Discussion of “Do Stronger Age Discrimination Laws Make Social Security Reforms More Effective?”

Joanna N. Lahey
Texas A&M University
Summary: Specification

• DDD estimator
• 65 year olds compared to 64 year olds
• Before and after NRA increase
• “Strong” vs. “Weak” laws
  – Firm size
  – Remedies
  – Statute of limitations
Summary: Results

In states with stronger laws, when NRA increased, comparing ages caught to those not

- SS claiming ↓
- Employment ↑

Results seem to be driven by firm size limits

- Effects stronger when smaller firms are not exempt
One Nit-Pick

• Call it “Claiming” not retirement!
• Retirement is a huge catch-all term, claiming may or may not be a component of it.
Suggestions for Future Work

• Who is affected?
  – Education quantiles?

• What is the role of firm knowledge?
  – If researchers have trouble finding court cases, can cases affect behavior?
    • Especially pre-web pages
  – Does knowledge differ by firm size?
  – Does knowledge differ by income or wealth?
  – Effect may be small firms unaware at hiring, affected at separation
Suggestions for future work

• Look at “accessions” (hiring) and “separations” (firing)
  – Where is the action happening? Different policy implications.
  – Matched monthly CPS
  – Is movement coming from non-leavers or from people who re-enter?
  – Not perfect because requires a month of non-employment, but provides bounds
Policy Implications

• Is strengthening ADEA the “right” policy prescription?
  – ADEA keeps firms from laying off workers
    • Easier to show firing discrimination
  – ADEA keeps firms from hiring workers
    • Nearly impossible to prove hiring discrimination

Do we want to tie firms’ hands so that they cannot remove marginal older workers or hire qualified older applicants?
Policy Implications

• Not clear that tax receipts go up with policy
  – Firms have a less efficient mix of workers
  – Crowd out of productivity?

• Do we worry about those on margin of layoff or those trying to find work?
  – Employed: Doing pretty well
  – Unemployed: Doing pretty poorly

• SSI, SSDI

• More gov’t redistribution towards less well-off
• Gov’t dividends from raising up worst off, not helping best off
Alternatives?

• Large scale hiring audits.
  – Would make companies more wary of discrimination at the hiring level
    • Currently nearly impossible to catch
      – Only valid for larger companies
      – Probably not politically feasible
Another alternative

• Figure out why older workers are less attractive
  – Focus efforts on mitigating those areas of discrimination
    • Make older applicants more attractive
  – We WANT
    • firms to hire productive workers at a productive wage
    • firms to keep productive workers
    • firms to be able to remove less productive workers (pace Lazear contracts)
Program Interactions

• Still important!
• What would happen if we increase NRA again?
• Also important: Effects on Medicare? SSI? SSDI? etc.
Thanks!