Internet Appendix For "Labor Market Effects of Deleting Delinquencies"

Figure IA.1. **Immigration by year**
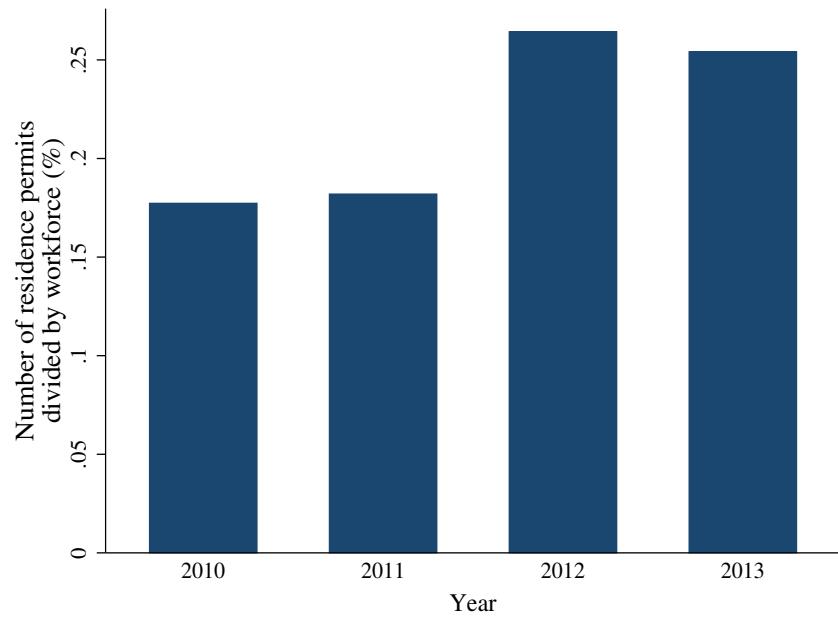
This figure shows immigration as a fraction of the Chilean workforce in the years surrounding the sample period. Data come from the Chilean Immigration Department.

Figure IA.2. Trends in the length of unemployment in sector regressions

Panel A: Construction
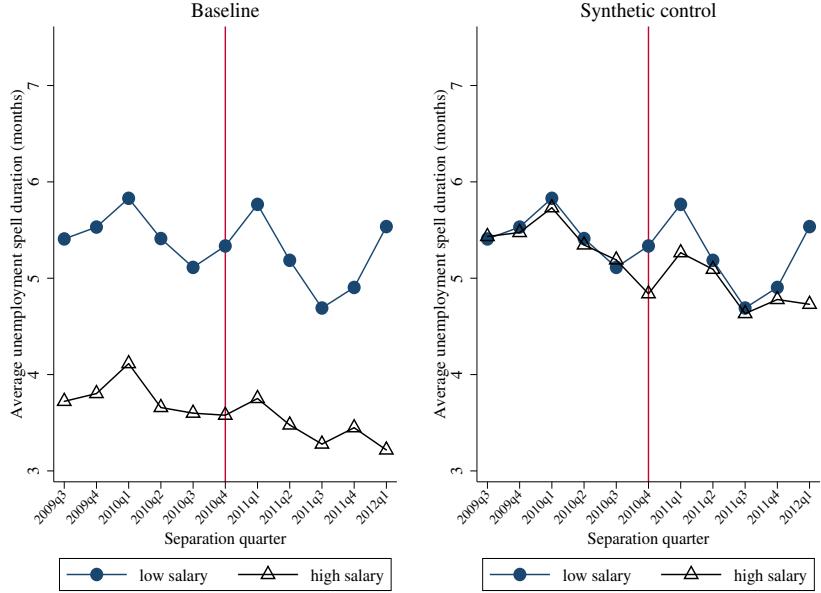
This figure shows the average length of unemployment for workers in the lowest and highest quartiles of average wages for the un-weighted (i.e., baseline) and the weighted (i.e., synthetic control) cases by economic sector. The economic sectors considered are the same as in Table **4**.

Panel B: Real Estate
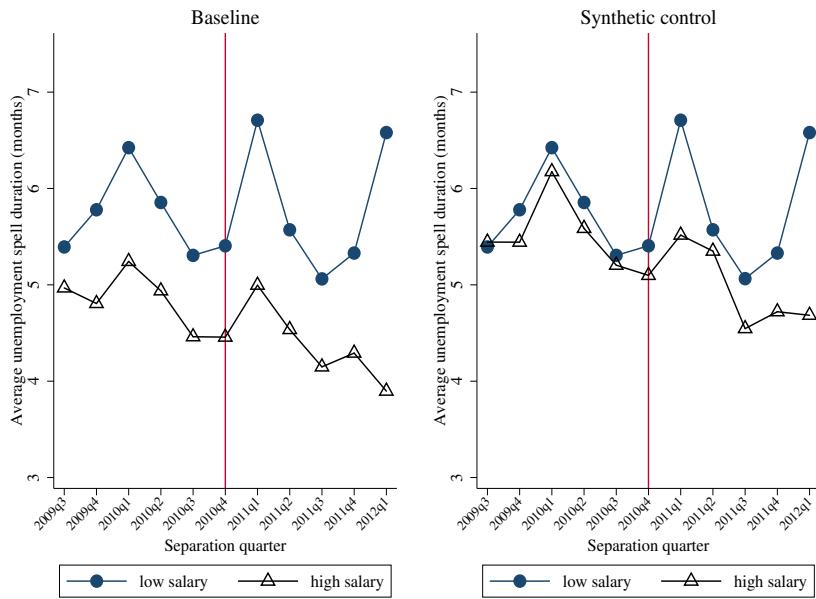
Panel C: Agriculture

Panel D: Commerce

Baseline

Synthetic control

Panel E: Other sectors

Baseline

Synthetic control
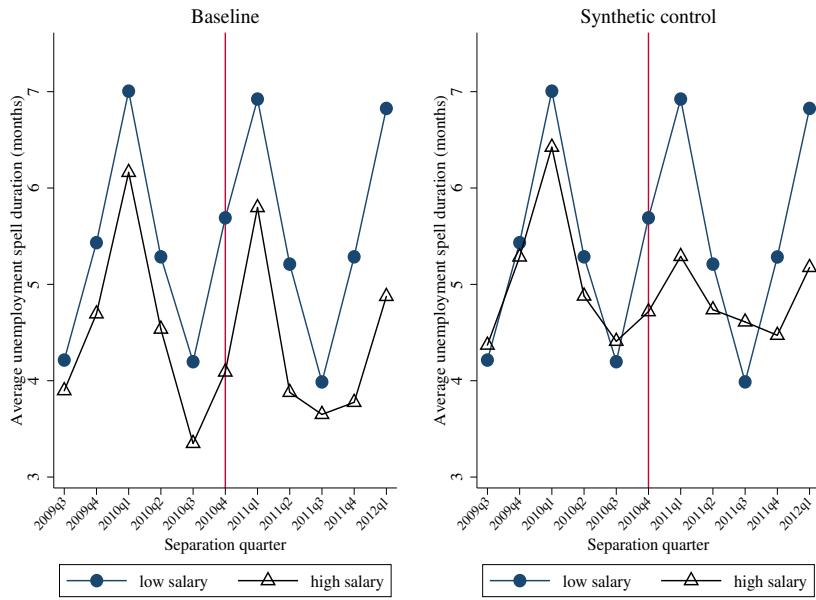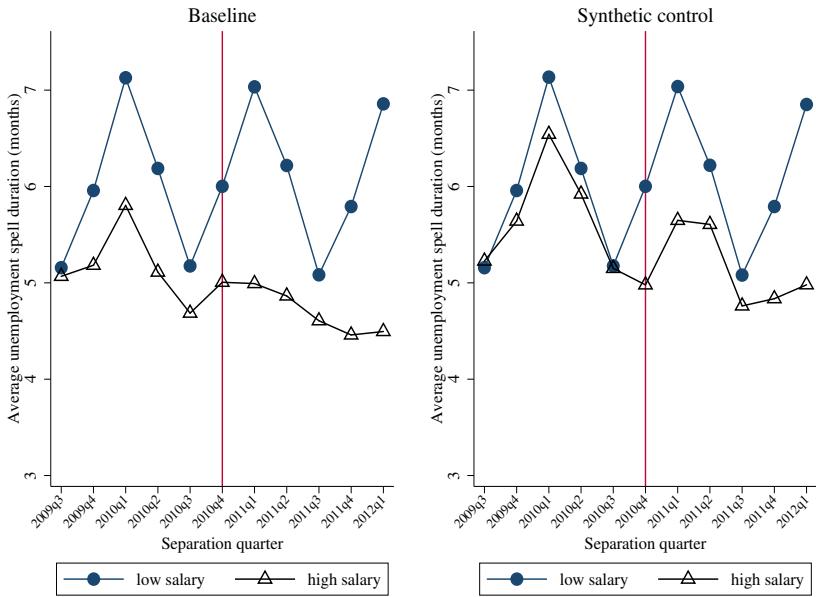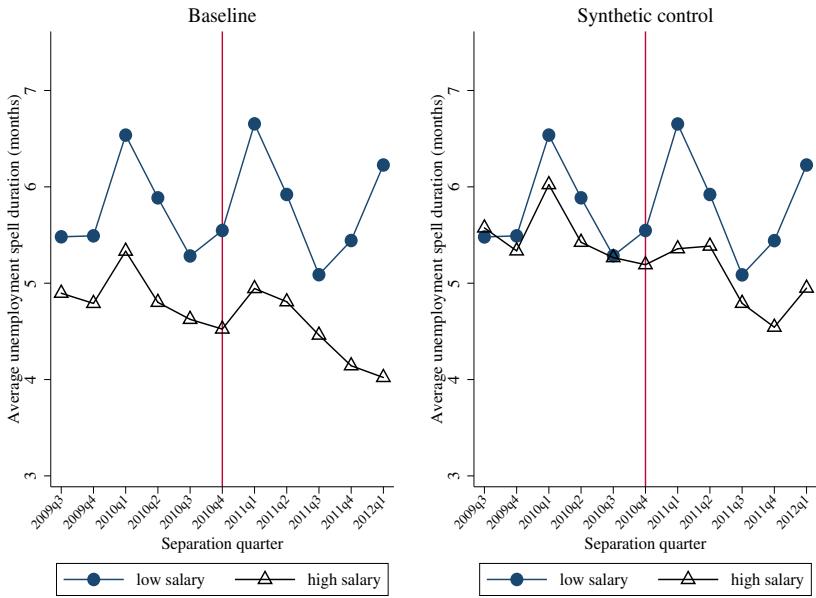
Figure IA.3. Trends in the length of unemployment in cross-sectional split-sample regressions

Panel A: Older than 25 years old
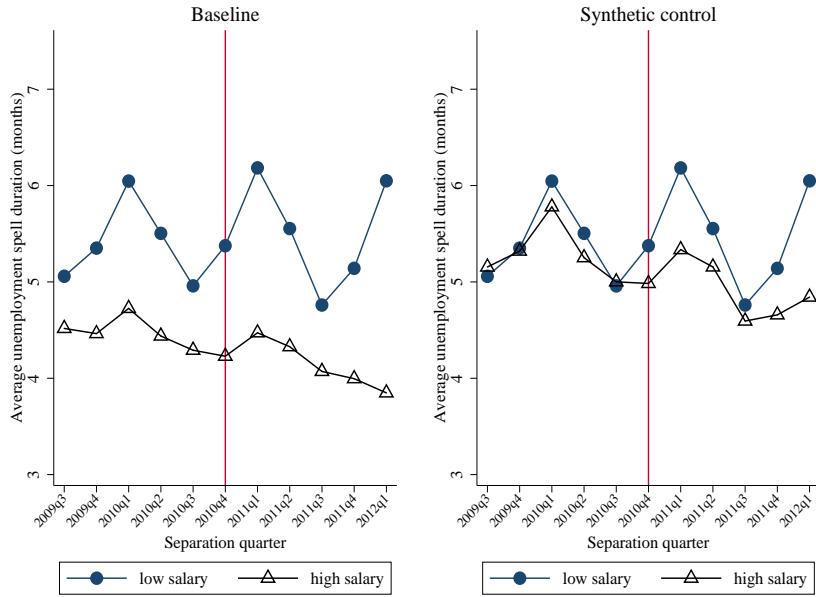
This figure shows the average length of unemployment for workers in the lowest and highest quartiles of average wages for the un-weighted (i.e., baseline) and the weighted (i.e., synthetic control) cases for each of the subsamples in Table 5.

Panel B: 25 years old or younger

Baseline · Synthetic control

Average unemployment spell duration (months) vs *Separation quarter* (2009q3–2012q1)

low salary · high salary
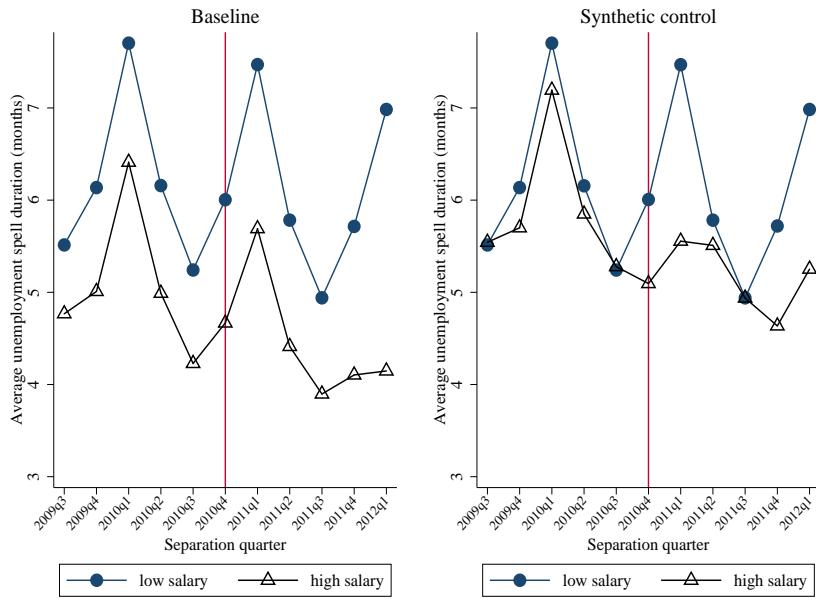
Panel C: Between 21 and 25 years old

Baseline · Synthetic control

Average unemployment spell duration (months) vs *Separation quarter* (2009q3–2012q1)

low salary · high salary
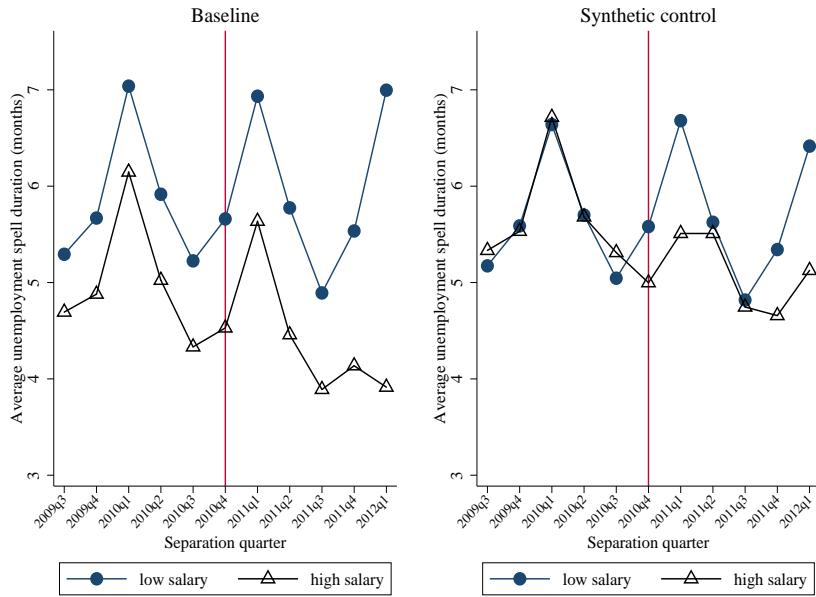
Panel D: Male
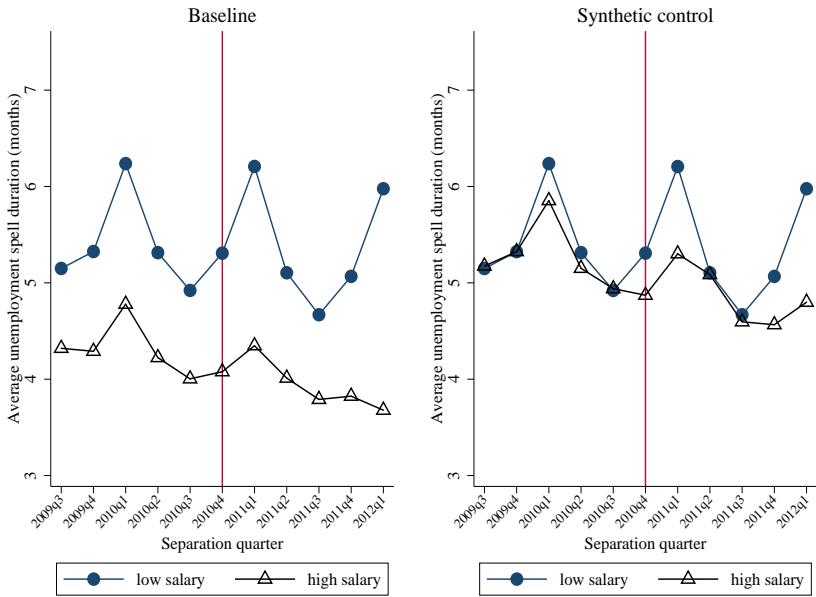
Panel E: Female
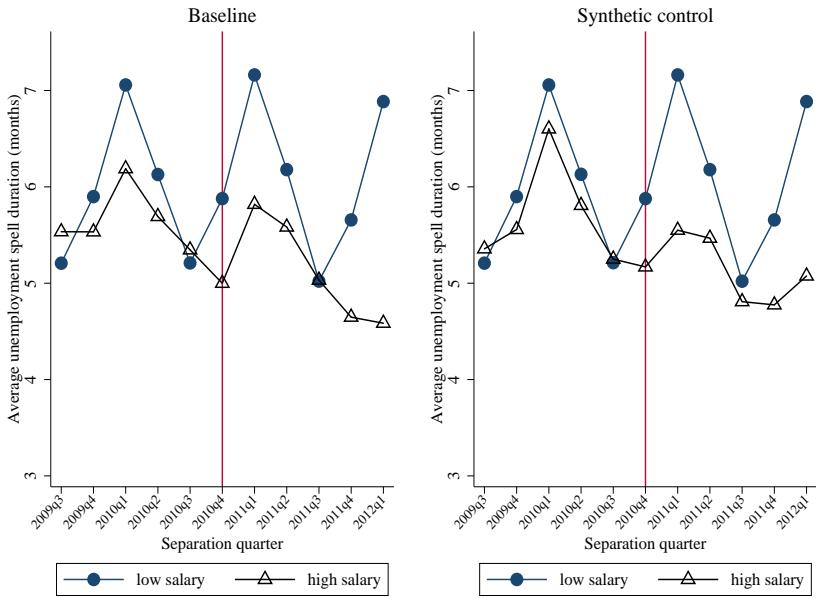
Panel F: High area income
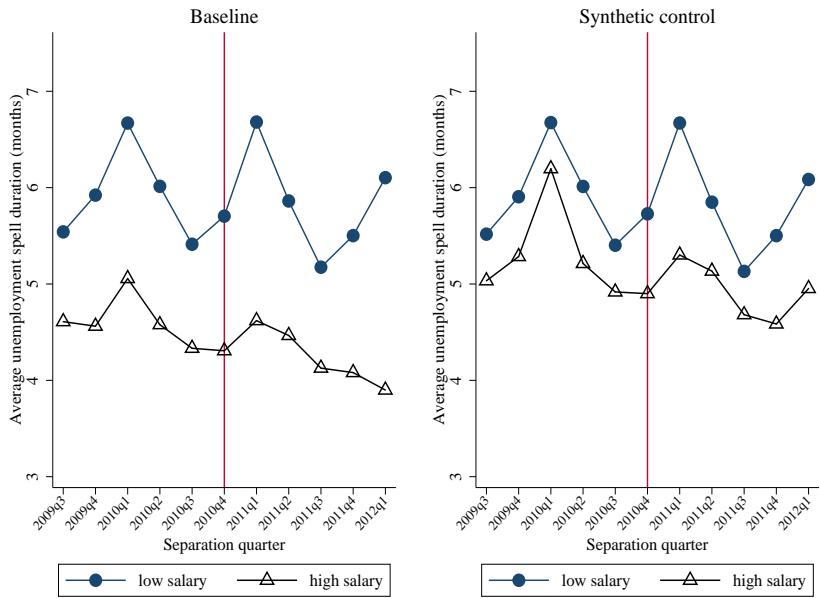
Panel G: Low area income
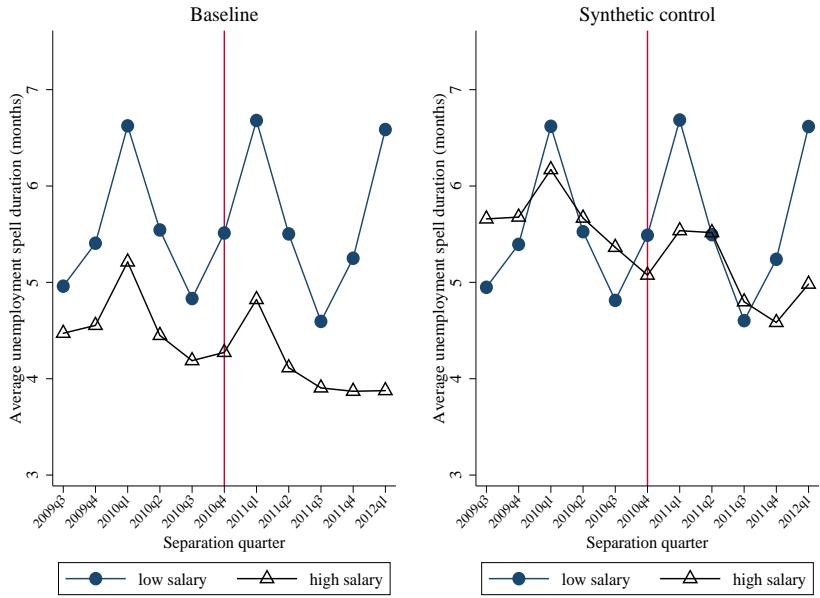
Figure IA.4. Trends in wage changes
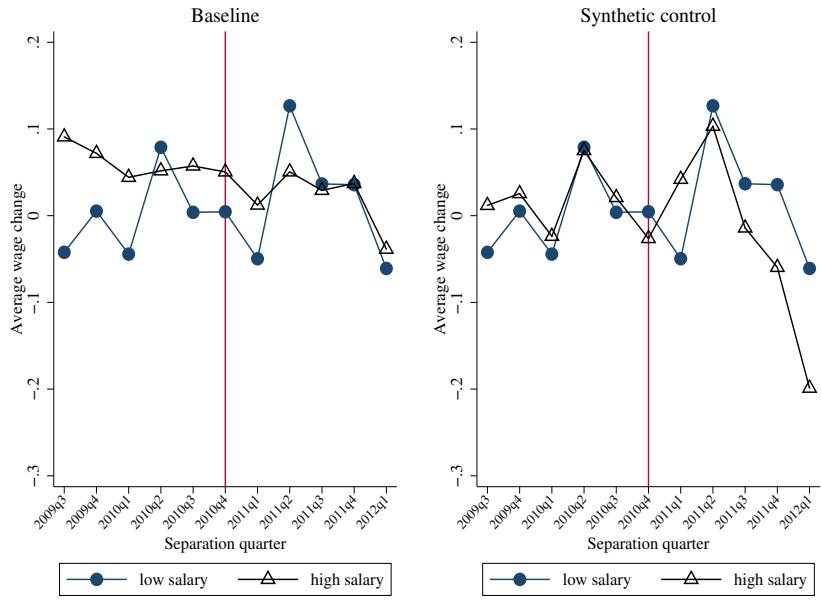
This figure shows the average wage change for workers in the lowest and highest quartiles of average wages for the unweighted (i.e., baseline) and the weighted (i.e., synthetic control) cases.

Table IA.1. Changes in observable characteristics

Dependent variable	Mean value of variable	Effect of the law	t-statistic	Effect relative to mean
Benefits remaining	0.494	-0.127	-5.98	-0.257
1(male)	0.657	0.001	0.07	0.002
1(single)	0.564	-0.004	-0.52	-0.007
ln(age)	3.495	-0.049	-8.16	-0.014
1(secondary education)	0.143	0.004	0.60	0.028

This table repeats the difference-in-differences estimation in Column (5) of Table **2** using each worker-level control as the dependent variable. The coefficient associated with $1(low\ income) \times 1(post\ law)$ (i.e., the effect of the law) is reported, and t-statistics are based on heteroscedasticity-robust standard errors double-clustered by worker postal code and by job separation month $\times$ economic sector.

Table IA.2. Effect of the law on unemployment (excluding 2012q1)

	(1)	(2)	(3)	(4)	(5)
1(low income) × 1(post law)	0.298**	0.298***	0.313***	0.314***	0.288***
	(2.43)	(2.66)	(3.19)	(3.46)	(3.77)
1(low income)	1.098***	1.182***	1.146***	1.203***	1.163***
	(10.00)	(12.80)	(13.63)	(17.73)	(18.73)
Post law	-0.329***	-0.329***			
	(-3.16)	(-4.42)			
Benefits remaining		0.439***	0.449***	0.442***	0.434***
		(37.72)	(38.50)	(39.11)	(38.62)
1(male)		-0.800***	-0.765***	-0.728***	-0.588***
		(-16.30)	(-16.26)	(-14.89)	(-13.17)
1(single)		-0.391***	-0.377***	-0.323***	-0.312***
		(-7.35)	(-7.31)	(-8.99)	(-8.52)
ln(age)		-1.191***	-1.131***	-1.070***	-0.981***
		(-10.24)	(-10.46)	(-12.00)	(-10.90)
1(secondary education)		0.608***	0.592***	0.462***	0.413***
		(9.85)	(9.94)	(7.18)	(7.18)
Separation month FE	no	no	yes	yes	no
Postal code FE	no	no	no	yes	yes
Separation month × Sector FE	no	no	no	no	yes
N	243,876	243,876	243,876	243,873	243,862
R^2	0.015	0.036	0.043	0.051	0.059
Mean of dependent variable	5.1	5.1	5.1	5.1	5.1

Regressions reported in this table are identical to those shown in Table 2, except the first quarter of 2012 (i.e., the quarter with the largest difference in unnemployment spells between the two income groups, as shown in Figure 1) is dropped from the sample. The dependent variable is the number of months required to find employment following a job separation. The main independent variable of interest is 1(*low income*) × 1(*post law*), the interaction of a dummy variable that equals 1 if the worker's average salary is in the lowest quartile and a dummy variable that equals 1 if the worker became unemployed after October 2010. Worker-level controls, as well as job separation month, home area postal code, and job separation month × economic sector fixed effects are included as reported. *t*-statistics (in parentheses) are heteroscedasticity-robust and double-clustered by worker postal code and by job separation month × economic sector. ***p <0.01, **p <0.05, *p <0.1.

Table IA.3. Effect of the law on outcome variables (excluding the financial sector)

	Unemployment spell duration (1)	Change in wage (2)	Commuting distance (3)	1(different sector) (4)
1(low income) ×1(post law)	0.360***	0.032**	0.030	0.009
	(4.59)	(2.04)	(0.91)	(0.92)
1(low income)	1.159***	-0.160***	-0.238***	-0.015*
	(18.48)	(-14.43)	(-6.67)	(-1.82)
Benefits remaining	0.437***	-0.102***	0.084***	0.022***
	(38.78)	(-46.53)	(12.05)	(16.33)
1(male)	-0.596***	0.014***	0.278***	0.043***
	(-13.26)	(2.61)	(16.25)	(9.31)
1(single)	-0.311***	0.004	0.072***	0.018***
	(-8.81)	(0.93)	(4.22)	(7.35)
ln(age)	-0.984***	-0.126***	-0.818***	-0.197***
	(-11.13)	(-11.12)	(-21.43)	(-28.31)
1(secondary education)	0.419***	0.002	0.040*	0.023***
	(7.15)	(0.28)	(1.79)	(4.48)
Postal code FE	yes	yes	yes	yes
Separation month × Sector FE	yes	yes	yes	yes
N	248,032	248,032	245,658	248,032
R^2	0.060	0.027	0.070	0.084
Mean of dependent variable	5.1	0.03	9.4	0.50

This table shows OLS regressions of different variants of Equation (8) after dropping workers employed in the financial sector before a job separation. In Column (1), the dependent variable is the number of months required to find employment following a job separation. In Column (2), the dependent variable is the relative change in a worker's wages between old and new employers. In Column (3), the dependent variable is the log distance between a worker's past and future employers. In Column (4), the dependent variable is a dummy variable that equals 1 if the worker remains in the same sector following re-employment. The main independent variable of interest is $1(low\ income) \times 1(post\ law)$, the interaction of a dummy variable that equals 1 if the worker's average salary is in the lowest quartile and a dummy variable that equals 1 if the worker became unemployed after October 2010. Worker-level controls, as well as home area postal code and job separation month × economic sector fixed effects are also included. t-statistics (in parentheses) are heteroscedasticity-robust and double-clustered by worker postal code and by job separation month × economic sector. ***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.

Table IA.4. Treated group based on secondary education

	(1)	(2)	(3)	(4)	(5)
1(no secondary education) × 1(post law)	0.160*	0.195**	0.193**	0.189**	0.150**
	(1.93)	(2.37)	(2.43)	(2.35)	(2.46)
1(no secondary education)	-0.629***	-0.720***	-0.696***	-0.623***	-0.575***
	(-8.48)	(-9.43)	(-9.40)	(-7.83)	(-8.07)
1(post law)	-0.305***	-0.362***			
	(-2.67)	(-3.47)			
Benefits remaining		0.399***	0.408***	0.406***	0.404***
		(38.79)	(42.56)	(44.45)	(45.50)
1(male)		-0.857***	-0.832***	-0.827***	-0.724***
		(-17.52)	(-18.02)	(-19.46)	(-19.34)
1(single)		-0.355***	-0.343***	-0.305***	-0.298***
		(-7.82)	(-7.75)	(-10.68)	(-10.28)
ln(age)		-1.050***	-0.994***	-0.935***	-0.865***
		(-10.61)	(-10.76)	(-12.34)	(-11.39)
Monthly salary		-0.000***	-0.000***	-0.000***	-0.000***
		(-6.55)	(-6.45)	(-10.18)	(-10.17)
Control variables	no	yes	yes	yes	yes
Separation month FE	no	no	yes	yes	no
Postal code FE	no	no	no	yes	yes
Separation month × Sector FE	no	no	no	no	yes
N	505,650	505,650	505,650	505,649	505,642
R^2	0.001	0.023	0.030	0.037	0.043
Mean of dependent variable	4.9	4.9	4.9	4.9	4.9

Regressions reported in this table are identical to those in Table **2** except the treated and control groups are based on educational levels instead of salaries. The dependent variable is the number of months required to find employment following a job separation. The main independent variable of interest is 1(*no secondary education*) × 1(*post law*), the interaction of a dummy variable that equals 1 if the worker has no secondary education and a dummy variable that equals 1 if the worker became unemployed after October 2010. Worker-level controls, as well as job separation month, home area postal code, and job separation month × economic sector fixed effects are included as reported. *t*-statistics (in parentheses) are heteroscedasticity-robust and double-clustered by worker postal code and by job separation month × economic sector. ***p <0.01, **p <0.05, *p <0.1.

Table IA.5. Effect of the law on unemployment in synthetic control sample

	(1)	(2)	(3)	(4)	(5)
1(low income) × 1(post law)	0.377***	0.372***	0.387***	0.386***	0.351***
	(3.04)	(3.27)	(3.88)	(4.15)	(4.47)
1(low income)	1.132***	1.211***	1.174***	1.224***	1.177***
	(10.17)	(12.85)	(13.80)	(17.76)	(19.04)
1(post law)	-0.357***	-0.354***			
	(-3.46)	(-4.85)			
Benefits remaining		0.437***	0.446***	0.440***	0.431***
		(37.20)	(37.68)	(38.02)	(37.64)
1(male)		-0.785***	-0.750***	-0.716***	-0.583***
		(-16.34)	(-16.19)	(-14.94)	(-13.25)
1(single)		-0.399***	-0.386***	-0.331***	-0.321***
		(-7.50)	(-7.47)	(-9.25)	(-8.87)
ln(age)		-1.209***	-1.153***	-1.089***	-0.993***
		(-10.28)	(-10.48)	(-12.04)	(-10.95)
1(secondary education)		0.590***	0.574***	0.453***	0.409***
		(9.57)	(9.62)	(6.99)	(6.93)
Separation month FE	no	no	yes	yes	no
Postal code FE	no	no	no	yes	yes
Separation month × Sector FE	no	no	no	no	yes
N	246,298	246,298	246,298	246,295	246,282
R^2	0.017	0.037	0.044	0.053	0.060
Mean of dependent variable	5.1	5.1	5.1	5.1	5.1

Regressions reported in this table are identical to those in Table **2** except observations that receive zero weight when implementing the synthetic control method are dropped from the sample. The dependent variable is the number of months required to find employment following a job separation. The main independent variable of interest is 1(*low income*) × 1(*post law*), the interaction of a dummy variable that equals 1 if the worker's average salary is in the lowest quartile and a dummy variable that equals 1 if the worker became unemployed after October 2010. Worker-level controls, as well as job separation month, home area postal code, and job separation month × economic sector fixed effects are included as reported. *t*-statistics (in parentheses) are heteroscedasticity-robust and double-clustered by worker postal code and by job separation month × economic sector. ***p <0.01, **p <0.05, *p <0.1.

Table IA.6. Effect of the law on wages in synthetic control sample

	(1)	(2)	(3)	(4)	(5)
1(low income) × 1(post law)	0.051***	0.032*	0.034*	0.033*	0.033**
	(3.08)	(1.85)	(1.95)	(1.96)	(2.07)
1(low income)	-0.065***	-0.117***	-0.117***	-0.130***	-0.160***
	(-5.57)	(-9.88)	(-9.58)	(-11.16)	(-14.48)
1(post law)	-0.031**	-0.021			
	(-2.36)	(-1.59)			
Benefits remaining		-0.103***	-0.104***	-0.104***	-0.102***
		(-48.59)	(-48.13)	(-47.40)	(-45.21)
1(male)		-0.008	-0.010*	-0.008	0.013**
		(-1.28)	(-1.67)	(-1.50)	(2.45)
1(single)		0.008**	0.006	0.006*	0.005
		(2.06)	(1.65)	(1.69)	(1.22)
ln(age)		-0.111***	-0.118***	-0.122***	-0.118***
		(-9.52)	(-10.20)	(-10.50)	(-10.58)
1(secondary education)		0.006	0.008	0.009	0.001
		(0.76)	(1.08)	(1.17)	(0.15)
Separation month FE	no	no	yes	yes	no
Postal code FE	no	no	no	yes	yes
Separation month × Sector FE	no	no	no	no	yes
N	246,298	246,298	246,298	246,295	246,282
R^2	0.000	0.014	0.016	0.017	0.027
Mean of dependent variable	0.030	0.030	0.030	0.030	0.030

Regressions reported in this table are identical to those in Panel A of Table 6 except observations that receive zero weight when implementing the synthetic control method are dropped from the sample. The dependent variable is the relative change in a worker's wages between old and new employers. The main independent variable of interest is 1(*low income*) × 1(*post law*), the interaction of a dummy variable that equals 1 if the worker's average salary is below-median and a dummy variable that equals 1 if the worker became unemployed after October 2010. Worker-level controls, as well as home area postal code and job separation month × economic sector fixed effects are also included. *t*-statistics (in parentheses) are heteroscedasticity-robust and double-clustered by worker postal code and by job separation month × economic sector. ***$p <0.01$, **$p <0.05$, *$p <0.1$.