



The Causal Effect of Health on Income: Quasi-Experimental Evidence from Commuting Accidents

Martina ZWEIMÜLLER

`martina.zweimueller@jku.at`

University of Linz Department of Economics

This paper interprets accidents occurring on the journey to and from the place of work as negative health shocks. We argue that in our sample of (on their labor market history) exactly matched treated and control units, these negative health shocks are quasi-randomly assigned. To estimate the causal effects of this negative health shocks on labor market outcomes we apply a difference-in-differences (DiD) approach. This research design allows us to establish a clear causal effect. We find a negative and persistent causal effect of health on employment and earnings. The size of these effects varies along the dimensions of sex, age and occupation.