Comments on "Government Employment Guarantee, labor supply and firms' reaction"

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May 22, 2017

Overview

- Evaluating the "crowd-out" effect of government fiscal policy is an important question.
- The direct evidence: firm's labor employment declines
- Indirect evidence: firm invests more and produces less

Mechanism

- How the policy change the labor market? labor supply shortage?
  - The "crowd-out" effect is not through the wage,
  - What is the unemployment rate, or labor supply elasticity in India?
  - Do we observe how many job opportunies are provided by the program?
- How to select workers to join the program?
  - Does the program bias the uemployed people?
  - Why contract workers are less affected? Does the program distinguishes permanent workers and contract workers?

Ramdomization of the intensity of treatment

- The ruling party in the state is the same as the central party can mean something else
  - Any other industry subsidy (tax) policies in India?
- Is there any variation in the selection criteria of the program?
- How to finance the program?
  - Do different states pay same taxes to support the program? If not, does it correlate with the treatment or not?

Welfare

- What is the output of the program?
    - Does the output of the program compete with the firms directly?