

Capitalism and poverty: Bono 1 – Irish union bosses – 0

Bono knows that free markets lift people out of poverty. That's because, unlike the Left he a) cares about the poor and b) has looked at the evidence

By [Daniel J. Mitchell](#)
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I [wrote last year](#) about the remarkable acknowledgement by Bono that free markets were the best way to lift people out of poverty. The leader of the U2 band and long-time anti-poverty activist specifically stated that, “capitalism has been the most effective ideology we have known in taking people out of extreme poverty.”

As the old saying goes, I couldn't have said it better myself. Too many politicians and interest groups want us to believe that [foreign aid](#) and bigger government are the answer, but nations that have [jumped from poverty to prosperity](#) invariably have followed a path of [free markets and small government](#).

But today's topic isn't foreign aid.

Instead, I want to come to Bono's aid. He recently defended his home country's favorable corporate tax regime. Here are some excerpts from [a report](#) earlier this month in the *Irish Times*.

"U2 singer Bono has said Ireland's tax regime, used to attract multinational companies such as Apple, Facebook and Google to Irish shores, has brought Ireland “the only prosperity we've known”. Speaking in an interview in today's Observer newspaper, Bono said Ireland's tax policy had given the country “more hospitals and firemen and teachers”. “We are a tiny country, we don't have scale, and our version of scale is to be innovative and to be clever, and tax competitiveness has brought our country the only prosperity we're known,” he said. ... “As a person who's spent nearly 30 years fighting to get people out of poverty, it was somewhat humbling to realise that commerce played a bigger job than development,” said Bono. “I'd say that's my biggest transformation in 10 years: understanding the power of commerce to make or break lives, and that it cannot be given into as the dominating force in our lives.”

So why does Bono need defending?

Because bosses from the leading Irish labor union apparently think he said something very bad. Here are some excerpts from [a story](#) published by the U.K.-based Guardian.

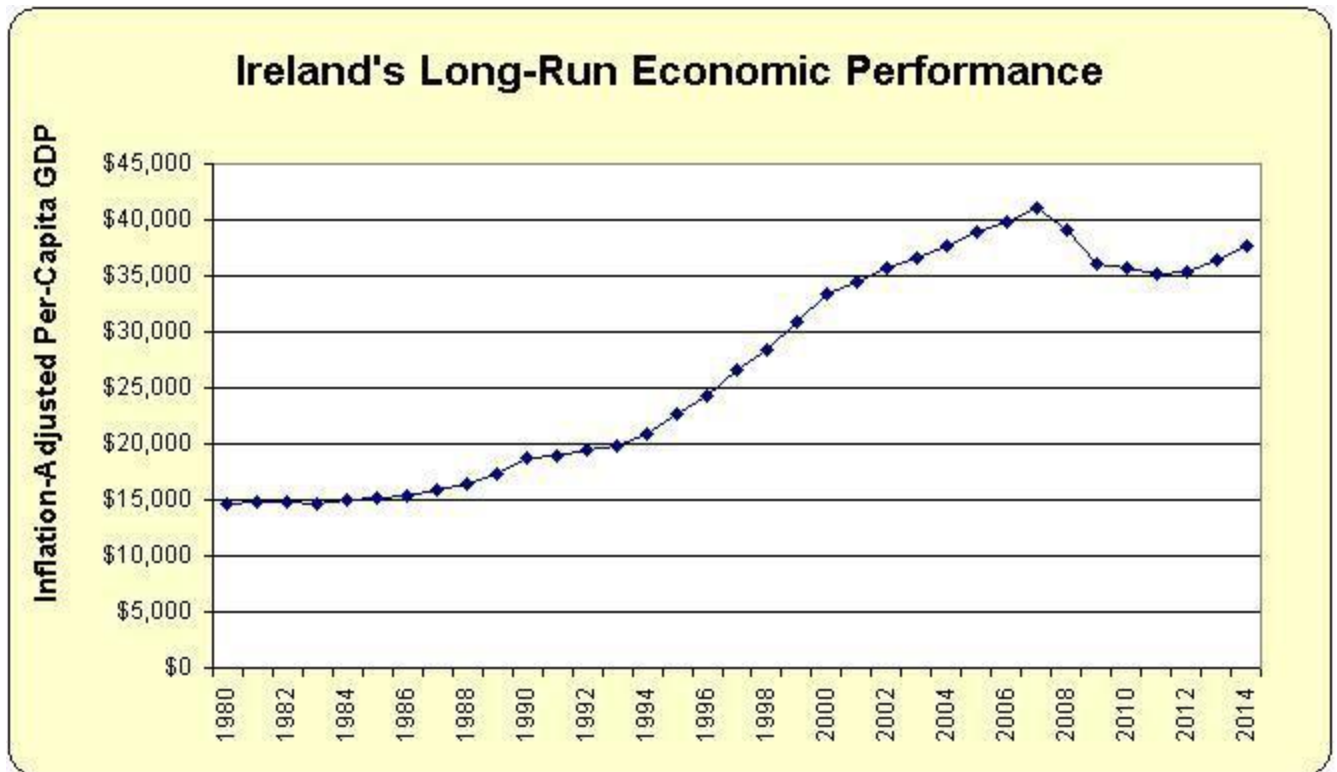
"Unite, which represents 100,000 workers on the island of Ireland, launched a blistering attack on the U2 singer for remarks...defending the 12.5% tax rate on corporations enjoyed by multinational companies such as Apple, Google, Facebook and Amazon. ...Unite pointed out that one in four Irish people have to endure social deprivation, according the state's own official Central Statistics Office. Mike Taft, Unite's researcher and an economist, told the Guardian: "The one in four who suffer deprivation as well as the tens of thousands of others having to put up with six years of austerity will regard Bono's remarks with total derision, it is the only word anyone could use to describe what he has said. "...for six years we have seen public services smashed apart due to austerity cuts, and here we have Bono talking about low corporation tax bringing us prosperity."

I have three reactions.

First, I wonder whether the union is comprised mostly of private-sector workers or government bureaucrats. This may be relevant because I hope that private-sector union workers at least have a vague understanding that their jobs are tied to the overall prosperity of the economy. But if Unite is dominated by government bureaucrats, then it's no surprise that it favors class-warfare policies that would cripple the private sector.

Second, the union bosses are right that Ireland has been suffering in the past six years, but they apparently don't realize that the nation's economy stumbled [because government was getting bigger and intervening too much](#).

Third, maybe it's true that "one in four" in Ireland currently suffer from "deprivation," but that number has to be far smaller than it was thirty years ago. Here's a chart, based on [IMF data](#), showing per-capita economic output in Ireland. As you can see, per-capita GDP has jumped from \$15,000 to more than \$37,500. And these numbers are adjusted for inflation!



I gave some details back in 2011 when I had the opportunity to [criticize another Irish leftist](#) who was blithely ignorant of Ireland's big improvements in living standards once it entered into its pro-market reform phase.

Indicators of Living Standard	Base Year	Most Recent Year
passenger cars, per 1000 inhabitants	201 (1986)	451 (2009)
telephones, per 1000 inhabitants	265 (1985)	490 (2005)
televisions, per 1000 inhabitants	181 (1980)	540 (2004)
doctors, per 1000 inhabitants	1.3 (1985)	3.14 (2010)
Infant mortality, per 1000 births	8.9 (1985)	3.2 (2009)
Central Heating, percentage of households	52% (1987)	91% (2005)

I don't know how the folks at Unite define progress, but I assume it's good news that the Irish people now have more cars, more phones, more doctors, more central heating, and fewer infant deaths.

Last but not least, none of this should be interpreted as approval of [Ireland's current government or overall Irish policy](#). There's too much cronyism in Ireland and the overall fiscal burden (other than the corporate income tax) is onerous.

I'm simply saying that Bono is right. Pro-growth corporate tax policy has made a big – and positive – difference for Ireland. The folks at Unite should learn a lesson from the former President of Brazil, who was a leftist but [at least understood](#) that you need people in the private sector producing if you want anything to redistribute.

P.S. Bono isn't the only rock star who understands economics. Gene Simmons, the lead singer for Kiss, [stated that](#) "Capitalism is the best thing that ever happened to human beings. The welfare state sounds wonderful but it doesn't work."

P.P.S. Irish politicians may understand the importance of keeping a low corporate tax rate, but they certainly [aren't philosophically consistent](#) when it comes to other taxes.

P.P.P.S. Some statisticians have tried to blame Ireland's recent woes on the low corporate tax rate. More sober analysis shows that [imprudent spending hikes](#) and [misguided bailouts](#) deserve the blame (Ireland's spending is particularly unfortunate since the nation's period of prosperity began with [spending restraint in the late 1980s](#)).

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