The Value of Climate Amenities: Evidence from U.S. Migration Decisions

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Overview

- Growing relevance of climate amenity valuation in the wake of global climate change

- Update estimates using current data (Cragg and Kahn, 1997)

- Refine methodology (Bayer, Keohane, and Timmins, 2009)

  - Account for mobility costs using residential sorting model

  - Allows for amenity values net mobility, housing, and income costs

Focus on Movers

- Advantage: have necessary information for modeling location choice and small sample conducive for price exogeneity

- Disadvantage: migrants are systematically different

  - positive selection bias associated with more mobility/skill

  - Is it possible that the coefficients used to infer disequilibrium are really driven by selection bias?

  - Can PSM or another technique be used to address this issue?

Wage predictions

- Ignore location differences in hours worked or probability of employment
  - Problematic for younger and older adults
  - With so much data can narrow down age group to avoid assumptions on labor market entry/exit
- Measurement error will be correlated with household size
  - Focus on household heads

Natural Disasters

- Scientists predict increasing frequencies of extreme events
- Higher adaptation costs, amenity impacts likely larger