Combating Inequality: Social Safety Net

Jason Furman
Harvard Kennedy School
PIIE

Peterson Institute for International Economics
Washington, DC
October 18, 2019
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.
Real Average Hourly Earnings Growth by Quintile, Prime-age (age 25-54) Wage and Salary Workers

Percent Change, Annual Rate

Quintile

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.
Combating Inequality: Social Safety Net

Jason Furman
Harvard Kennedy School
PIIE

Peterson Institute for International Economics
Washington, DC
October 18, 2019