

Bacon's Rebellion

Reinventing Virginia for the 21st Century

Second Chart of the Day: How Not to End Poverty

Posted on [September 25, 2011](#) by [James A. Bacon](#) | [2 Comments](#)



Poverty in the United States declined dramatically in the Post World War II era until 1970 or so, and then it plateaued. In other words, poverty fell until the federal government declared war on it. Then the very institutions that the welfare state erected to ameliorate poverty ended up perpetuating poverty. (*Source for the chart: the [Cato Institute](#).*) If you're looking for an explanation of the yawning income gap, this is part of the story. The enervating effects of welfare reduce the incentive for the poor to increase their income. Talk about a high tax bracket! When benefits like the Earned Income Tax Credit, food stamps, housing assistance, Medicaid and more are peeled back as a poor household earns more money, it's remarkable that people work as hard as they do! – JAB