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## What the question is the author trying to answer?

They tried to estimate the long-term effect of cash assistance on beneficiaries and their children in respects to future earn income, mortality, marriage, divorce and further government financial assistance.

## Why should we care about it?

Cash assistance is the mostly widely used method to mitigate inequality in society. Generally speaking, it's important to ask whether or not social benefit in form of cash would help alleviate inequality. But in literature, the long-term effect is rarely investigated. Therefore, it's complementary to ask what's the long-term influence of cash assistance for receivers and their children on relevant factors like mortality rate, labor income.

## What is the answer?

The author found cash assistance caused earned income for treated adults to be lower per year, and increased the probability these adults would apply for disability benefits by 6.3 percentage point.

They didn't find any pass-on effect on their children. They ruled out the probability of a child applying for either SSDI or SSI by more than 3 percentage points, and they ruled out effects on child propensity to work of more than 1.9 percentage points, and a change in annual earned income of more than \$1,500.

Overall, the results suggest cash assistance not only has the unintended long-term effect on recipients, and it also does little to their children welfare and dependency on disability benefit.

## How did the author get to this answer?

The authors take advantage of a social benefit experiment called Seattle-Denver Income Maintenance Experiment as a natural experiment to investigate the long-term effect of cash assistance. They used stratified random assignment based on site, race, family type and income level, and performed least squares regression to estimate the effects of interest.

$$y_{it} = \gamma D_i + S_i \delta + X_{it} \beta + \lambda_t + \epsilon_{it}$$

,where  $D_i$  equals one if treated,  $S_i$  is a vector of indicator variables for membership in each stratification group,  $X_{it}$  is a vector of demographic variables in year  $t$ .

They combine three datasets: SIME/DIME, SSA and WA DOH to collect related income data, other government financial assistance applications and awards, mortality, marriage, divorce. Due to the lack of identifying information such as names or social security numbers, they invented a novel techniques match individuals from SIME/DIME to outcomes.

[The long-term effects of cash assistance.pdf](#)