General Equilibrium Incidence of the Earned Income Tax Credit

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Michigan State University

NTA: Labor Supply Session

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Motivation: EITC

The Earned Income Tax Credit is a massive subsidy to labor:

- $67 billion in disbursements to 27 million workers (IRS 2017)
  - 97% of credit dollars to workers with children
  - \( \sim 20\% \) of total labor force
  - \( \sim 25\% \) of women in labor force
  - \( \sim 40\% \) single parent families eligible
  - \( \sim 40\% \) HS Dropout families eligible
  - \( \sim 7\% \) college educated families eligible

Prior Literature

All prior EITC literature is either Partial Equilibrium or GE with the assumption of fixed wages.
Why is this Important?

Policy-makers need to know...

1. what the right multiplier is
2. why EITC works and why it might fail
3. what alternative policies do relative to EITC

This paper helps on all three accounts.
Research Questions

Theory:
- What is the GE incidence of heterogeneous factor supply subsidies?

Application:
- What was the GE incidence of 1993 EITC expansion?
  - For each dollar spent, net-earnings increased by $0.93
  - For each dollar spent, the equivalent variation was $0.72
- How do EITC and NIT incidence differ?
  - For each dollar spent, EITC increased net-earings by $1.28, NIT by $0.63
  - For each dollar spent, EV for EITC was $0.93, for NIT $1.08
Initial Factor Market Equilibrium

[Wage]

\[ L_0^D \quad L_0^S \]

\[ w_0 \]

[Capital]

\[ K_0^D \quad K_0^S \]

\[ r_0 \]
Incidence Visualization: Partial Equilibrium

[Diagram of Wage and Rent Incidence]

Wage:
- Demand: $L^D_0$
- Supply: $L^S_0$, $L^S_1$
- Incidence: $w^\text{PE}_1$
- Price: $w_0$

Rent:
- Demand: $K^D_0$
- Supply: $K^S_0$
- Price: $r_0$

The diagram illustrates the impact of a tax ($\tau$) on the wage ($w$) and rent ($r$) in a partial equilibrium context.
Incidence Visualization: Capital Response

[Diagram showing wage and labor supply and demand curves, and rent and capital supply and demand curves, with labels for wage, labor, rent, and capital, and equations for supply and demand curves.]
Incidence Visualization: General Equilibrium

[Diagram showing the relationship between wage and labor (Wage) and rent and capital (Rent).]

- In the Wage diagram, the supply and demand curves intersect at a new wage $w_1^{GE} + \tau$, showing the impact of a tax $\tau$ on the initial wage $w_0$.
- In the Rent diagram, the supply and demand curves intersect at a new rent $r_1$, highlighting the effect on the capital market.

The graphs illustrate how changes in taxation or supply and demand can alter the equilibrium in both the labor and capital markets.
Simplified Model with \( \{L_1, L_2, K, \tau_1\} \)

- **Environment**: perfect competition, full information, static
- **Workers**: binary choice to work or not, consume net income
  Quasi-linear in consumption, 2 skills groups with own labor elasticity
  \( U^i(c, \ell) = c + v^i(1 - \ell), \quad i \in \{1, 2\} \)
- **Firms**: heterogeneous entry costs; if enter, then hire labor
  Nested CES Production technology produces homogeneous output
  \[ Q_j = A_j \left[ \left( \varphi_1(L_1^D)^{\frac{1+\rho}{\rho}} + \varphi_2(L_2^D)^{\frac{1+\rho}{\rho}} \right)^{\frac{\rho}{1+\rho}} \right]^\alpha K_j^{1-\alpha} \]
- **Gov’t**: choose subsidies and benefits, finances with lump-sum tax
Simple Model: Equilibrium with \( \{L_1, L_2, K, \tau_1\} \)

\[
\text{Labor Clearing} \quad \frac{L^S_1(w_1 + \tau)}{L^S_2(w_2)} = \left( \frac{w_1/\vartheta_1}{w_2/\vartheta_2} \right)^\rho \tag{1}
\]

\[
\text{Factor Clearing} \quad \frac{L^S(w_1 + \tau, w_2)}{K^S(r)} = \left( \frac{\bar{w}/\alpha}{r/1-\alpha} \right)^{-1} \tag{2}
\]

\[
\text{Zero Profits} \quad P = c(w_1, w_2, r) := 1 \tag{3}
\]

where \( \bar{w} = \left( \vartheta_1 \left( \frac{w_1}{\vartheta_1} \right)^{1+\rho} + \vartheta_2 \left( \frac{w_2}{\vartheta_2} \right)^{1+\rho} \right)^{1/(1+\rho)} \)

For GE incidence, I take total derivative of the system:
3 equations, 3 unknowns \( (dw_1, dw_2, dr) \)
Simple Model: Incidence with \( \{L_1, L_2, K, \tau_1\} \)

**Partial Equilibrium Incidence; holding \( w_2, L_2, r, K \) fixed**

\[
\hat{w}^{PE}_1 \frac{\hat{\tau}}{\hat{\tau}} = \left( \frac{-\varepsilon_1 S}{\varepsilon_1 S - \rho} \right) < 0
\]

**General Equilibrium Incidence**

\[
\hat{w}^{GE}_1 \frac{\hat{\tau}}{\hat{\tau}} = \left( \hat{w}^{PE}_1 \frac{\hat{\tau}}{\hat{\tau}} + \frac{s_1}{\varepsilon_1 - \rho} \frac{\varepsilon_1}{\varepsilon_1 - \rho} \left( \frac{\varepsilon_K + 1}{s_K} + \frac{1 + \rho}{s_L} \right) \frac{1}{1 + \left( \frac{\varepsilon_K + 1}{s_K} + \frac{1 + \rho}{s_L} \right) \left( \sum e \frac{s_e}{\varepsilon e - \rho} \right)} \right)
\]

\[= (PE_1 + \text{Spillover}_1) \leq 0\]

- Note: If \( s_1 = 0 \), then \( GE = PE \)
- \(|GE| = |PE + Sp| \leq |PE|\)
Connect Theory to Data

Need the following parameters to quantify incidence:

- **Estimated**
  - Labor Supply Elasticities: \( \{ \varepsilon_{e,k}^S \} \)
    for skill level \( e \) and demographic group \( k \)
  - Labor Substitution Elasticity: \( \rho = \frac{d \ln [L_{e}^{D}/L_{e}^{D}]}{d \ln [w_{e}/w_{e}']} < 0 \)

- **Calculated**
  - Market Cost Shares: \( s_e \)
  - Tax Changes: \( \hat{\tau}_{e,k} \)

- **Parameterized**
  - Capital Supply Elasticity: \( \varepsilon_{K} = 1 \)
    
    Goolsbee (1998) short run estimate
Elasticity Estimates

Tax Induced Price Changes [First Stage]

\[ \hat{w}_{est} = \psi_e \hat{\tau}_{est} + \Psi_e(\{\hat{\tau}_{est}\}_{e'}) \]  (4)

Identify Market Quantity responses [Structural Equation]

\[ \hat{L}_{kest} = \varepsilon_{e,k} \hat{w}_{kest} \]  (5)

→ Identified by Tax Changes Within Skill Groups

\[ [\hat{L}_{est} - \hat{L}_{1st}] = \rho [\hat{w}_{est} - \hat{w}_{1st}] \]  (6)

→ Identified by Relative Tax Changes Between Skill Groups

for some \( e' = 1 \) reference skill level.
### Labor Supply Elasticity Results

<table>
<thead>
<tr>
<th>Obs</th>
<th>Unmarried</th>
<th>Married</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>w/o Children</td>
<td>w/ Children</td>
</tr>
<tr>
<td>33,902</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less HS</td>
<td>0.54 (0.10)</td>
<td>0.72 (0.09)</td>
</tr>
<tr>
<td>HS</td>
<td>0.40 (0.08)</td>
<td>0.58 (0.07)</td>
</tr>
<tr>
<td>Some College</td>
<td>0.40 (0.09)</td>
<td>0.58 (0.08)</td>
</tr>
<tr>
<td>BA Plus</td>
<td>0.10 (0.09)</td>
<td>0.28 (0.09)</td>
</tr>
<tr>
<td>Weak IV Tests</td>
<td>AR-F 38.01</td>
<td>KP rk LM 104.4</td>
</tr>
</tbody>
</table>

All data from MORG 90-00, 1990 Census; EITC ATRs calculated using TAXSIM. Standard Errors clustered by (140) demographic groupings. Model controls: log total cell size, FE for demographics, State-Year, and Initial-Wage-Pct-Year. Model 1 uses 10 Instruments.
## Labor Substitution Elasticity Estimates

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \rho )</td>
<td>-2.55</td>
<td>-2.60</td>
</tr>
<tr>
<td>Wald SE</td>
<td>(0.56)</td>
<td>(0.50)</td>
</tr>
<tr>
<td>WIVR CI</td>
<td>[-3.85, -1.58]</td>
<td>[-3.83, -1.70]</td>
</tr>
<tr>
<td>KP rk Wald F</td>
<td>51.06</td>
<td>30.20</td>
</tr>
<tr>
<td>Anderson-Rubin F</td>
<td>28.39</td>
<td>19.33</td>
</tr>
<tr>
<td>MOP Effective-F</td>
<td>51.90</td>
<td>20.61</td>
</tr>
<tr>
<td># IVs</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Obs</td>
<td>9,674</td>
<td>9,674</td>
</tr>
</tbody>
</table>

All data from MORG 90-00, 1990 Census; EITC ATRs calculated using TAXSIM. Wald Standard Errors clustered by (70) skill groupings. Weak IV Robust CIs based on Andrews (2018). Model controls: log relative total cell size, FEs for Edu-Age-Year, State-Year, and Initial-Wage-Pct-Year.
For every dollar of New EITC spending...

<table>
<thead>
<tr>
<th></th>
<th>“PE”</th>
<th>GE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollars</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Labor</td>
<td>0.15</td>
<td>0.21</td>
</tr>
<tr>
<td>Wage</td>
<td>-0.37</td>
<td>-0.28</td>
</tr>
<tr>
<td>Earnings</td>
<td>-0.22</td>
<td>-0.07</td>
</tr>
<tr>
<td>NetEarn</td>
<td>0.78</td>
<td>0.93</td>
</tr>
</tbody>
</table>

Equivalent Variation | 0.63 | 0.72 |

Units in table are changes in dollars of earnings, LM changes summed across demographic groups. Earnings = Wage + Labor; Net Earnings = Earnings + Transfer, Equivalent Var. = Wages + Transfer. All data from 1995 March CPS, Women from Tax Units.

**Transfer Programs**

- **EITC**: Nonlinear earned income subsidy:  
  \[ \text{Credit} = \text{EITC}(\text{income, kids}) \]

- **NIT**: Initial benefit that is taxed away with income:  
  \[ \text{Credit} = \max((\text{Benefit} - \text{income} \times \text{tax-rate}), 0) \times 1\{\text{kids}\} \]

**Tax Reform**

Policy-makers wish to increase generosity of transfer program by $100 million. Policy-makers calculate the percent change in generosity assuming no behavioral responses.
### Incidence Compare: All Women

<table>
<thead>
<tr>
<th>Dollars</th>
<th>“PE”</th>
<th>GE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EITC (1)</td>
<td>NIT (2)</td>
</tr>
<tr>
<td>Intended</td>
<td>1.00</td>
<td>0.55</td>
</tr>
<tr>
<td>Labor</td>
<td>0.32</td>
<td>-0.42</td>
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<tr>
<td>Wage</td>
<td>-0.12</td>
<td>0.15</td>
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<tr>
<td>Earnings</td>
<td>0.20</td>
<td>-0.26</td>
</tr>
<tr>
<td>NetEarn</td>
<td>1.20</td>
<td>0.73</td>
</tr>
</tbody>
</table>

**Equivalent Variation**

|                  | 0.88 | 1.15 | 0.93 | 1.08 |

Units in table are changes in dollars of earnings, LM changes summed across demographic groups. Earnings = Wage + Labor; Net Earnings = Earnings + Transfer, Equivalent Var. = Wages + Transfer. All data from 1993 March CPS, Women from Tax Units.
Conclusion

Take Away Results

- Spillovers matter!
  → Distorting labor supply effects all workers

- Policy matters!
  → EITC: PE significantly underestimates GE effects
  → NIT: PE significantly overestimates GE effects

Other Effects / Future Directions

- Multiple Production Sectors → output price effects
- net-Cost of EITC for Government → lower taxes in model
- Alternative Reforms → more generous if no kids
- What would expansion effect be today with greater LFP by women?
Begin Appendix
Previous Literature

- **EITC brings workers into labor force**
  Dickert, Houser & Scholz (1995); Eissa & Leibman (1996); Eissa & Hoynes (2004); Fitzpatrick & Thompson (2010); Leigh (2010)

- **Recent Pushback**
  Klevin (2019)

- **Net-EITC Effects on Gov’t Budget**
  Bastian & Jones (2019)

- **Wages decrease with EITC generosity**
  Leigh (2010); Rothstein (2010); Azmat (2018)

- **Policy Options**
  Expand EITC, Universal Basic Income / Negative Income Tax, In-Kind Transfers

Back to **Motivation**.
Model: Welfare

Figure: Surplus of Group with Subsidy

Green: \((dw + d\tau) \cdot L_0 = \text{Equivalent Variation}\)
Orange + Blue \(\approx 0\)
What am I estimating?

Using IV approach, so that means:

\[ \varepsilon_{ek, \text{LATE}}^{S} = \mathbb{E}_{a} \left[ \mathbb{E}_{ek} \left[ \frac{\partial \ln[L_{ek}]}{\partial \ln[w_{e}]} \bigg| \partial \hat{\tau}_{ek} = a \right] \right] \]  

(7)

\[ \rho_{\text{LATE}} = \mathbb{E}_{b} \left[ \mathbb{E}_{e} \left[ \frac{\partial \ln[L_{e}/L_{1}]}{\partial \ln[w_{e}/w_{1}]} \bigg| \partial [\hat{\tau}_{e} - \hat{\tau}_{1}] = b \right] \right] \]  

(8)

Looking at responsiveness of labor markets if EITC tax change – exactly what we want for incidence: “compilers”!

Implies estimate not average elasticity – incumbent workers are “always-takers”

Back to Identification.
Supply Elasticity: Within Market

**IV Estimating Equations, given instrument vector $Z$**

\[
\ln [w]_{kest} = \pi_0 + Z_{kest} \Pi_1 + [Z'_{kest} \cdot g_{e,k}] \Pi_2 \\
\quad + d_{ek} + d_{st} + d_{w_0%,t} + e_{est}^w
\]

(9)

\[
\ln [L]_{kest} = \alpha_0 + \alpha_1 \ln [w]_{kest} + \alpha(2,g)\ln [w]_{kest} \cdot g_{e,k} \\
\quad + d_{ek} + d_{st} + d_{w_0%,t} + e_{kest}^L
\]

(10)

where $d_{ek}$ are sub-market FEs, $d_{st}$ are state-year FEs, and $d_{w_0%,t}$ FEs are initial (1988) state-market wage percentiles interacted with year dummies.

\[
\hat{\varepsilon}_{e,k}^S = \hat{\alpha}_1 + \alpha(2,g_{e,k}) \rightarrow p \varepsilon_{e,k}^S
\]
Substitution Elasticity: Between Market

IV Estimating Equations, given instrument vector $Z$

1. \[ \Delta \ln [w]_{est} = \gamma_0 + [DZ_{est}] \Gamma_1 + d\bar{e} + d_{st} + d_{w0,t} + \nu_{est} \]
2. \[ \Delta \ln [L]_{est} = \beta_0 + \beta_1 \Delta \ln [w]_{est} + d\bar{e} + d_{st} + d_{w0,t} + \nu_{est} \]

where $d\bar{e}$ interacts education w/ age-groups,
and $Dx_{est} = x_{est} - x_{1st}$ for some $e' = 1$ reference market.

\[ \hat{\rho} = \hat{\beta}_1 \rightarrow_p \rho \]

Back to Identification.
Production Side Elasticities

For the production side:

- **Labor Elasticity of Substitution:**
  \[\{-0.30, -2.5\}\] - Rothstein, (2008 / 2010), my own estimate

- **Capital Supply Elasticity:**
  \[\{1.0\}\] - Conservative Guess; Goolsbee (1998) finds short run 1, medium run 2.

Calculate cost shares as the labor market share of labor compensation (wage + health benefits):

\[
S_{Le} = \left( \frac{\sum_{i \in L_e} W_{ie}}{\sum_{e'} \sum_{i \in L_{e'}} W_{ie'}} \right) \cdot \left( \frac{\text{Total Labor Payments}}{\text{Total Factor Payments}} \right)
\]
Data + Labor Market Def

Data

- CPS MORG 1988-2000, women 16-65 (IPUMS)
- 1990 Census 5% sample, women 16-65 (IPUMS)
- CPS ASEC 1995, women 20-59 (IPUMS)
- NBER Internet TAXSIM

Empirical Labor Market Definition

- Labor markets based on age-education-marriage status
  → 72 skill groups
- This pools all other characteristics, including parental status
- This meant as a crude skill proxy

Back to Identification.
Figure: Simulated vs True Share Receiving EITC

Average Tax Rate due to EITC Changes for Unmarried Women

Unconventional average across markets and states
Data: ASEC90-00, 1990 Census, Taxsim

Watson (2019)
Figure: Simulated vs True Share Receiving EITC

Share of Unmarried Women with Positive EITC

Unconconditional average across markets and states
Data: ASEC90-00, 1990 Census, Taxsim

Watson (2019)
Figure: Log Total Hours per Person

Unconditional average across markets and states
Data: MORG90-00

Watson (2019)
Figure: Average Log Wage

Unconditional average across markets and states
Data: MORG90-00

Watson (2019)
Empirical Instruments

Easy to calculate $\hat{\tau}_{kest}$

Define the EITC ATR as:

$$\tau = \frac{(\text{EITC})^{\text{Actual}} - (\text{EITC})^{\text{No Work}}}{(\text{Tax Unit Labor-Earnings})^{\text{Actual}}},$$

where $(\text{EITC})^{\text{No Work}}$ is a counterfactual value if the woman’s labor income was zero.

Back to \textit{Identification}.
But spillover terms, $\Psi_{est}(\{\hat{\tau}_{est}\})$, depend on $\{\{\varepsilon_{e,k}\}, \rho\}$!

For a given labor market $e' = \{\text{Edu, Age, Marriage}\}$, approximate $\Psi_{e'st}(\{\hat{\tau}_{est}\})$ using

- $E[\hat{\tau}_{est} | S, T, G = g]$
- $Pr(\text{EITC}_i > 0 | i \in S, T, G = g)$

where $\{g\}_G$ are subgroups based on age, education, marriage matched to market $e'$

Back to Identification.
Average Tax Rate due to EITC Changes

Variation across skills & states
Data: 1990 Census, Taxsim
For a dollar of New EITC spending... 

Table: Aggregate ‘Dollar’ Effects: All Women

<table>
<thead>
<tr>
<th>Dollars</th>
<th>( \rho = -0.3 )</th>
<th>( \rho = -2.5 )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“PE”</td>
<td>GE</td>
</tr>
<tr>
<td>Labor</td>
<td>-0.42</td>
<td>0.18</td>
</tr>
<tr>
<td>Wage</td>
<td>-1.48</td>
<td>-0.41</td>
</tr>
<tr>
<td>Earnings</td>
<td>-1.89</td>
<td>-0.22</td>
</tr>
<tr>
<td>NetEarn</td>
<td>-0.89</td>
<td>0.78</td>
</tr>
<tr>
<td>EV</td>
<td>-0.48</td>
<td>0.59</td>
</tr>
<tr>
<td>PE/GE</td>
<td>-0.81</td>
<td>0.88</td>
</tr>
</tbody>
</table>

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\]

Back to TR Main.
Tax Reforms

I model each tax unit’s (naive) subsidy change as:

\[
\text{Subsidy Change} \quad \text{Subsidy}_{i,\text{Reform}} = \left( \frac{100m}{\sum_i \text{Subsidy}_{i,\text{Initial}}} \right) \cdot \text{Subsidy}_{i,\text{Initial}}
\]

I model \( \hat{\tau} \) as the change in ATR from the policy:

\[
\text{Tax Change} \quad \hat{\tau}_d = \sum_{i \in L_d} \left( \frac{\text{Subsidy}_{\text{Reform}} - \text{Subsidy}_{\text{Initial}}}{\text{Tax Unit Adj Gross Income}} \right)_i
\]

For Subsidy \( \in \{\text{EITC, NIT}\} \)

Back to \( \text{TR Main} \).
### Summary Statistics

<table>
<thead>
<tr>
<th>Age</th>
<th>Anykids</th>
<th>Married</th>
<th>Get Eic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmarried Women</td>
<td>33.25</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Married Women</td>
<td>47.54</td>
<td>0.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Unmarried Mothers</td>
<td>34.51</td>
<td>1.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Married Mothers</td>
<td>36.90</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Total</td>
<td>37.99</td>
<td>0.45</td>
<td>0.57</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Less HS</th>
<th>HS Only</th>
<th>Less BA</th>
<th>BA+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmarried Women</td>
<td>0.26</td>
<td>0.26</td>
<td>0.30</td>
<td>0.18</td>
</tr>
<tr>
<td>Married Women</td>
<td>0.15</td>
<td>0.42</td>
<td>0.23</td>
<td>0.21</td>
</tr>
<tr>
<td>Unmarried Mothers</td>
<td>0.25</td>
<td>0.39</td>
<td>0.26</td>
<td>0.10</td>
</tr>
<tr>
<td>Married Mothers</td>
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<td>0.28</td>
<td>0.22</td>
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<tr>
<td>Total</td>
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<td>0.35</td>
<td>0.27</td>
<td>0.19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Worker</th>
<th>Wage</th>
<th>Share of Workers</th>
<th>Cost Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmarried Women</td>
<td>0.73</td>
<td>10.09</td>
<td>0.30</td>
<td>0.19</td>
</tr>
<tr>
<td>Married Women</td>
<td>0.69</td>
<td>11.17</td>
<td>0.25</td>
<td>0.17</td>
</tr>
<tr>
<td>Unmarried Mothers</td>
<td>0.68</td>
<td>9.60</td>
<td>0.12</td>
<td>0.07</td>
</tr>
<tr>
<td>Married Mothers</td>
<td>0.72</td>
<td>10.83</td>
<td>0.33</td>
<td>0.22</td>
</tr>
<tr>
<td>Total</td>
<td>0.71</td>
<td>10.54</td>
<td>1.00</td>
<td>0.66</td>
</tr>
</tbody>
</table>

All data from 1993 March CPS, Women from Tax Units, Wage in $1993

All variables weighted by CPS March Supplement Wt × Hours
### Incidence Compare: All Women

<table>
<thead>
<tr>
<th>Dollars</th>
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<td></td>
<td>“PE”</td>
<td>“GE”</td>
</tr>
<tr>
<td>Intended</td>
<td>1.00</td>
<td>0.55</td>
</tr>
<tr>
<td>Labor</td>
<td>0.14</td>
<td>-0.17</td>
</tr>
<tr>
<td>Wage</td>
<td>-0.48</td>
<td>0.55</td>
</tr>
<tr>
<td>Earnings</td>
<td>-0.34</td>
<td>0.38</td>
</tr>
<tr>
<td>NetEarn</td>
<td>0.66</td>
<td>1.38</td>
</tr>
<tr>
<td>EV</td>
<td>0.52</td>
<td>1.55</td>
</tr>
</tbody>
</table>

Units in table are changes in dollars of earnings, LM changes summed across demographic groups:
- Earnings = Wage + Labor
- Net Earnings = Earnings + Transfer
- Equivalent Var. = Wages + Transfer
- All data from 1993 March CPS, Women from Tax Units

Back to TR Sim.