



Combating Inequality: Social Safety Net

Jason Furman

Harvard Kennedy School

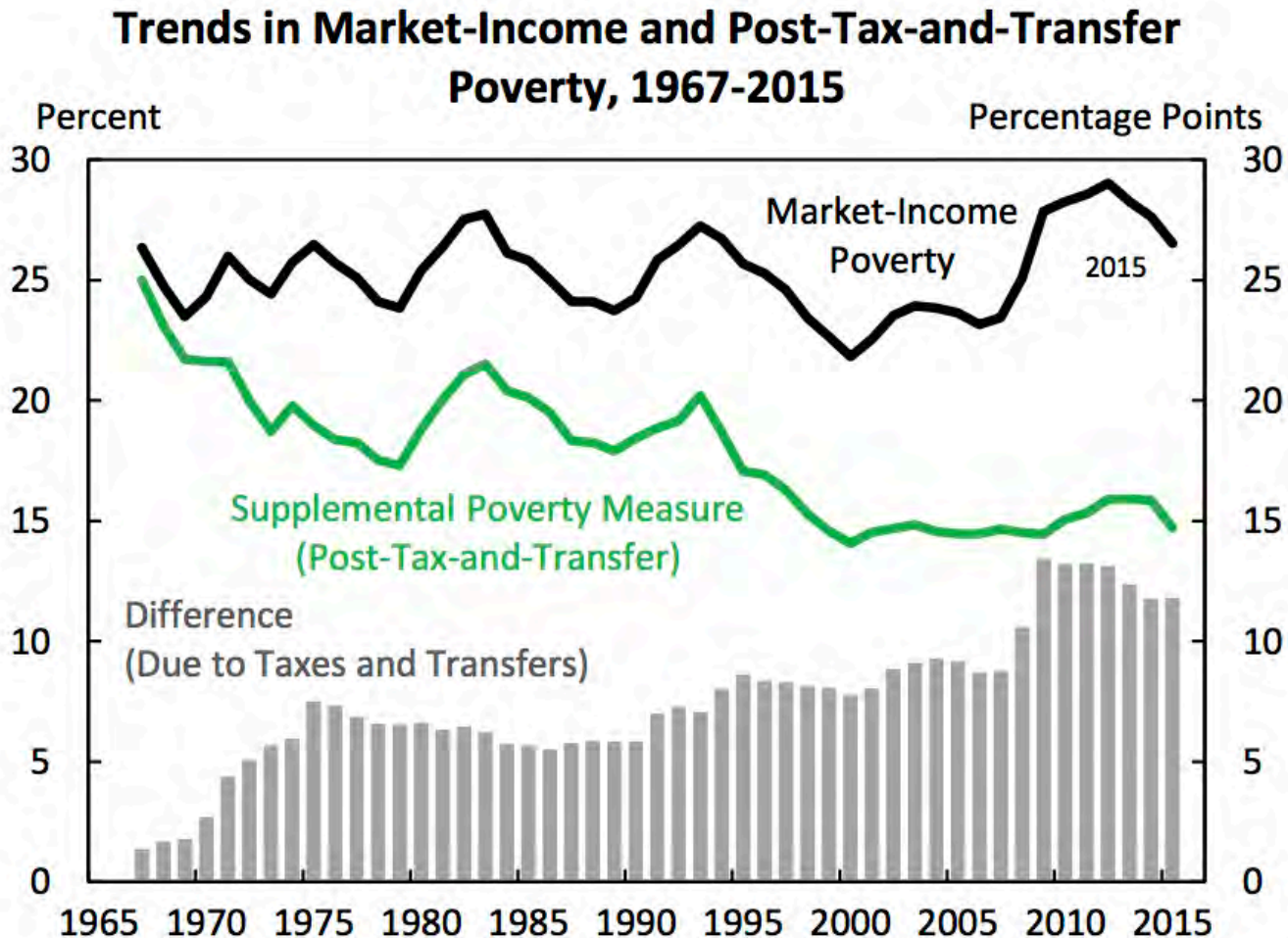
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The tax & transfer system has increasingly reduced poverty (measured directly)

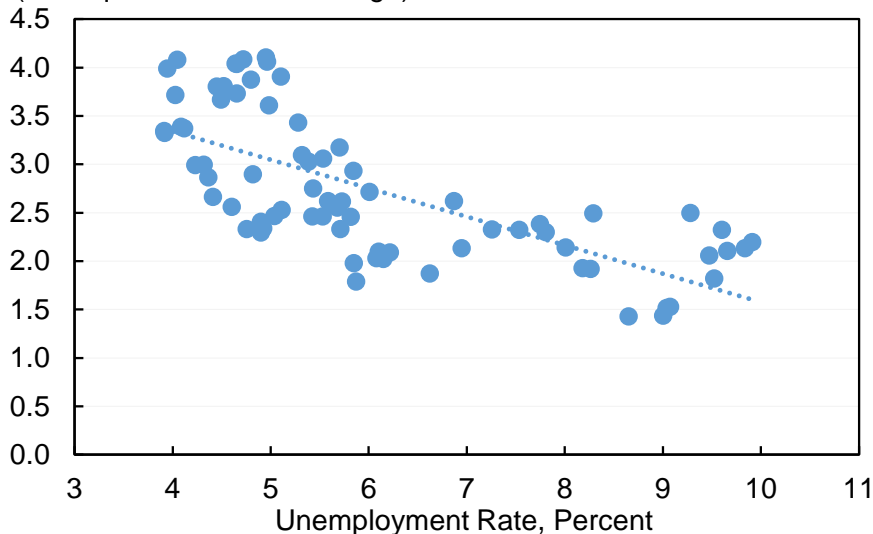


Macro policy can help with pre-tax wages...



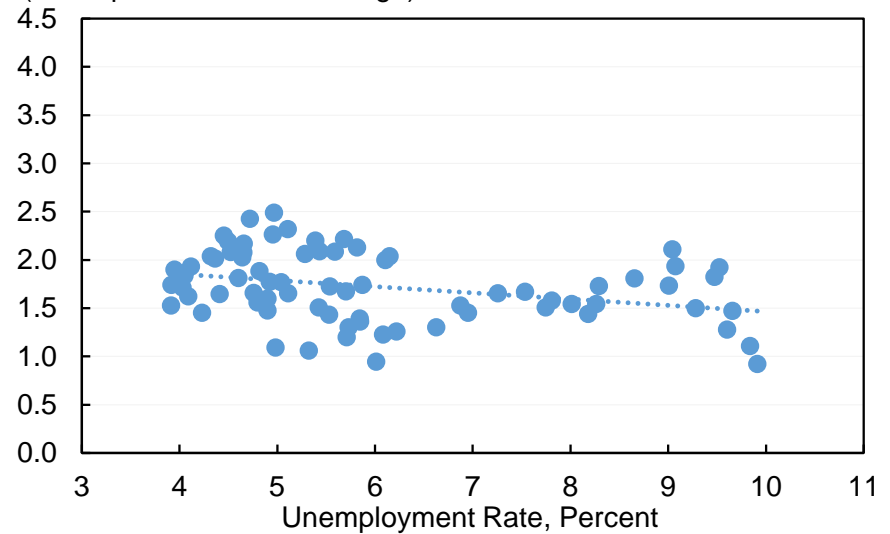
Average Hourly Earnings Growth vs. Unemployment Rate Since 2000

Average Hourly Earnings, Production and Nonsupervisory Workers (Four-quarter Percent Change)



Core PCE Price Growth vs. Unemployment Rate Since 2000

Core PCE Price Growth (Four-quarter Percent Change)



Note: Dotted line is linear trend.

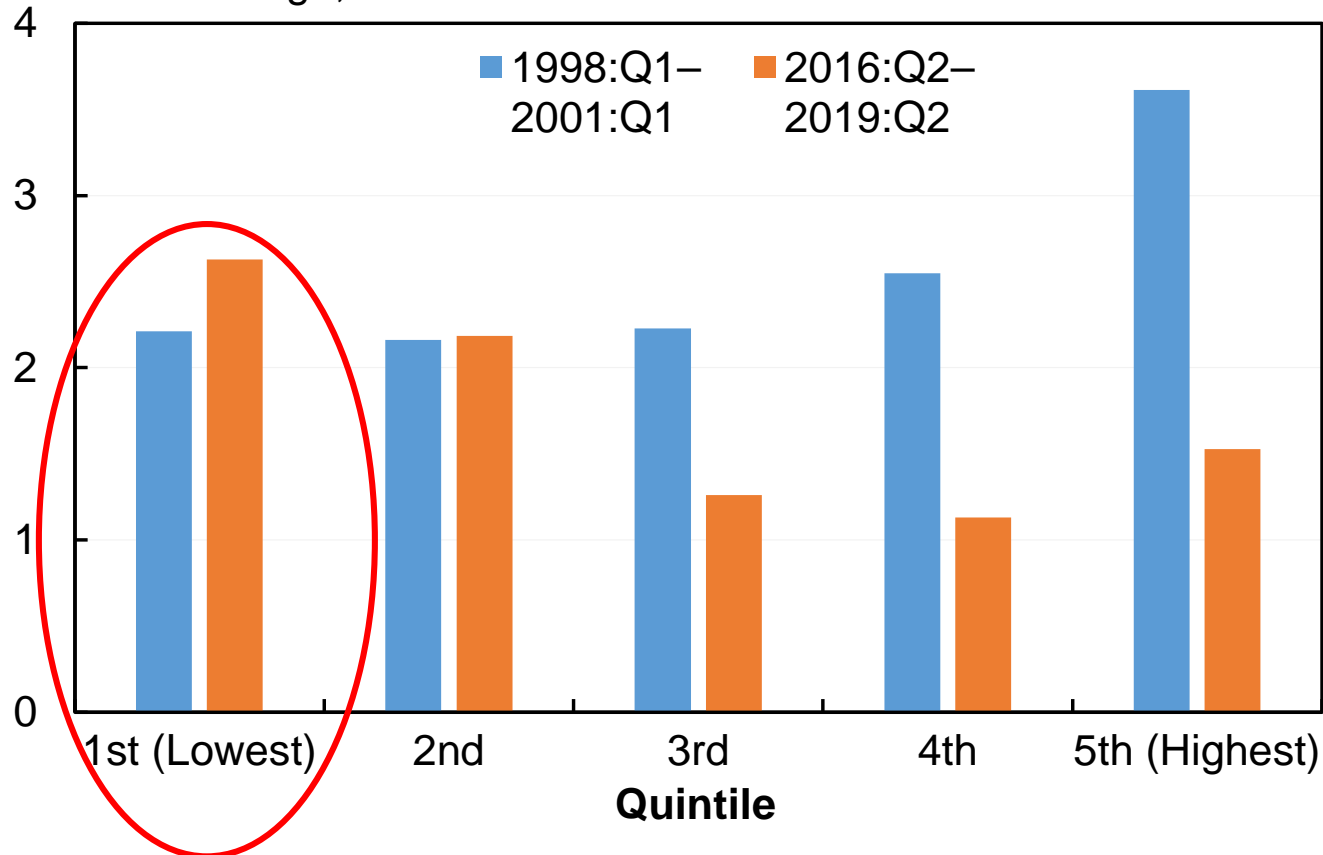
Source: Bureau of Labor Statistics; Bureau of Economic Analysis; Haver Analytics; author's calculations.



...especially at the bottom

Real Average Hourly Earnings Growth by Quintile, Prime-age (age 25-54) Wage and Salary Workers

Percent Change, Annual Rate



Note: Top-coded earnings are adjusted following Lemieux (2006). Excludes observations with hourly earnings below \$0.50 or above \$100 in 1989 dollars as deflated by the CPI-U-RS. Nominal wages are deflated by PCE price inflation.

Source: BLS; Haver Analytics; Current Population Survey, Merged Outgoing Rotation Groups; IPUMS CPS; Bureau of Economic Analysis; author's calculations.



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