**Table 1 Real Expected Benefits: 1940-2000[[1]](#footnote-1)♦**

(Dependent Variable: Natural Logarithm of Real Expected Workers’ Compensation Benefit Index)

***(1) (2) (3)***

LN EARNINGS 0.349 (1.76) \* 0.360 (1.87) \* 0.324 (1.76) \*

ACCIDENT RATE -0.004 (-1.77) \* -0.003 (-1.17) -0.004 (-1.85) \*

FIRM SIZE -0.002 (-1.54) -0.003 (-1.6) -0.002 (-0.71)

VALUE-ADDED/$10M -0.063 (-1.25) -0.070 (-1.36) -0.022 (-0.46)

UNIONIZATION 0.010 (2.42) \*\*\* 0.011 (3.18) \*\*\* 0.008 (1.64)

DEMOCRATIC 0.002 (1.24) 0.002 (1.43) 0.001 (1.31)

OTHER PARTY 0.010 (1.76) \* 0.008 (1.34) 0.003 (0.55)

GOVERNOR (D) 0.026 (0.84) 0.023 (0.87) 0.010 (0.46)

GOVERNOR (D)\*SOUTH -0.169 (-2.06) \*\* -0.162 (-2.06) \*\* -0.071 (-1.5)

ELECTIVE -0.077 (-1.25) -0.066 (-1.07) -0.178 (-2.76) \*\*\*

FUND 0.045 (0.75) 0.069 (1.14) 0.059 (0.86)

Year Dummies YES YES YES

Industry Controls NO YES YES

State Fixed-Effects NO NO YES

N 2889 2889 2889

Adjusted R-Square 0.7571 0.7738 0.8740

**Table 2 Real Expected Benefits: 1940-2000[[2]](#footnote-2)♦**

(Dependent Variable: Natural Logarithm of Real Expected Workers’ Compensation Benefit Index)

***(4) (5)***

LN NEIGHBOR (BENEFITS) 0.337 (3.47) \*\*\* 0.138 (1.23)

LN EARNINGS 0.352 (1.85) \* 0.250 (1.22)

ACCIDENT RATE -0.003 (-1.40) -0.003 (-1.17)

FIRM SIZE -0.002 (-0.92) -0.002 (-0.70)

VALUE-ADDED/$10M -0.005 (-0.12) -0.050 (-0.83)

UNIONIZATION 0.008 (1.59) 0.010 (1.82) \*

DEMOCRATIC 0.002 (1.43) 0.002 (1.64) \*

OTHER PARTY 0.005 (1.16) 0.006 (2.10) \*\*

GOVERNOR (D) 0.016 (0.81) 0.007 (0.29)

GOVERNOR (D)\*SOUTH -0.065 (-1.41) -0.073 (-0.97)

ELECTIVE -0.174 (-2.71) \*\*\* -0.239 (-3.35) \*\*\*

FUND 0.049 (0.79) -0.013 (-0.12)

*Interactions of AFTER1972 indicator and*

*LN NEIGHBOR (BENEFITS)* 0.345 (2.25) \*\*

*LN EARNINGS* 0.315 (0.92)

*ACCIDENT RATE -*0.002 (-0.68)

*FIRM SIZE* 0.001 (0.58)

*VALUE-ADDED*/$10M0.020 (0.31)

*UNIONIZATION* -0.015 (-2.34) \*\*

*DEMOCRATIC* -0.000 (-0.28)

*OTHER PARTY* -0.028 (-1.26) \*

*GOVERNOR (D)* 0.004 (-0.11)

*GOVERNOR (D)\*SOUTH* 0.060 (0.68)

*ELECTIVE* 0.142 (1.74) \*

*FUND* 0.063 (0.59)

Year Dummies YES YES

Industry Controls YES YES

State Fixed-Effects YES YES

N 2809 2809

Adjusted R-Square 0.8776 0.8844

1. ♦ For all models estimated in Tables 1 and 2: Each observation is for a state-year. The ‘LN EARNINGS’ variable is natural logarithm of lagged weekly earnings. Industry controls include: percentage of state employment in (1) mining; (2) construction; (3) manufacturing; (4) transportation; (5) finance, insurance and real estate; (6) services; (7) wholesale and retail trade; and (8) government sector employment. Some industry values are unavailable between 1940 and 1948, and thus Illinois, Michigan, and Minnesota are not included in the analysis during these years. The LN EARNINGS and VALUE-ADDED variables were converted to real US dollars using the 1967 Consumer Price Index. Political variables (DEMOCRATIC and OTHER PARTY) are measured as proportions. Nebraska is omitted from the analysis since its legislature is non-partisan. The variable FIRM SIZE is measured as employees per establishment in manufacturing. Mississippi doesn’t enact workers’ compensation until 1948, so it enters the dataset in 1949. Robust, state-clustered, t- One, two and three asterisks denote significance at confidence levels above 90 percent, 95 percent, and 99 percent, respectively. [↑](#footnote-ref-1)
2. ♦ Each observation is for a state-year. The ‘LN NEIGHBOR (BENEFITS)’ variable is natural logarithm of average expected benefits for that state’s (contiguous) neighboring states and is lagged one year. The ‘LN EARNINGS’ variable is natural logarithm of lagged weekly earnings. Industry controls include: percentage of state employment in (1) mining; (2) construction; (3) manufacturing; (4) transportation; (5) finance, insurance and real estate; (6) services; (7) wholesale and retail trade; and (8) government sector employment. Some industry values are unavailable between 1940 and 1948, and thus Illinois, Michigan, and Minnesota are not included in the analysis during these years. The LN EARNINGS, LN NEIGHBOR (BENEFITS), and VALUE-ADDED variables were converted to real US dollars using the 1967 Consumer Price Index. Political variables (DEMOCRATIC and OTHER PARTY) are measured as proportions. Nebraska is omitted from the analysis since its legislature is non-partisan. The variable FIRM SIZE is measured as employees per establishment in manufacturing. Mississippi doesn’t enact workers’ compensation until 1948, so it enters the dataset in 1949. Regressions 4 and 5 omit 80 observations to prevent collinearity. Robust, state-clustered, t-Statistics are given in parentheses. One, two and three asterisks denote significance at confidence levels above 90 percent, 95 percent, and 99 percent, respectively. [↑](#footnote-ref-2)