

Abstract - Urban Air Pollution and Sick Leaves: Evidence from Social Security Data

We estimate the impact of air pollution on labor supply among workers affiliated to Spain's universal sickness-leave insurance. We find that a 10% reduction in pollution reduces sick leaves by 0.8% of the mean. This effect is larger among workers with pre-existing medical conditions. Our estimates imply that improvements in urban air quality between 2005 and 2014 reduced worker absence by 5.6 million days, saving €0.5 billion in foregone production. We discuss the ramifications of absenteeism and presenteeism when using sick leaves as an outcome for valuing air quality and gauge the impact of such behaviors on our results.