

Macro Roundup Article

Headline: [The Short-Term Labor Supply Response to the Expanded Child Tax Credit](#)

Article Link: <https://www.nber.org/papers/w31110>

Author(s)	Brandon Enriquez, Damon Jones and Ernest Tedeschi
Publication	National Bureau of Economic Research
Publication Date	April 10, 2023

Tweet: [. @nomadj1s and @ernietedeschi present evidence showing that the expansion of the child tax credit in 2021 didn't significantly reduce labor supply in the short term.](#)

Summary: We compare labor market outcomes—labor force participation and hours worked—for families who qualified for smaller and larger Child Tax Credit (CTC) transfers, before and after the credit was paid out. Using a difference-in-differences and triple difference approach, we do not detect significant labor supply differences in response to variation in the size of the CTC. When framed as an increase in cash-on-hand, our confidence intervals rule out a labor force participation rate decline of 0.3 percentage points in response to a 10 percentile increase in CTC relative to income, or when cast as a change in the return to entering employment, we rule out an extensive labor supply elasticity of 0.005.

Primary Topic: Unemployment/Participation

Topics: Academic paper, Fiscal Policy, Government Spending, Quote, Unemployment/Participation, Workforce

PDF File URL: <https://www.edwardconard.com/wp-content/uploads/2024/07/w31110.pdf>

Permalink: <https://www.edwardconard.com/macro-roundup/nomadj1s-and-ernietedeschi-present-evidence-showing-that-the-expansion-of-the-child-tax-credit-in-2021-didnt-significantly-reduce-labor-supply-in-the-short-term?view=detail>

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/04/Figure-3-Child-Tax-Credit-.jpg>