



School of Public Policy
Economics, Political Science, Sociology

“Dignity and Dreams: The Social-Psychological Benefits of the Earned Income Tax Credit”

by

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Abstract: This paper explores what the Earned Income Tax Credit (EITC), a refundable federal income tax credit for low-income parents and one of today’s most significant poverty-alleviation policies, means to the working poor and near poor. Building on interpretive sociological theories, I analyze 115 in-depth interviews with low-income working families in the Boston area, exploring how EITC recipients perceive the refund and how they find meaning in their refund allocations. EITC recipients derive significant positive social-psychological benefits from the refund. The EITC promotes recipients’ sense of dignity. This dignity-elevating function works in three ways: First, EITC recipients experience substantial relief from the financial stress caused by unpaid bills and old debt. I call this type of allocation “debt relief.” Second, the refund temporarily elevates recipients’ consumer status. The EITC allows recipients to act, at least briefly, as middle class consumers with greater choice and control over their purchases of goods and services. This “status consumption” is symbolically meaningful to recipients. Third, the refund allows visions of upward mobility. Recipients describe “mobility dreams,” wherein the EITC allows them to anticipate a positive future in which they fulfill the American dream, particularly relating to education and home ownership. I conclude that assessments of the EITC (and by implication other cash transfer programs) need to take account of the social and psychological effects of the transfer rather than concentrating exclusively on how the transfer affects whether families end up above or below the official poverty line.

Thursday, January 20, 2011
4:30 – 5:30 pm
Owen Hall, Room 106