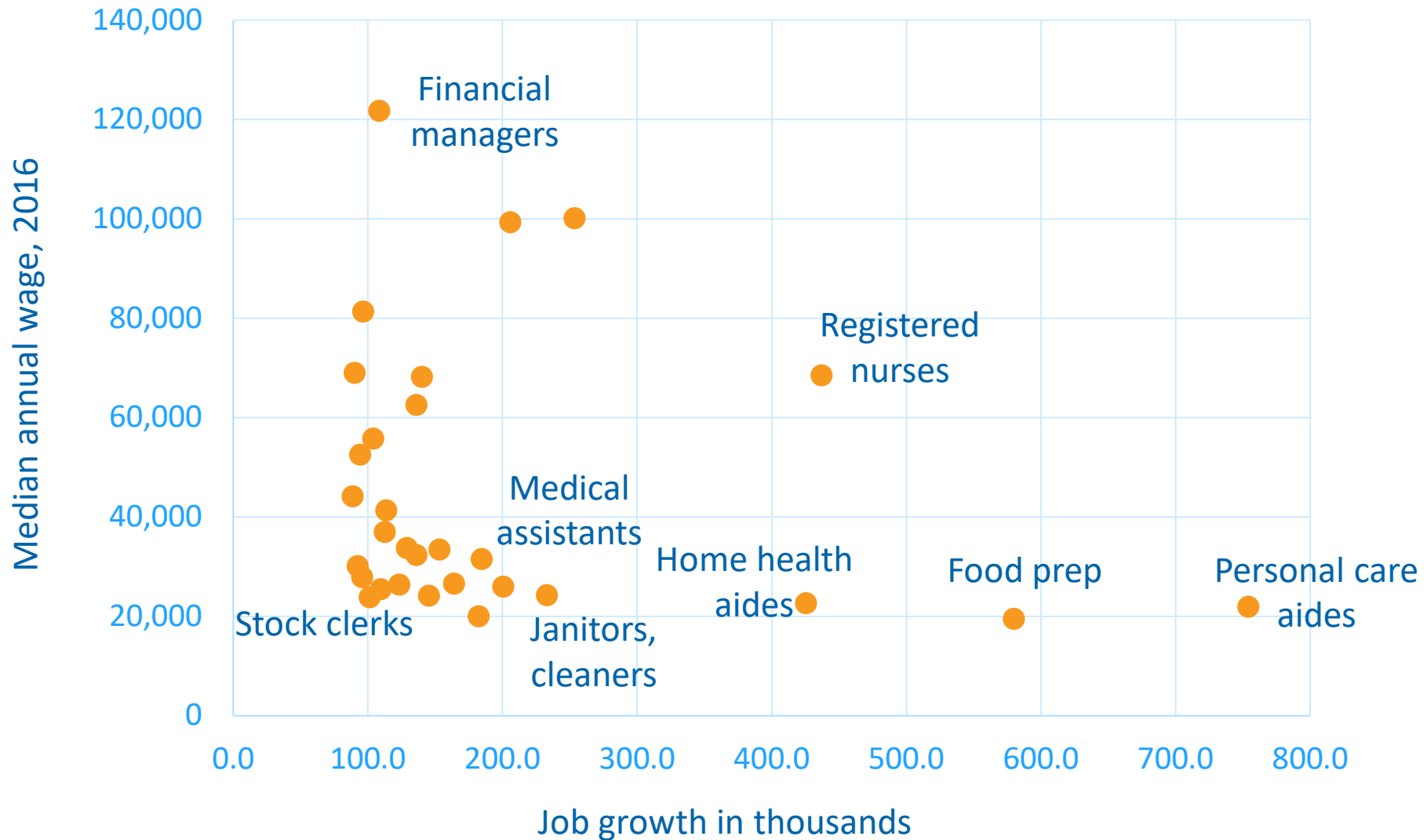


The Future of Economic Mobility and the Social Safety Net

Three big challenges for an outdated social safety net

Challenge 1: Lots of low-wage work

30 occupations with the most job growth, U.S., 2016-2026

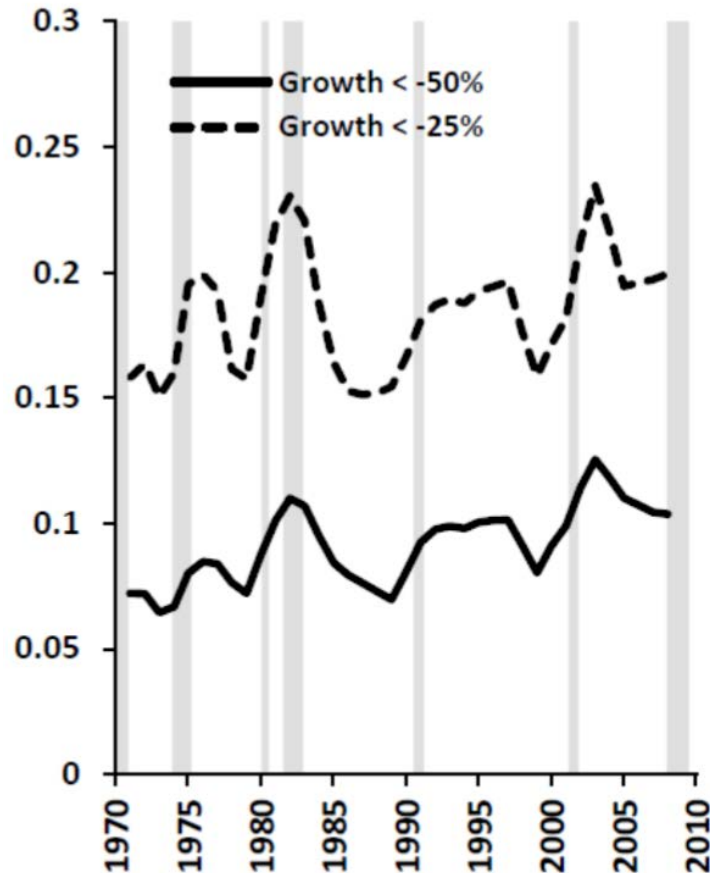


Source: BLS

Challenge 2: Increased income volatility

The evolution of household income volatility

Frequency of Large Declines

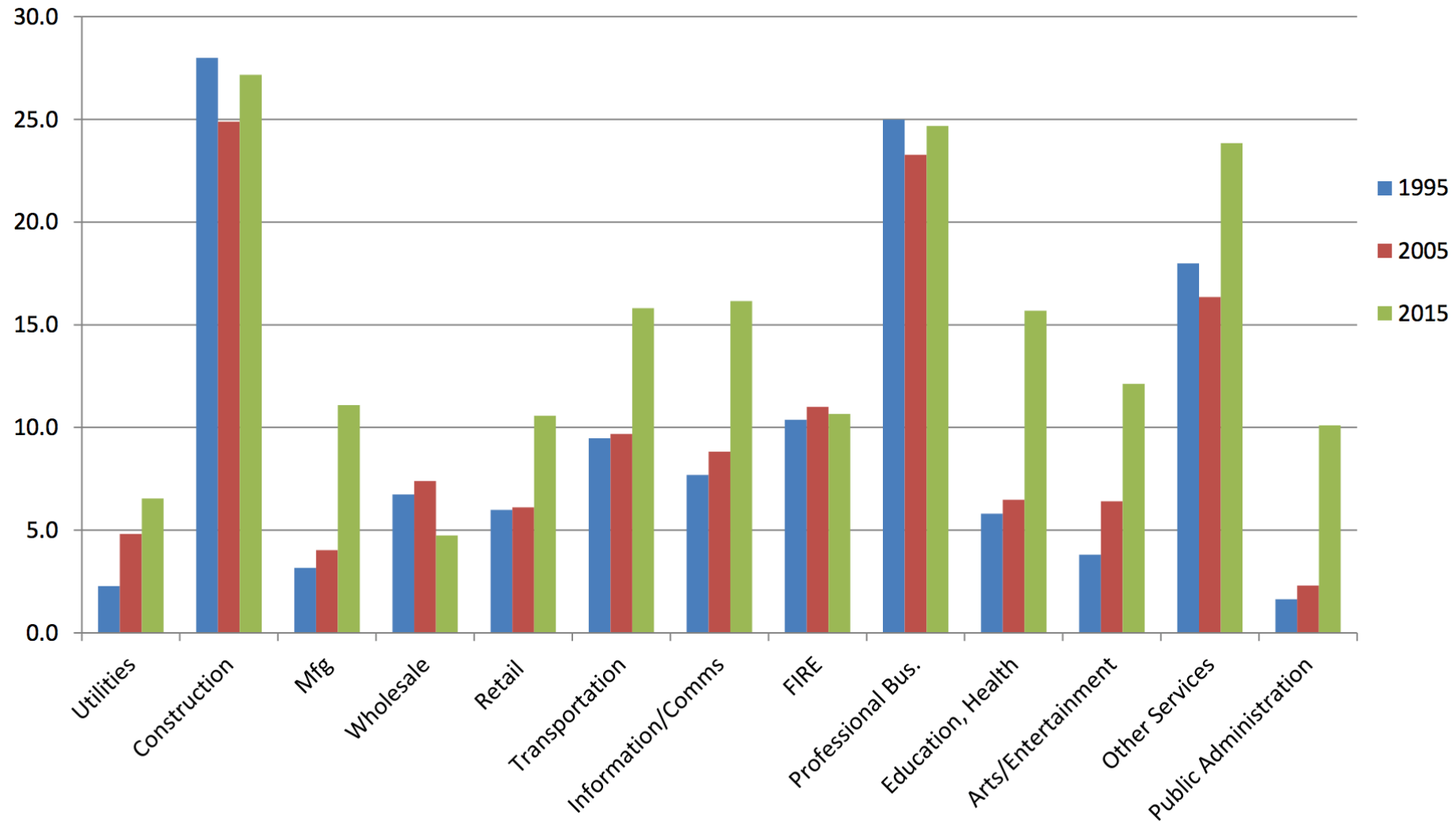


Note. 3-year moving averages of 2-year changes.
Shaded areas denote NBER recessions.

“The share of households experiencing a 50 percent plunge in income over a two-year period climbed from about 7 percent in the early 1970s to more than 12 percent in the early 2000s before retreating to 10 percent in the run-up to the Great Recession. Households’ labor earnings and transfer payments have both become more volatile over time.”

Dynan, Elmendorf, Sichel (2012)

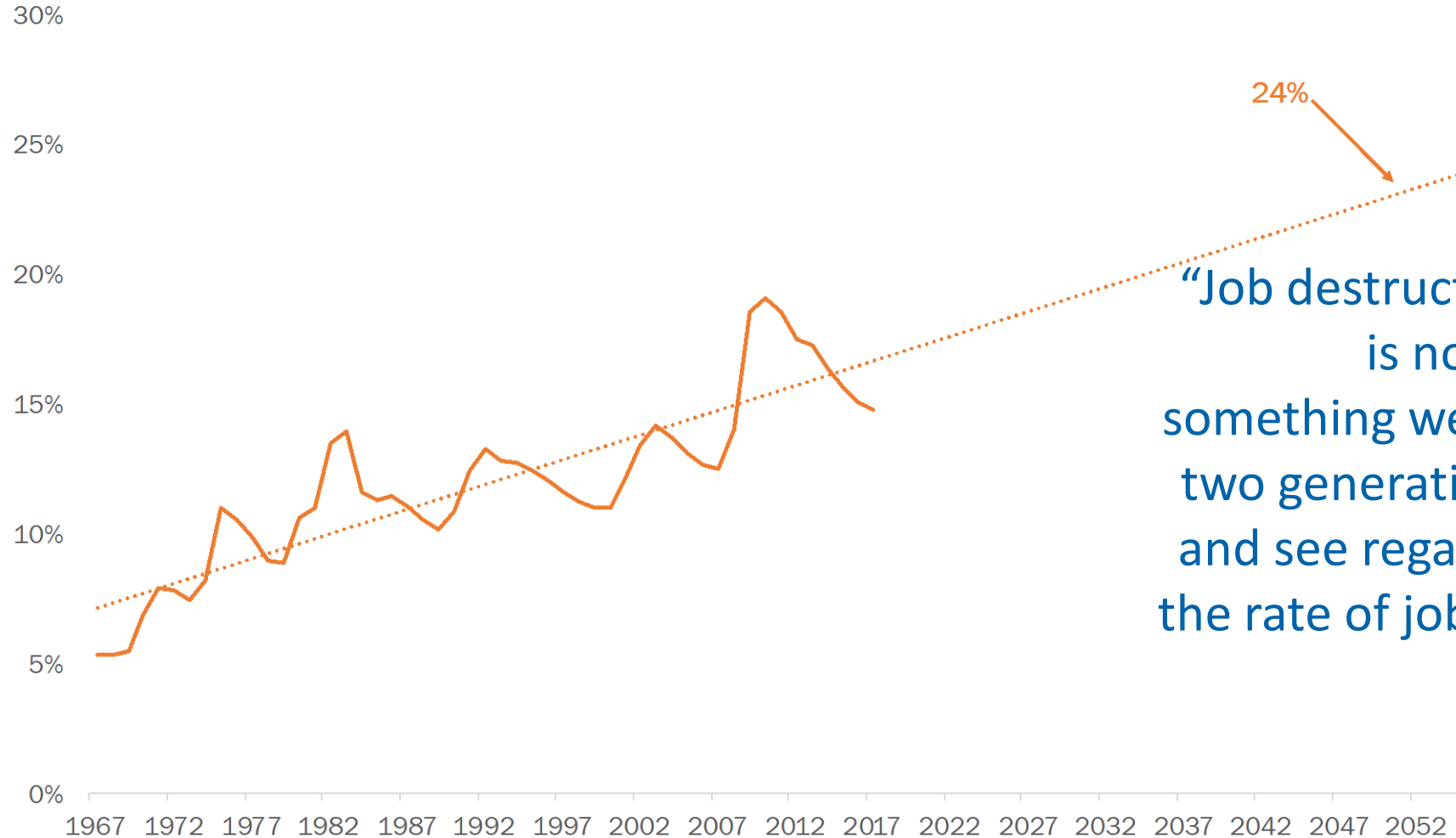
Percent of workers in alternative work arrangements, by industry



Challenge 3: Too little good work to go around

Men without work

Share of prime age (25-54) males not working, U.S., 1967-2017



“Job destruction caused by technology is not a futuristic concern. It is something we have been living with for two generations.... everything we hear and see regarding technology suggests the rate of job destruction will pick up.”

Larry Summers (2016)

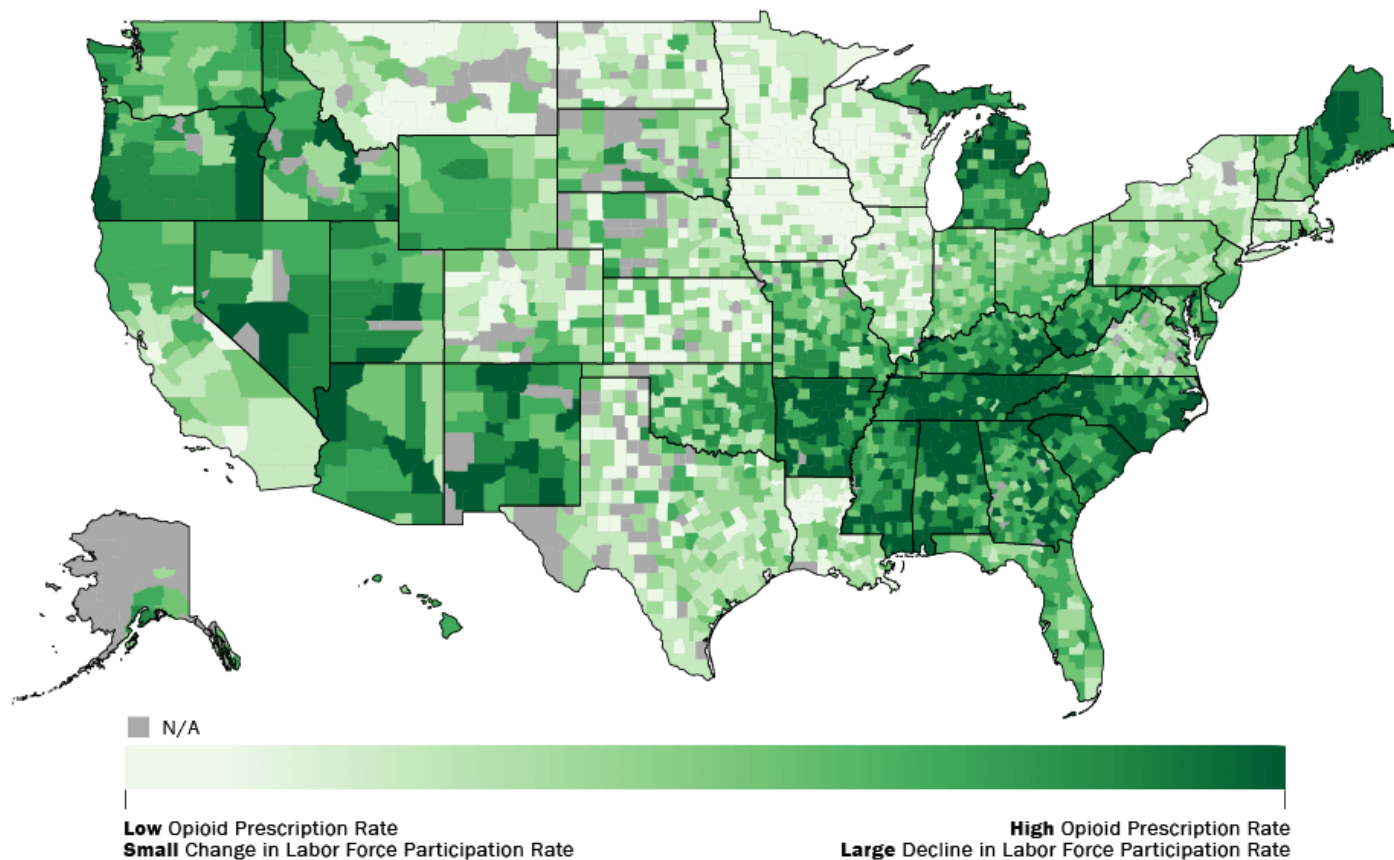
Inactivity and opioids

“Nearly half of prime-age men who are not in the labor force take pain medication on a daily basis, and in nearly two-thirds of these cases they take prescription pain medication. Labor force participation has fallen more in areas where relatively more opioid pain medication is prescribed, causing the problem of depressed labor force participation and the opioid crisis to become intertwined.”

Alan Krueger (2017)

Inactivity and opioids

Combined Effect of Opioid Prescription Rates and Change in Labor Force Participation Rate
Prime Age Adults, Ages 25–54



Note: Data on change in state-level labor force participation is from CPS years 1999-2001 and 2014-2016 for prime age adults and county-level data on opioid levels is from CDC Vital Signs (QuintilesIMS). For each county, the combined effect is the average of the percentile rank of labor force participation change and the percentile rank of opioid prescription rate.

Based on data used in "Where Have All the Workers Gone? An Inquiry into the Decline of the U.S. Labor Force Participation Rate" by Alan Krueger. Brookings Papers on Economic Activity, Fall 2017

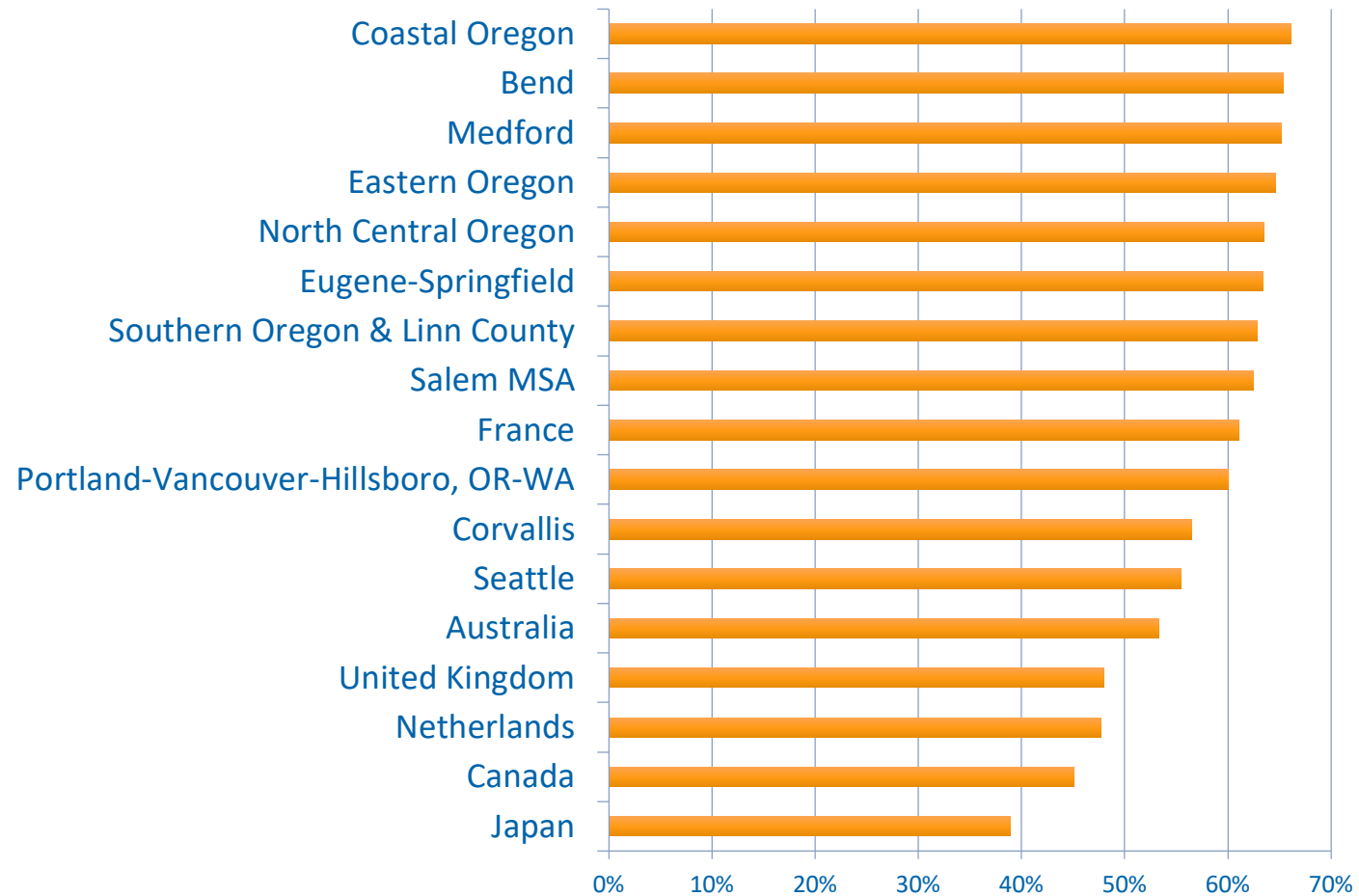
Three challenges and the social safety net

Addressing the three challenges

- Support for low-wage workers
 - Minimum wage
 - EITC and tax subsidies
- Portable benefits
- Supports when market work is unavailable
 - Universal basic income
 - Large-scale, public sector jobs program

Support for low-wage workers

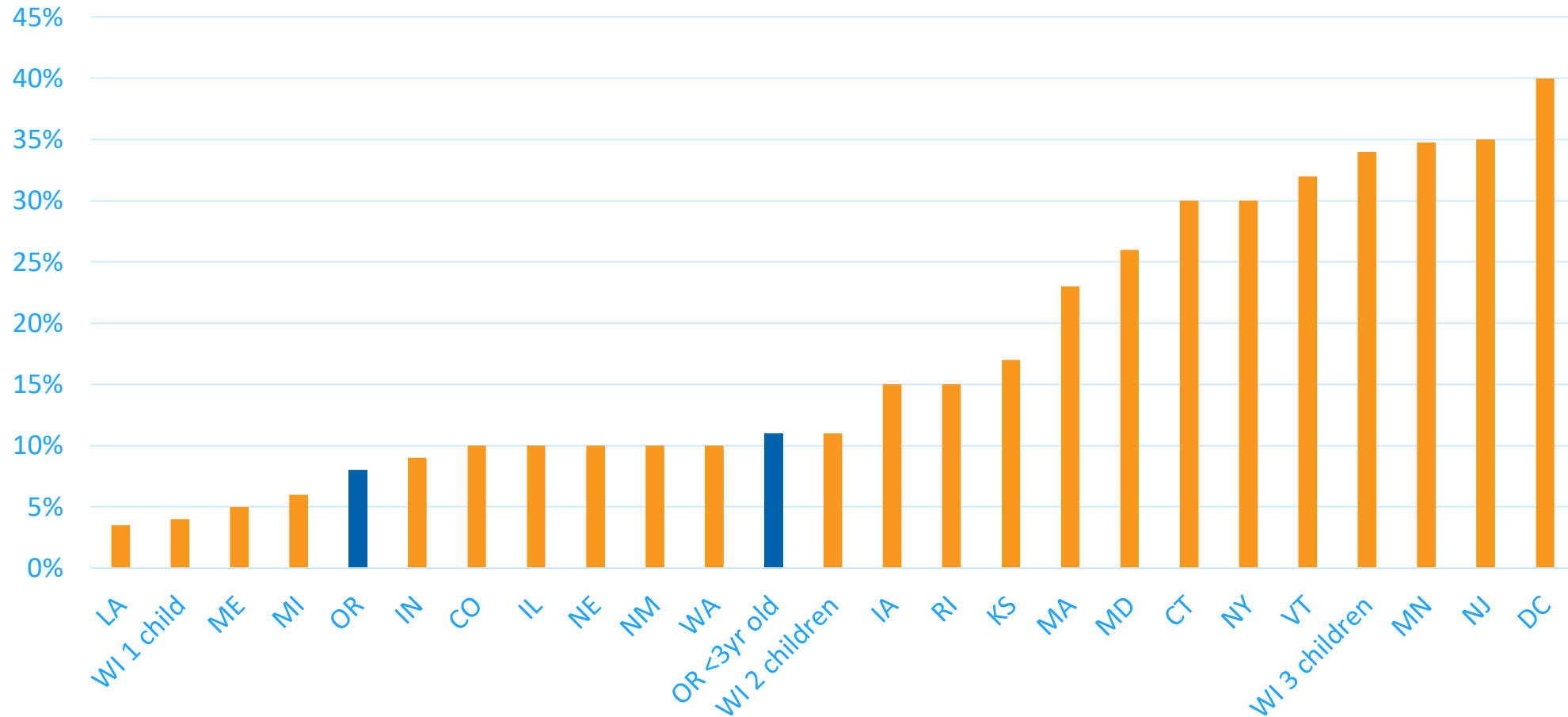
Minimum wage to median wage ratios, selected regions



Sources: **Oregon**, ECONW Projected Using BLS May 2014 Median Wage Data and Oregon Adopted: PDX = \$14.75 in 2022, Metro OR = \$13.50 in 2022, Non-Metro OR = \$12.50 in 2022. Assumption Fulltime Workers have Median 11% Higher than All Workers, Median Grows 2% Annually 2014-22. **Seattle**, BLS May 2014 Median, 11% Fulltime Adjustment, 2% Growth During 2014-2020, \$15 Minimum in 2020. **OECD Countries**, OECD wage dataset, ratios for 2014

State EITCs

Refundable state earned income tax credits expressed as a share of the federal credit,
July 2016



Source: <http://www.ncsl.org/research/labor-and-employment/earned-income-tax-credits-for-working-families.aspx>

EITC and social inclusion

“In 2006, we spent hours in the lobby of that East Boston H&R Block, recruiting EITC claimants as research participants, and were struck by the mood of the place, the way customers seemed to relish the experience, so often leaving with a smile, even though they’d paid a pretty price for the service. It seemed as if passing through the doors of H&R Block virtually consecrated these claimants as citizens. When we talked with them in their homes, many spoke eloquently about how claiming the credit at tax time made them feel like part of the society, ‘like a real American’ one said. What we learned was that claiming the EITC serves to incorporate, not separate, the poor from the rest of society.”

Edin, Shaefer, Tach (2017)

Portable benefits

Portable benefits

Tied to workers, not to a single employer; examples:

- Affordable Care Act insurance exchange
- Oregon Saves retirement plan
- Screen Actors Guild pension and health fund
- Black Car Fund's workers' compensation insurance
- Ghent System unemployment insurance

Supports when market work is unavailable

Supports when market work is unavailable



“I think we’ll end up doing universal basic income. It’s going to be necessary. There will be fewer and fewer jobs that a robot cannot do better.... These are not things I wish will happen; these are things I think probably will happen.”

Elon Musk (2017)

Supports when market work is unavailable



“Over time, countries will be rich enough to do [universal basic income]. However, we still have a lot of work that should be done — helping older people, helping kids with special needs, having more adults helping in education,”

Bill Gates (2017)

Supports when market work is unavailable

Who supports a UBI?

- Milton Friedman, libertarian economist (negative income tax)
- Anthony Atkinson, economist and expert on inequality

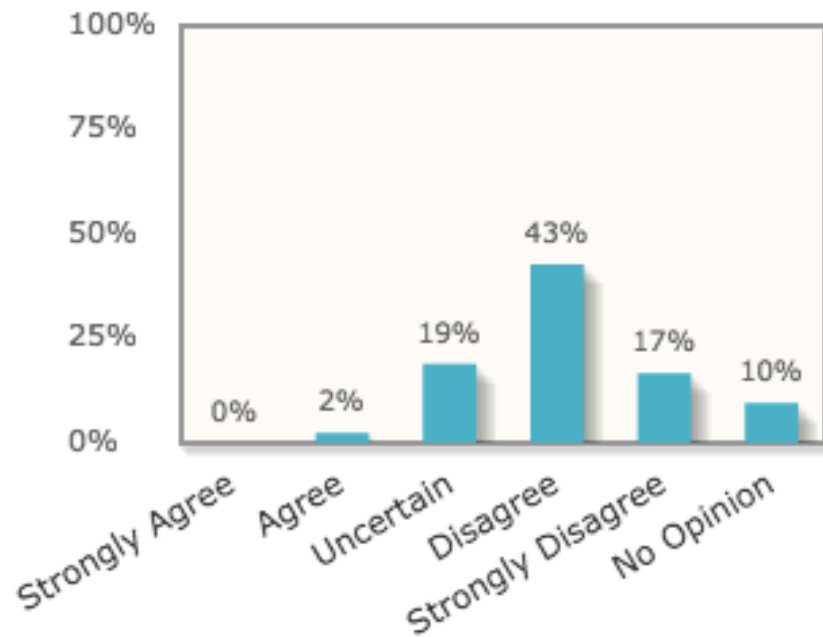
Has it happened anywhere?

- Seattle/Denver Income Maintenance Experiment (1970s)
- Current experiments or proposals in Finland, Ontario, Kenya, Oakland, Hawaii

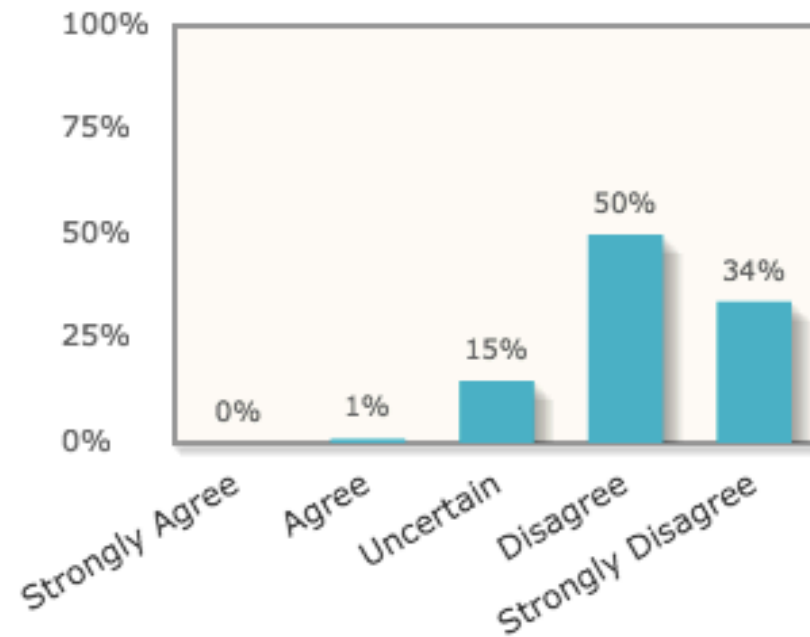
Supports when market work is unavailable

Granting every American citizen over 21-years old a universal basic income of \$13,000 a year — financed by eliminating all transfer programs (including Social Security, Medicare, Medicaid, housing subsidies, household welfare payments, and farm and corporate subsidies) — would be a better policy than the status quo.

Responses



Responses weighted by each expert's confidence



Supports when market work is unavailable

“The United States would be well-advised to begin experimenting with high-quality, large-scale, public-sector jobs programs. It is hard to imagine that other proposed responses to the looming jobs disaster, like a guaranteed minimum income, will have equal appeal in a country that despises handouts and worships work.”

Shaefer & Edin (2017)

Oregon Business Plan .org

