MAKING WORK PAY: THE DESIGN OF TAX CREDIT REFORMS FOR LOW WAGE WORKERS

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This presentation will analyse the recent development of tax and welfare policies aimed at low wage workers. It will focus on the growth in welfare programs that require some form of work requirement and will specifically explore the development of earned income tax-credit policies. It will draw the distinction between ‘static’ and ‘dynamic’ policies and look at methods for assessing how well the policy reforms worked. Have they increased employment? Have they increased wages? Have they achieved redistributitional goals? In what ways could they be improved? It will explore alternative approaches to measuring policy impacts, drawing out the key differences between quasi-experiment methods and structural ‘micro-simulation’ models. The presentation will conclude by assessing the potential for adverse dynamic effects on wage progression and employment enhancement.