Comments on Taken by Storm

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The views expressed are those of the speaker. They do not necessarily represent those of the Federal Trade Commission or any of its Commissioners.
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Concerns: Geographic Variation

Figure 3. Damage Area Closeup: Harrison and Hancock Counties, MS

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- Map indicates that most adversely impacted areas are located closer to shore (with a few additional areas inland)

- Concern is that businesses along waterfront are not drawn from the same distribution as businesses inland (though admittedly relative lack of differences in exit from 2002 to 2004 are comforting)

- County controls may be too coarse to address these differences, and productivity controls may not either due to differentiatedness of firms

- Not clear what overall effect will be of omitted variable(s), especially given multiple differencing, but worrisome if we wish to take estimated results seriously for policy purposes

- One possible way to explore if relevant would be to use distance from beach
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Problem heightened by absence of mechanism that would explain why seemingly minor differences in distance matter so much (e.g., 0.1 - 0.55 miles → 11% point difference in exit likelihood?)

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▶ What if differential exit rates reflect small firms’ greater flexibility in responding to changing situations?
▶ If we do accept the idea of substantial differences in exit due to financing constraints, is there a policy implication?