



TRANSCRIPT

The Work Goes On

Guest: V. Joseph Hotz

Record Date: February 25, 2026

Posting Date: March 16, 2025

LINK to podcast: <https://on.soundcloud.com/A1jcAXJdcgVv3arNXU>

V. Joseph Hotz:

The vast majority of where the money is, if you will, for safety net is in the earned income tax credit and the child tax credit, these tax credits through the tax system, and that creates a whole new set of issues about how you monitor that because the ability to monitor and link data becomes crucial.

Orley Ashenfelter:

Welcome to [The Work Goes On](#), a podcast from the [Industrial Relations Section at Princeton University](#). I'm your host, [Orley Ashenfelter](#), the Joseph Douglas Green 1895 Professor of Economics, emeritus at [Princeton University](#). In this podcast series of conversations with leading thinkers and practitioners, we are creating an oral history of an entire generation of industrial relations experts and labor economists whose contributions to their fields have been absolutely extraordinary. Our guest today is [V. Joseph Hotz](#), who is research professor at the [Harris School of Public Policy](#) at the [University of Chicago](#), and is also arts and sciences distinguished professor of economics and public policy at Duke University, emeritus. He is especially well known for his contributions to economic demography, the development of new data sources, and the role of confidentiality in data collection.

Joe, welcome to [The Work Goes On](#).

V. Joseph Hotz:

Orley, it's a great pleasure to be here today. Thank you for inviting me.

Orley Ashenfelter:

I'd have to start with one question that I've always wondered what the answer to it was. You call yourself V. Joseph Hotz. What does V stand for?

V. Joseph Hotz:

Vincent. I was named after my father. I was at one point a junior. And so, it's Vincent, but he went by Vincent and I got the Joseph part.

Orley Ashenfelter:

I see. Well, all right.

V. Joseph Hotz:

One of my colleagues once told me I part my name on the wrong side.

Orley Ashenfelter:

Well, let's begin the discussion by talking about your background. Where did you grow up?

V. Joseph Hotz:

So, I grew up in Southern Illinois, a little town called Edwardsville, Illinois, which is right across the Mississippi River from St. Louis, 15 miles away. It was a county seat. At the time, the county when I grew up, it's actually still there, but there was a steel mill run by U.S. Steel called Granite City Steel, heavily unionized area that I grew up in. That's not the case anymore. That steel mill is pretty much closed. But I had a small-town upbringing. I was a middle child of five, went to public schools and had a pretty good childhood all things considered.

Orley Ashenfelter:

That's great. So, that's funny because when you say St. Louis and that Mississippi River, of course, I think of Mark Twain who piloted on that river. Did you ever travel up and down the Mississippi?

V. Joseph Hotz:

I did when I was a kid, Orley. My family friend had a motorboat, and he loved to take families out and give the tour up and down the Mississippi River. Although the river itself has spots in it where you just can't get through and they've built canals around those spots throughout the system, but especially around St. Louis. So, it was a great time up and down the river finding out about the history and traditions. So, it was a great river. I mean, it's a great river continually, but I lived in an area in Illinois where I was on a bluff, which was bluff... So literally at one point, the Mississippi River during the ice age was 25 miles wide. So, I lived in these areas where these bluffs were just above them. That's where my town was. And the rest of it was flat, very productive, very fertile agricultural land.

Orley Ashenfelter:

I asked partly because I've been reading Twain's *Life on the Mississippi*, which has a lot of exciting parts to it and he clearly makes the point of the fact that piloting down the river was not an easy job.

V. Joseph Hotz:

No, no, no. Certainly back then and still I think somewhat problematic.

Orley Ashenfelter:

Now, I know you went to Notre Dame. How did that come about?

V. Joseph Hotz:

My mother was a convert. My father died when I was five years old. So, much of my religious upbringing was done by a matron aunt who I was very close to. And she was Catholic and very Catholic and she knew about Notre Dame. She had never gone to college. So, very early on, I got pennants from Notre Dame. She inundated me with this and so, it was kind of natural. And when I came to be a senior, I applied to Notre Dame and got in early and sort of pretty easy for the college admission process, nothing like today anyway. So, I decided to go.

Orley Ashenfelter:

You still have on your Vita something called the Borden Freshman Prize.

V. Joseph Hotz:

Yes.

Orley Ashenfelter:

What was that?

V. Joseph Hotz:

So, it turned out, you'll remember the Borden's Ice Cream. Well, they sponsored this award at Notre Dame. And it was for the student with the highest grade point average in the freshman class. And it surprised me too that I won this thing, but I did.

Orley Ashenfelter:

That's great, actually. Borden, that brand is still around. I'm not sure that there's any Bordens, but how did you like Notre Dame?

V. Joseph Hotz:

I liked it a lot. Prior to going to college, I was a okay student. I mean, I got enough to get in, but I didn't take high school particularly seriously. I'd never been to a Catholic school. I'd never been to an all men's school, both of which were quite a change but I really enjoyed the place. I enjoyed the intellectual life. There were some really interesting people there, mostly outside of economics. The Economics Department was sort of not all that strong and so, I spent most of my time surveying there were some classics, some political philosophers who I found really extremely interesting. And that's what I thought I wanted to do when I went to graduate school. It didn't turn out that way, but that's how I started.

Orley Ashenfelter:

Well, that's right. You ended up going to graduate school in economics. How did that happen?

V. Joseph Hotz:

I spent a quarter at the University of Chicago and I kind of straddled... I took the introductory econ course with Don McCluskey because I thought maybe that was a little more practical. But I was really in the program as a master's program and the committee on social thought was a very famous program. Saul Bellow was a faculty member, one of the founding faculty members. [John] Nef was a faculty member. And I decided that wasn't what I wanted to do after sitting through a semester, or a quarter, and I had a virus and something. So, I stopped and decided I think I needed to regroup. So, I took what at the time was a very uncharacteristic, but now very popular gap year as it turned out. And I went to work. I had a faculty member at Notre Dame who had some consulting arrangement with the Gary Income Maintenance Experiment in Gary, Indiana.

So, I went to work there as a research assistant for the year.

Orley Ashenfelter:

Year. Oh, is that right? So, you were doing this before graduate school?

V. Joseph Hotz:

Before I went to graduate school, yeah. Which turned out to be really valuable to me, especially back in those days. The economics courses, while interesting, undergraduate courses were quite different than the PhD classes. I think there still are. And so, I didn't really have the slightest idea what you did in economics. And so, I got this job and I learned how to use a computer, a mainframe at the time, and never done it. Anything I'd done by statistics class I took was by hand. So, that was really, really interesting. And I started a project before I went to graduate school with a guy by the name of Chuck Metcalf, who ultimately moved to Princeton, became the president of Mathematica.

Orley Ashenfelter:

Yes. I knew Chuck pretty well.

V. Joseph Hotz:

Yeah. And so, we started a project there. It was an interesting project because it was looking at consumption in the Gary Income Maintenance Experiment. And I spent... After I went to graduate school at Wisconsin, where Chuck was for at least my first couple of years, we started this long process and you had to go down there. So, every month we drove from Madison, Wisconsin to Gary, Indiana to process this data because they couldn't figure out how to put it on a tape, I guess. And we're going to look at what's the effect of consumption. We had to clean the data. I learned a lot about doing this, get it cleaned. And it was my first lesson in what you can screw up with a bad set of questionnaire design. The first round of the questions was asked an inventory of the assets, the durable goods you had, cars, how many cars do you have? Air conditioners, important consideration, washing machines, so forth. The next wave, when they went back, they said, "Do you still own a car?" Well, you quickly learned if you said yes, you were going to get this barrage of questions about your car. Did you sell it? How many miles you put on it and so forth. If you said no, they got you out of the question early. So, we saw this huge, for experimentals and controls, this huge decline in durable goods and expenditures as more generally, and the whole project was worthless. I mean, it was one of my most discouraging, like I spent a year cleaning that data only to find out that somebody wasn't thinking when they asked the question.

Orley Ashenfelter:

Is that how you ended up at ... Was it because of Metcalf that you ended up at Wisconsin?

V. Joseph Hotz:

Well, I'd met some other people there, but there were a number of folks there. I mean, there was a lot of involvement, kind of on a consulting basis, which Chuck was involved in at Gary Income Maintenance. So, that was the place to be. I mean, the New Jersey experiment was still in the field at that time. Harold Watts was at Wisconsin, and I went there and worked for Chuck and then subsequently worked ... He left to go to Mathematica initially as an economist and then ultimately in the leadership, but then hooked up with Glen Cain. He and Art Goldberger were my primary people in my dissertation. I learned to...

Orley Ashenfelter:

Oh, what a great combination.

V. Joseph Hotz:

It was an interesting combination. I mean, Glen's now gone but was an amazing guy and had done work on female labor supply, labor force participation as part of his dissertation under Gregg Lewis. And I think he, as a result of having worked under Gregg Lewis, he thought the only way he could conceive of a dissertation was it had to be hard and painful, right? And the combination was with Goldberger. His courses were amazing. His clarity, but when you wrote with him, he was just a task masker. I tell this story, I wrote eight final versions of my dissertation, and they were all because Art kept sending me stuff. Ten years later, I'm writing a paper with Jim Heckman, it's a paper that came out in JASA and we finished the paper and we're done with it. And Jim gets the letter, because of course we didn't have computers then sending any stuff, and gets this package.

He said, "Your paper's accepted." One of the reviewers wrote you some final comments, but the paper's a success. He throws it across, he says, "Take a look at this." I took a look at it and I said, "This is Art Goldberger." And I said, "I'll never forget this handwriting for my entire life." And subsequently, a couple years later, I ran into Art and he admitted he had done it. But I learned a lot by writing. He was an extraordinarily clear person, especially in the scientific context. And I don't pretend to be a very good writer, but I'm a hell of a lot better than I was as a result of going through that experience.

Orley Ashenfelter:

Yeah. His textbook, in fact, I think it made me fall in love with econometrics just because it was such a beautiful use of linear algebra, one of the few things that I knew how to do.

V. Joseph Hotz:

Yeah. Yeah. Very true.

Orley Ashenfelter:

So, what was your dissertation?

V. Joseph Hotz:

The dissertation was about, once I found out I couldn't do consumption with Gary Income Maintenance Experiment data, I wrote a couple of essays on labor supply and female labor supply, partly inspired by Glen Cain, and ended up doing a dissertation on a lifecycle model and estimation of women's labor supply and fertility. And the data was with the PSID. So, it was my first experience and exposure to the Panel Study of Income Dynamics. It was my first exposure to some econometric issues, which sort of played out later in the career. And it was, I guess to Glen's satisfaction, painful and drawn out and took a long time to sort of finish. There were parts of it that dealing with some of the econometrics was well beyond my sort of capacity at the time. I subsequently partnered to sort of develop some of these kinds of estimation methods, but it was a challenging dissertation and the form of it actually ends up coming out in a very different place.

I mean, I published a paper out of my dissertation in *Econometrica*, but much later in a much different form and with a co-author as it turned out. So, it was a good experience.

Orley Ashenfelter:

So, I can understand how you got into it, especially with Glen. I knew that a lot of your early work was on life cycle models, especially of labor supply. And we'll come back to this, but I thought before we move on to the things, many other things you've done since that time, there was a time when a lot of people, including me, [were] working on or at least motivated by a study of labor supply problems. And

that sort of came to an end. You don't see much of that anymore. I have never figured out whether I drew any conclusions out of all that or not. And to some extent, labor supply, the study of incentives, is just about as basic as it gets in economics, and it seems to be an incredibly difficult topic to get something very convincing on and stable. What was your conclusion from the work you did?

V. Joseph Hotz:

I think that's true. I mean, I think that's sort of compounded for women. You bring in fertility and that plays this role in affecting the timing of at least, and that was a key thing that I was interested in was that the timing of entering the labor force. Now, of course, the fact of the matter is that because of the opportunities for women that have changed, the patterns of labor supply are so different and so now that the questions about the incentives have changed as well. We were probably naive to think you're going to get a single elasticity that's going to tell the story of what the incentive effects, although we would love to have that fact. The second part I think is that this intertwining of fertility, entering the labor force, what impact it had on your wage opportunity, what your wage growth, human capital development, all play an important role.

I've recently been involved in a study of the effects of the earned income tax and child tax credit. And a big part of that debate now about sort of what are the effects of these programs has been about what's the employment effects? What were those incentive effects? An issue that, quite frankly, that was part of the design, the motivation for those early NIT experiments was to understand what response to these kinds of incentives matter. And we're still kind of dealing with those issues. In part, I think there was this period of time in which there just wasn't a lot of research going on. In our work, this committee that I chaired for the National Academy, this was a big problem because there's not much more recent literature, even though the circumstances and even for disadvantaged, especially women, has changed a lot in terms of the circumstances that they face.

And so, there's an open question, those elasticities that we're relying on, have they changed? Well, most of the estimates, it's centered almost entirely the mid-90s to early 2000s, and then it sort of stops. So, I think there's a big gap.

Orley Ashenfelter:

I'll tell you how bad it got in the Industrial Relations Section. We actually had a red warning light, and if you went into the computer room to work on labor supply, you had to turn on the red warning light so people would know that some dangerous thing was happening. It actually was a joke, I think, but it was kind of a serious joke, if you know what I mean.

V. Joseph Hotz:

Yeah. No, absolutely.

Orley Ashenfelter:

I do want to... I'll talk to you about the National Academy. You've served on many committees of the National Academy. I didn't try to count them up, but you've served on or chaired or co-chaired many of them as well. And one of them I wanted to ask you about in particular, because it will come up shortly, and that's the census. I know you've played some role in the issue associated with disclosure. This has become obviously a critical point for a lot of people, is exactly how much stuff can be released to the public. And I gather that you have a book on this topic as well as having chaired this National Academy. And of course, we have a new census coming up. I was especially anxious to have you on the podcast

now because we had talked with John Abowd about some of the issues in the 2020 census, but we didn't really discuss anything about this issue associated with disclosure.

What exactly are the issues?

V. Joseph Hotz:

Well, I think the issues are the following. One is because of the combination of the boat loads full of data that are out there, right? I mean, think of all the, from social media captures information to all the credit information, there's just a lot of data out there on individuals. That provides an opportunity combined with the growth of, largely fueled by AI and cryptography, of algorithms which can combine that information and sort of figure out who people are, what their characteristics are, especially if you start giving things like where you live, what's your age, what's your gender. This is real and there's plenty of evidence out there in computer science and cryptography to sort of make clear that it's become easier and easier to sort of identify somebody for whatever purpose that may be innocent of a couple of graduate students sort of hacking data and sort of seeing what they could do to ones where you're more concerned about stealing various types of information.

That's point number one. Second point is, right, and this is generally, you'd like to think that people care about this. I think they do about the protecting their privacy. We know that's true with respect to people doing things like buying various types of services, which tell you about your credit. Any of your credit cards or some so forth have been hacked, but it particularly is an issue for the Census Bureau because they have a statute, right? They have laws that say they're not supposed to disclose information. The writing of those laws, it's a little like any Supreme Court type of matter, right? They're rather antiquated. So, exactly what the heck those laws cover, which were written for an entirely different area where you don't ... The idea was you don't leave copies of census tabs, tabulations sitting around with names on them, but they're bound by that.

So, you take those two in the combination and sort of when statistical agencies, Census Bureau, the Bureau of Labor Statistics, et cetera, are releasing data, there's much more concern about this issue. This is not a new problem, and it's been longstanding of how you do this, how you protect this data. Part of it's like in the decennial census, you swap data for people. You don't give exactly the exact date of somebody's characteristics. You swap somebody's characteristics. And if you're averaging over like a fine geographic ... And who cares whether you matched with the African American man who's 35 and his education, you swap his education with another African American who's 36, and you're not going to change any tabs that you're doing on education or whatever it may be. But part of this is figuring out how to deal with this matter. And the new wave coming out of this cryptography literature is a different strategy for dealing with that.

And it's called differential privacy is the core of this. There are variants off of it. The quite powerful part of this as an intellectual matter is developing strategies in which you can sort of characterize a criteria in which you can quantify the degree of risk, and then in principle, provide noise to data to control that risk. Challenge though, from a user point of view, is that noise can, depending upon how it's administered, can create real problems and being able to sort of do some basic tabulations to more sophisticated kind of analyses, and we know less about some of those consequences. The 2020 census was the first instance of using differential privacy. And my involvement in this was started with a National Academy committee that I chaired with a sociologist by the name of Joe Salvo to have some meetings, have some conference, a workshop, report on some of the literature that some of the studies were being done with this.

They put out a test set of data. John Abowd was working at the Census Bureau at the time, very involved in this. And that led to a whole series of efforts to try to understand what impact did this actually have

on social science research? What did it complicate in terms of running regressions? Masking of data and infusing noise can have real consequences. We know that from some basic statistics propositions about measurement error, but bottom line is it can have effect. And so what I've done in a couple of different cases, piece in the *Proceedings of the National Academy of Sciences*, and as you alluded to, a series of conferences that the National Bureau of Economic Research put on that I chaired, co-chaired, and now a volume that's about to come out, which is reporting on --economists, mostly economists, a few statisticians -- reporting on what they found so far.

And I think the verdict is still very much out and there's an intellectual development about better ways to do this, but there's a real problem here of protecting people's confidentiality. And there's the natural ebb and flow of social science and science in general of figuring out, okay, yeah, I can get the kind of nice method that looks really, in theory, really great, but what does it actually do and how can we then do the refinements that make it more usable? We're still very much in that process, in an early stage in that process, but we're making some progress.

Orley Ashenfelter:

That's very interesting. I think it's a topic on a lot of people's minds, especially anybody who uses data, and data has become sort of almost overwhelming in its role in economics as well as other social sciences. One thing I did want to ask you about going backward here, so where was your first job? I hadn't quite realized how many different universities you had actually been at.

V. Joseph Hotz:

One of our mutual friends, the late Jim Smith used to kid me. He said, "You have way too many jobs. Can't you hold one?" I started my career at Carnegie Mellon in Pittsburgh, which was a very interesting place. And I met and worked with some really good people. Lars Hansen, as it turns out, was there at the same time. Chuck Manski was there for part of the time, although very little of the time I was there, but it wasn't a very good match for me. So, I had this opportunity. Along the way, I met another mutual collaborator, Jim Heckman, because I was working on labor supply and his work on labor supply and his *Econometrica* paper where he came up with this kind of maths and likely method. I had this opportunity to go on sabbatical at the University of Chicago, and I went and I really, really liked it.

It was an intriguing place. So, I went back and they were talking about a public policy school and they had a small program that kind of lived within the social science division. So, I got this gig where I taught some classes for it and turned out that a man by the name of Irving Harris came along and endowed the school. They named it after him. Irving was a very interesting man. He founded these products from the past. His first product of success was Tony Home Permanence. And the second one was First Alert detectors, right? Smoke detectors.

Orley Ashenfelter:

I met Irving actually. I met him once.

V. Joseph Hotz:

Irving was a very interesting man.

Orley Ashenfelter:

Interesting character. And he had a clear idea of what he wanted to do at Chicago, and it was to be different from the rest of the place.

V. Joseph Hotz:

Exactly. He gave the money in increments, right? So, he wanted to make sure that this thing was going to work.

Orley Ashenfelter:

Yeah. It wasn't going to be a Chicago economics department.

V. Joseph Hotz:

Exactly. And it was very clear. Oddly, I was the first tenured faculty member in the school, although I got to know Irving and he had this real interest in teenage childbearing and sort of improving that, and I had done work on this in this area. And so, we had this mutual sort of interest and I actually did some ... He wanted me to do some work on the birthrate out of the Chicago, the Cook County Hospital, which I ended up doing. So, I got to know Irving reasonably well. At any event, the school started. It was some illustrious people that were the founding fathers, if you will, and they mostly fathers. Jim Coleman, the late sociologist of the Coleman Report, William Julius Wilson, another prominent sociologist.

Orley Ashenfelter:

Very distinguished people.

V. Joseph Hotz:

Jim Heckman, Bob Willis, and the first dean was another Bob, Bob Michael, who you've had on this program last year, I believe. So, it was a heady time. It was to be separate from the Economics Department. Chicago has low fences and people walk over them, so there was a lot of attempts... Oh, I won't go into names, but there were people who, from the Economics Department who always had candidates, right? Always had somebody that they'd love the policy school to hire, that somehow, they didn't want to hire. But it was a great time and I enjoyed it a lot. The University of Chicago is a truly unique place, and I had the unusual opportunity of 20 some years later coming back in the last couple of years.

Orley Ashenfelter:

But you left.

V. Joseph Hotz:

But I left. So was this go west young man call. I wasn't such a young man at the time, but two people that you know well, Duncan Thomas and Janet Currie were both at UCLA. Duncan had this connection. I'd gone out to spend a semester at Rand just to get away from Chicago, and I'd known Duncan better than I knew Janet oddly, but this case, and they started talking about, "Well, why don't you come out here?" And I said, "Sure, we'll think about it." And as in the usual case, I'll be honest to admit, when opportunities came along, you think, "Well, maybe this will help improve my salary back in Chicago." And got more interesting as we went along. So, I finally at the end said, "I'm leaving." And we went to UCLA and it was an interesting experience, an interesting time with some really good people there.

Guido Imbens came the same year I came to UCLA.

Orley Ashenfelter:

I guess Finis Welch would have been there.

V. Joseph Hotz:

Finis had left, right? This is at the point at which he had moved. He still had a place there. The firm, Finis Welch Associates, was still there, but he'd pretty much started...

Orley Ashenfelter:

Going back...

V. Joseph Hotz:

He went back to Texas. But public universities and that one in particular is a tough place. So, it was this wild ride of years where you couldn't rub two dimes together in years where you had money. I became chair after three or four years and I ended up being chair for almost five. And it was a wild time. You're trying to hire people and you come and show them. They come out and they take a look at housing and suddenly it didn't look so attractive, but it was a good time to be there because of the micro people that are there. Janet left a couple years before I did. Duncan, as it turns out, we left together totally unrelated, but we both went to Duke after that stay, but Guido had left earlier than that. So, it was a place that always had this kind of cycle of people through it and some of that continues to this day.

Orley Ashenfelter:

So, you moved to Duke.

V. Joseph Hotz:

I moved to Duke. Yeah. Again, part of this was just an opportunity came along as people approached me. And you grew up in California, I believe.

Orley Ashenfelter:

I did.

V. Joseph Hotz:

But for a Midwesterner, and my wife, we went to high school together, so we were both in the same little town. Yeah. It was always there's an element of being in Los Angeles was like being on vacation and at some point you had to go home. And while Durham wasn't exactly going home, it was...

Orley Ashenfelter:

You're right about that. If you grew up in California, you don't feel that way. But if you didn't, I can quite understand how that is as a matter of fact.

V. Joseph Hotz:

Yeah. Durham was sort of an option. They were doing some hiring. There's some good junior people and ended up being a pretty productive place. And now we've left Durham. It was largely a family issue. The pandemic, our kids all ... I have two sons and they have families and grandkids especially, and they're all in Chicago. So, after spending some time...

Orley Ashenfelter:

Oh, that's how it came. I see, because I wondered, you've basically gone full circle.

V. Joseph Hotz:

I have. And come back to the same place I was, which has been interesting. I don't teach anymore, so that's good for students. They don't have to suffer through any more of these...

Orley Ashenfelter:

I understand however, when you're emeritus is one of the real attractions that doesn't cramp your schedule.

V. Joseph Hotz:

It's pretty good deal. Pretty good deal. If it could have figured out how to do this at the beginning of my career, I would have taken it.

Orley Ashenfelter:

Yeah. It's like a really good job is one where you get paid a lot and don't do any work.

V. Joseph Hotz:

Exactly. Exactly.

Orley Ashenfelter:

I've never had one of those. We're going to coming to the end of our conversation. And I do want to ask you about one more thing, which I know you've played a big role in because I saw you were a part of another of the many National Academy committees you were on. And that's this issue about childhood poverty. And there's a book as well.

V. Joseph Hotz:

There is.

Orley Ashenfelter:

Have you managed to conclude anything about the best policies or the best way to proceed?

V. Joseph Hotz:

I can't speak on behalf of the committee because we took a position of not making policy recommendations. We looked at two things. One, and these were what we were asked to do. During the very beginning of the Biden administration, there was this general concern about we need to get money to people during the pandemic. And one of the forms was to take a program that existed for some 30 years, the child tax credit, which had a ramp up. I mean, it was not fully refundable. You had the income and you had to pay some taxes before you could start kick in with the benefits of the child tax credit to basically make it fully refundable, get money to the bottom part of the distribution. That happened in 2021, and it was done for one year, right? Truly a temporary program. And everybody knew that upfront.

So, one of the things we were asked is what was the effect of that program on child poverty? And the answer was pretty substantial. We estimate that it cut child poverty in half. Now, the fact of the matter is there were a lot of other programs which were instituted during that period. So, it made it both complicated to evaluate exactly what the effect of this one was. But we concluded that it had a big

impact on child poverty. Now, would it have ... And that's the second question we looked at. What about, okay, that was a particular year. More generally, what could we say about the impact of a program that was fully refundable? Because now everyone is very concerned, or many conservatives, in particular, are concerned about, well, the incentive effects for this program were really serious, severely constraining labor force participation, employment for bottom part of the distribution.

We do analysis. We did analysis -- let's look outside of that period. And our conclusion is, yeah, there are incentive effects and there are costs in the sense of lost benefits because some parts of the distribution, based on the estimates we had of elasticities, employment elasticities and figuring out calculating returns to work. Some people are going to drop out in the long run when you're not talking about a temporary program. Very few. And the evidence was really, go back to this one-year program, very few drops. I mean, you may have lost your job during the pandemic for other reasons, but you're not going to quit your job for a year if you have something just for a temporary payment that's going to be out there. So, our sense is there's more to be done about this, It's an interesting change.

The world of welfare is no longer programs where you got interviews, reassignment of your benefits, et cetera, under old AFDC program or TANF program, et cetera. The vast majority of where the money is, if you will, for safety net is in the earned income tax credit and the child tax credit, these tax credits through the tax system. And that creates a whole new set of issues about how you monitor that because the ability to monitor and link data becomes crucial here. So, we have a whole set of recommendations and concerns about that. But I think we have generated some results. And I think what we show is in this longer run effect, you can get the answer you want, but I think we've got some pretty good numbers to say, what are the costs in terms of loss benefits and running these kind of programs?

Child tax credit under current form, which is no longer fully refundable, runs out to people who are making ... It doesn't taper off until \$440,000 a year in income. You can still receive a benefit for each child you have. So now, many people will say that we want to do that to continue to promote childbearing in the United States. Evidence is pretty weak on exactly how effectively those programs are, I mean, from all the examples in Europe. But nonetheless, we have a good set of estimates. And I'm proud of the work that the committee... It was a great committee that worked on this, that we've generated some estimates for ... I mean, right now there's not a lot of interest in these programs, but I think sometimes there will.

Orley Ashenfelter:

Congress won't do anything. Yeah. So, I mean, we were kind of a paralytic congress, so it wouldn't matter if anybody was ...

V. Joseph Hotz:

Exactly.

Orley Ashenfelter:

There might be some people interested, but nothing will happen. Yeah, exactly.

V. Joseph Hotz:

But when they do, and if they ever get interested, we have some numbers.

Orley Ashenfelter:

Well, you're probably right. I mean, that's what many people may forget is that a paralysis will probably not last forever.

V. Joseph Hotz:

Yeah, I think so.

Orley Ashenfelter:

Joe, it's just been wonderful talking to you. I appreciate so much you're coming on, and especially the wide range of discussion that we've had.

V. Joseph Hotz:

Well, Orley, this has been a joy. And as I said at the beginning, I'm honored to be on your podcast, and I've enjoyed this a great deal. And thank you very much for having me.

Orley Ashenfelter:

Our guest today has been [Joe Hotz](#), research professor at the [Harris School of the University of Chicago](#), an emeritus Professor of Economics and Public Policy at Duke University. Please join us again for the next episode of "[The Work Goes On: an Oral History of Industrial Relations and Labor Economics](#)" from the [Industrial Relations Section at Princeton University](#). I'm your host, Orley Ashenfelter. Thanks for listening.

Announcer:

[The Work Goes On](#) is a production from the [Industrial Relations Section at Princeton University](#). For more information on our people, research, events and programming, visit our website, irs.princeton.edu.