplace safety and health.

The book's title somewhat misleadingly promises research on the composition of workplace injuries and diseases, how they may be prevented, and how workers are compensated for them. In fact, this volume is largely about the operation and impact of the workers' compensation insurance system. Indeed, as Karen Roberts states in the introduction (p. 1), the aim is to provide both a detailed introduction to workers' compensation for novices and fresh insights for the fully initiated. This stated objective is well met by the clearly written papers in the volume.

Except for a few omissions detailed below, the book is quite comprehensive. Two papers extend beyond workers' compensation to discuss the economics of workplace safety and health: a posthumous survey article by Thomason, and a discussion by Seth Seabury, Robert Reville, Hilary Rhodes, and Leslie Boden of how behavioral economics can inform research on workplace injuries. The other papers discuss research on workers' compensation systems, largely those in North America. The topics examined are the adequacy of income benefits (Boden, Reville, and Jeff Biddle), the determination of benefits for permanent partial disabilities (John F. Burton, Jr.), the growth of litigation and appeals in Canada (Douglas Hyatt), performance measurement of workers' compensation systems (H. Allan Hunt), incentives created by the pricing of workers' compensation (Roberts), the delivery of health care (Cameron Mustard and Sandra Sinclair), compensation for black lung (Peter Barth), and reforms of the workers' compensation system in Rhode Island (Matthew Carey).

Beyond the breadth of the topics covered, another strength of the volume is the comprehensive overview of the literature on each topic. The extensive literature reviews provided by most of the papers will benefit those new to the field. At the same time, the reviews and accompanying lists of references, sometimes as long as four pages, can serve as handy reference guides for more seasoned workers' compensation researchers.

The authors contribute much more than just literature reviews, however. Each paper contains valuable insights. Burton, for example, presents a typology for understanding the myriad different ways of compensating permanent partial disability injuries; and Hyatt, reflecting on his service on Canadian workers' compensation commissions, shares his insights on the rise of litigation and the shortcomings of the Canadian appeals process. The presentations are made without rigorous mathematical models or statistical analyses. While

this may lessen the appeal of the book for the seasoned researcher, it makes the material highly accessible to the novice and to a non-technical audience.

Another strength of the volume is that many of the papers pose research questions that remain to be answered. Perhaps the best example of this is the paper by Boden, Reville, and Biddle, which concludes with 19 questions that still need to be addressed regarding the adequacy of benefits. The book establishes a research agenda that could help guide future efforts.

It is important to stress that this book is largely about workers' compensation. With the exception of the survey paper by Thomason and the paper on behavioral economics, the volume does not discuss issues that fall within the economics of workplace safety and health. Thus, there is little discussion about the efficacy of OSHA safety inspections, the role of compensating wage differentials in sorting workers and firms among different levels of job risk, or a variety of other workplace safety and health topics such as the influence of business cycles.

Further, while the treatment of workers' compensation is quite broad, it is not complete. For example, there is a large literature on the impact of workers' compensation on the frequency, composition, and duration of workplace injuries and claims. This literature tends to show that more generous benefits are associated with longer injury duration and more frequent injuries, particularly for types of injuries that are hard to diagnose. Discussion of the moral hazard effects of workers' compensation is largely absent from the book.

Workplace Injuries and Diseases successfully achieves the goal of providing information on workers' compensation systems that can be useful to neophytes and experienced practitioners alike. Any graduate student seeking a dissertation topic on workers' compensation would do well to scour the rich set of research questions raised in the volume.

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Labor Economics

Italians Then, Mexicans Now: Immigrant Origins and Second-Generation Progress, 1890–2000. By Joel Perlmann. New York: Russell Sage Found-