Who is “The Poor”?

Here are the top [10 poorest states](http://www.mainstreet.com/slideshow/moneyinvesting/news/poorest-states-america?puc=outbrain&cm_ven=outbrain&obref=obnetwork) according to the US Census Bureau’s analysis of people living below the poverty line. Kentucky, sadly, ranks third poorest. [Kentucky also ranks 46th in per capita beer consumption](http://beerinstitute.org/BeerInstitute/files/ccLibraryFiles/Filename/000000001059/State%20data%20per%20capita%20consumption%202003%20to%202009.pdf), so it’s not the “demon rum” that’s keeping them down.

Matthew 26:11 indicates that “The poor you will always have with you…” Still, poorly designed public policy can cause the number of those poor to increase. Public policies that slow down overall economic growth and those that subsidize poverty both increase a state’s (or country’s) number of people living in poverty.

Measuring poverty can be a bit of a problem. The most common metric used is household income. But household income is not a particularly good measure of poverty for the following reasons:

1. Low income people may have a lot of wealth. Perhaps they are retired. Perhaps they have inherited wealth. Perhaps their income is cyclical in nature and they store income from high income years in assets. [Last summer Idaho’s governor loosened food stamp rules to allow people with assets (such as boats) to collect food stamps.](http://online.wsj.com/article/SB10001424052748703726904576193160511466554.html?mod=ITP_pageone_1) True poverty, lacking the ability to have food, clothing, and shelter, probably shouldn’t include people who can afford to own boats.

2. Low income people might have given their wealth away so that they can qualify for low income assistance. I don’t know anyone who doesn’t personally know someone who has dispersed assets to their children in order to get the federal government to pick up nursing home expenses. Is the elderly person with no income and now no assets poor? Yes, but purposefully so. Being poor is a benefit to them. If you/your family can be wealthier by being classified as poor, most people will choose the higher standard of living (albeit with the “poor” designation).

3. Low income people may choose to be low income. Highly educated people routinely opt to drop out of the labor force to raise kids. Others drop out to do drugs. Still others, like the Amish, purposefully don’t maximize their incomes. In this case people are poor on paper, but wealthy in liberty. They find their happiness outside of money. If that is where they find happiness, why should others be forced to make them even happier through forced income redistribution to them?

4. Household income depends on your definition of household. If two people have kids and one stays home with them while the other makes $200,000 a year is anyone poor? If the couple is married, then no one is deemed to be poor. If the couple “shacks up” instead, then both the stay at home parent and the children are all defined as poor. In 2009, 29.9% of households headed by single women were poor compared to only 5.8% of married-couple households.

5. Household income doesn’t provide any information about the income of parents or other close relatives. Surely, an orphan with no relatives or social network to rely on in bad times is poorer than someone whose family or social connects can pitch in and help. Being poor and homeless is quite different than being poor and sleeping on your childhood bed in your parents’ house.

Does poverty exist? Yes, most notably for the 2 billion people in the world who live on less than $1.25 a day. Does poverty exist in the US? Yes, there are plenty of people who struggle to meet their basic needs in life. But, it does a disservice to the truly poor for government programs to broadly define poverty. Doing so prevents resources from flowing to those who need them the most. I don’t own a boat, but if I did, I wouldn’t expect taxpayers to pay for my picnic lunch that I’ll eat while boating.

The states with the highest poverty levels need to embrace pro-growth economic policies even more than their richer neighbors. People’s lives depend on it. As long as they insist on subsidizing poverty rather than curing it, the poor will indeed always be with them. Taking money from Peter to give it to Paul will create, rather than cure, poverty.