

Slate

Gary MacDougal's Misleading Op-Ed On Anti-Poverty Programs

By Matthew Yglesias - October 26th, 2012

The American government spends a lot of money on things that are not anti-poverty programs. We have aircraft carriers and the National Weather Service and highways and Medicaid benefits that cover nursing home care for middle class senior citizens and help get assistance for disabled children. Clearly if we took all of that money and instead gave it as cash grants to the poor, the poor would have a lot more money.

Gary MacDougal has taken a version of this insight and used it to create a very misleading impression that America's anti-poverty programs are ineffective:

Each year, American taxpayers spend nearly \$1 trillion trying to help the poor, according to a recent study by the Cato Institute. It's easy to miss that headline number, though, because the money flows into and out of scores of federal, state and local government programs. In April, Michael D. Tanner, a senior fellow at Cato, a libertarian research group, compiled a list of 126 federal programs for low-income Americans, which together spend \$668 billion of taxpayer money annually. State and local governments allocate an additional \$284 billion, he estimated.

He then says "Divide \$1 trillion by 46 million and you get around \$21,700 for each American in poverty, or nearly \$87,000 for a family of four" and observes that cash grants on that scale would raise everyone above the poverty line.

The idea is to persuade you that America's anti-poverty programs are hideously wasteful and therefore you shouldn't feel bad about the fact that Mitt Romney and Paul Ryan want to drastically curtail spending on them. But he's executing a bait-and-switch here and counting as "programs for low-income Americans" things like Medicaid that are important to low-income Americans but also spend a lot of money on people who aren't low-income.

He also doesn't tell you that the way the Federal Poverty Line works is that the value of in-kind benefits is excluded by definition from ameliorating poverty. So if you take a family that's \$100 below the poverty line, take away \$500 worth of food stamp benefits from them, and then give them a \$105 cash grant the federal government will say you've lifted them above the poverty line. But while I'd rather have a dollar than a \$1 of SNAP benefits, you're clearly better off with \$500 of SNAP benefits than \$105.

All that said, I really do think it's too bad that MacDougal has presented this point in such a sloppy way because the underlying idea—that we could do more for the poor by giving them more money and fewer in-kind services—seems perfectly sound to me.