



The Daily Dish

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At a press conference yesterday, Chairwoman of the Fed, Janet Yellen, [confirmed](#) that the Fed will not raise short term interest rates this month. This news comes on the heels of job market data released Friday, [showing](#) a poor economic outlook for the month of May, with a decline in labor force participation and only 38,000 jobs added. An update will be given at the Fed's June meeting.

Changing the U.S.'s business tax code has become a divergent issue for Democrats and Republicans. Meanwhile, [Hillary Clinton](#) has stayed mum on her stance, backing neither President Obama's proposal to cut the corporate tax rate, nor the Republican proposal to make even deeper cuts. Clinton has previously discussed business tax reform in broad strokes, for example, making changes there that would pay for \$275 billion worth of infrastructure upgrades.

Eakinomics: Poverty and Opportunity

It seems safe to summarize two salient facts in current political economy: (1) much of the electorate is angry about their economic circumstances and outlook, and (2) conservatives have not had a winning economic message in the past several national elections. This makes it all the more imperative that — even in the presence of a policy maelstrom like Donald Trump — conservatives develop policies that will enhance economic opportunity.

Certainly U.S poverty is too high and, worse yet, has risen of late. Among prime-age adults (18-to-64 year-olds), poverty rates hovered between 9 and 11 percent for much of the period from 1950 to 2007. With the advent of the Great Recession, poverty peaked at 13.8 percent in 2010 and had fallen only to 13.5 percent in 2014. The recent rise in poverty is attributable to poor economic growth policies during the Obama Administration. The sustained high rates of poverty over the past 50 years are a striking rebuke to the programs that constituted the "War on Poverty" and, thus, evidence that it is time for new approaches

to support economic success.

It is time to chart a new course. As I have emphasized [elsewhere](#), there are some principles that should frame such a strategy. In particular, first solve the right problem. The problem is not poverty. The problem is that too many Americans are not self-sufficient. Poverty is the scarcity of material resources—money—and the temptation will be to “solve” poverty by providing just that: money. The failure of the Great Society programs to lower poverty in a sustained fashion is evidence of the failure of this approach. Instead, the problem is insufficient ability and opportunity to work. A truly self-sufficient individual is the best insurance against poverty.

That is why, second, all policies should be pro-work. Work is valued—it is a source of pride and self-esteem, as well as the economic dividing line between the poor and non-poor. Policies like sharp hikes in the minimum wage harm employment and cannot be considered a route to economic opportunity.

Third, to the extent that taxpayer dollars fund an opportunity agenda, they must be accompanied by accountability for outcomes. If a poverty program does not reduce poverty, it should cease to exist. There needs to be a ruthless and unceasing focus on educational attainment, providing the skills to be successful in the labor market. But the focus should be on attainment, not just funding education.

Finally, it is unlikely that federal programs will succeed on their own. Instead, they must be complemented by a social foundation of better parents and stronger marriages. These are the lessons in the data, and they represent a challenge to the design of sustained opportunity for all Americans.

Politically, it will be necessary to be different than past conservative efforts. But being different is not enough; it should be a policy-rich difference that offers opportunity to voters.

From the Forum

[Another \\$4.7 Billion in Regulation](#) by Sam Batkins, AAF Director of Regulatory Policy

[Icebreakers: Anchors Aweigh](#) by Kimberly VanWyhe, AAF Director of Energy Policy

[Proposed FCC Privacy Rules Would Harm Innovation](#) by Will Rinehart, AAF Director of Technology and Innovation Policy