

GANNETT

Alabama Voices: Freedom still best remedy for poverty

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Is the United States a rich enough country to put an end to poverty? Allan Sheahen said yes in a July 16 *Advertiser* column. We couldn't disagree more.

At first glance, the task of ending poverty here and across the world seems easy: Income per adult in the U.S. is \$61,000 per year, so redistribution, as Sheahen suggests, could assure that no American adult has less than \$10,000 annually.

But simple arithmetic, which Sheahen is using to make his case for spreading the wealth around, misses important underlying economic issues. In economics, we emphasize the unintended consequence of decisions. For instance, widening a highway will not reduce congestion on that road. Likewise, making cars safer won't necessarily reduce traffic fatalities (and they sure make the lives of pedestrians far, far worse). And, giving money to the poor — no matter how badly we want our dollars to help and no matter how many celebrities urge us to do so — won't necessarily make the poor better off.

As counterintuitive as it may seem, economists have produced unambiguous findings suggesting that market economies — where people are free to do what they want with their money and nobody is in charge of assuring every adult has a certain level of income — enjoy the highest levels of prosperity. And here's what's even more remarkable: The rich and the poor in free societies are living far, far better than almost any imaginable alternative.

Poverty elimination is possible, but it requires economic freedom instead of economic control. If controlling economies were an effective means to eliminate poverty, the federal government should have done it by now. The U.S., after all, has been fighting the War on Poverty for nearly 50 years, and we are no closer to winning the war today than in the 1960s.

According to Sheahen, federal spending on means-tested programs is over \$400 billion annually; the Cato Institute puts total spending at \$900 billion. Since 1965 the federal government has spent trillions of dollars fighting poverty. If redistributing money were the solution, the problem should be solved.

Spreading money around, though, cannot solve the problem, and here's why: The very existence of anti-poverty programs creates a demand for these programs. Holding down a job requires effort. Even if the work itself isn't overly tedious or dangerous, you have to show up. Money for nothing beats working, if you end up with about the same amount at the end of the day. Evidence of the welfare state undermining work incentives is apparent in the U.S., and even more so in Europe, which Sheahen believes we should emulate.

The percentage of adults in the workforce is at its lowest level since 1979. The phenomenon of 30-somethings living with their parents and not working (at least regularly) is common in Europe and is on the rise in America too. Disability dependence is also on the rise: Social Security disability awards have increased by more than 50 percent over the last decade.

Anti-poverty programs have to be paid for, and increased taxes to cover the programs have perverse effects. In particular, higher taxes to pay for the poor ends up undermining the work incentives of small business persons and entrepreneurs. By slowing killing the goose that lays the golden eggs, job creation — the key to alleviating poverty in the long run — gets stymied.

What Sheahen and many in favor of spreading the wealth around don't want to acknowledge is that poverty was the norm in the world until the rise of the market economy. Economic freedom lifted most Americans out of poverty, and we could be far closer to the goal of poverty alleviation had the War on Poverty not commenced. The U.S. is wealthy because we are free.