

(Cash) Welfare Under (American) Federalism

Abstract

The history of safety net programs in the 20th Century US is one of federal expansion and state/local control. Because states and localities operated their own patchwork of programs, however, federal spending may not translate into higher benefits or eligibility. These papers use newly entered data on participation and spending in cash welfare programs to estimate the effect of federal welfare expansions on the historical development of the size and scope of the American safety net. Reforms from the 1950s to the 1970s show that state programs shrink in response to new federally financed programs and fail to grow in response to more generous federal cost sharing. The results speak not only to the history of welfare in the US, but also to economic models of fiscal federalism and to the economic incidence of federal welfare spending.

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