Commuting is one of the main contributors to road congestion. Does congestion affect the decision of individuals with regard to how much labour they supply? Work absenteeism for sickness reasons is another aspect of labour supply. In a world where shirking (voluntary absenteeism) is a substitute for leisure time and firms cannot fully observe commutes, are workers with long commutes more absent, resulting in lost productivity for firms too? This dissertation studies the effects of commuting distance on both labour supply and absenteeism. In addition, we study the effect of workers’ morning start times on their wages, as work start times are closely related to morning peak congestion. Finally, we study the welfare loss resulting from favourable tax treatment of company cars for employees. This is an important topic, because in Europe many employees receive company cars as fringe benefits induced by taxation.

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