Comments on“Remote Work and High Proximity Employment in Mexico”

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Summary

- Formal employment in high proximity (HP) sectors has not fully returned to pre-pandemic levels.
  - HP sectors: food and beverage, and entertainment and recreation services
- In this paper, remote work (RW) is found to be related to lower employment in HP sectors in Mexico.
  - A 1 pp increase in RW at the municipal level decreases formal employment in HP sectors by 0-4-0.6 pp
  - Implication: cities could experience slower employment recovery due to their specialization in services
  - Wages: no effects, possibly due to binding min wage or the interaction of lower supply and demand for labor.

General comments

- The paper presents evidence that is rigorous and relevant.
- General suggestions:
  - The mechanism for the effects must be more explicitly discussed in the paper.
  - Additional data and analysis could tighten the overall story.

Comments: Story and interpretation

- What is the full story behind the impacts documented by the paper?
  - Are the effects presumed to be primarily due to a decrease in in-person work and related expenses (eating out, transportation, etc.)?
  - But then, why would this impact entertainment (theaters?)

- Constantly emphasize that the evidence refers to formal employment
  - Lower formal employment is still a sign of weaker labor opportunities in HP sectors.
  - But workers could still be employed informally in those sectors.

Comments: Story and interpretation

- If employment overall in HP sectors is lower, could this sectoral shift be beneficial?
  - The paper could explore which sectors absorbed the workers who left HP sectors.
- The evidence about wages could be consistent with a lower labor supply for HP sectors
  - The paper is concerned with implications for prices but the wage effects are small.
  - Again, it would be good to have some evidence, even if suggestive, about sectoral reallocation and informality to support this concern.

Comments: Story and Interpretation

- Discuss more the role of delivery services for the food and beverages industry, or provide supporting evidence on a potential increase in food consumption at home.

Comments: Data and Analysis

- HP sectors in the paper: food and beverages, and entertainment and recreation services.
- What about:
  - Medical services? Another potential HP sector not necessarily related to in-person work
  - Transportation? Positively related to in-person work
  - Supermarkets? Negatively related to eating out, could increase in places with more RW.
- Low-proximity (LP) sectors as controls: Examples?
  - The presumption for using them as controls for DDD is that they are not affected by the proportion of remote work after the pandemic.

Comments: Data and Analysis

- Employment data come from social security (IMSS) records
  - Advantage: High-quality, accuracy
  - Disadvantage: Only captures formal workers
- Could complement the analysis with the ENOE-ETOE-ENOEN (INEGI)
  - For wages: Due to misreporting, IMSS might have a larger fraction of mínimum-wage workers
  - INEGI data also have information on informal employment and sector switching.
  - Caveat: ETOE is not strictly comparable to ENOE or ENOEN but it is the only data available for Q2-2020. Or could compare Q1-2020 (ENOE) with Q1-2021 (ENOEN).