THE SKEPTIC ARENA

August 9, 2014

The Blue-State Path to Inequality:

States that emphasize redistribution above growth

have a wider gap between lower and higher incomes

By Richard Vedder (professor of economics at Ohio University) And Stephen Moore (chief economist at the Heritage Foundation)

*For those in Washington obsessed with reducing income inequality,*

Richard, it's interesting how your bias exposed itself right out of the starting gate. Your choice of the word "obsessed" to describe those who are working to return America to the country it was in the 50's, 60's, and 70's, when the rewards of society were far more evenly distributed than they are today, makes it clear that you do not want that America ... but the sewer that it has now become.

But your preference is easy to explain: the America you've helped create is anything but a sewer for those who spend their lives on the golf courses of America sucking on caviar between holes.

*the standard prescription involves raising taxes on the well-to-do,*

Richard, and that right there is the deal breaker for you. You and your fellow conservatives are obsessed, uh, I mean devoted, to preserving the assets of the ruling aristocracy.

Did I say "preserving the assets?" I'm sorry, I meant to say "expanding the assets of the ruling aristocracy."

*increasing the minimum wage, and generally expanding government benefits—the policies characterizing liberal, blue-state governance.*

Richard, those are also the policies that characterize the world's most advanced nations. Those would be the nations whose citizens are far happier and secure than those of us here in the United States; nations with higher literacy rates, longer life expectancies, better health care, and greater economic equality for all their people.

*If only America took a more "progressive" approach, the thinking goes, leaving behind conservative, red-state priorities like keeping taxes low and encouraging business, fairness would sprout across the land.*

Richard, your interest in keeping taxes low applies only to the rich. Therefore, everyone else will be forced to carry a greater tax burden in order to support them, as is currently the case. And the red states rank at the bottom of almost every category you can think of. Why would anyone use them as a model of financial policy - or anything else for that matter?

As for encouraging business - you must be kidding?

Conservative policies have deregulated corporations, resulting in monopolies everywhere you turn. Your policies haven't encouraged business. They have done exactly the opposite.

Your corporate tax loopholes have encouraged companies like Apple to ship a quarter million jobs to China. Is that what you mean by encouraging business?

*Among the problems with that view, one is particularly surprising: The income gap between rich and poor tends to be wider in blue states than in red states.*

Richard, states like California and New York have the most wealth, and therefore, one would expect more income inequality. Sparsely-populated states without great wealth are not in a position to have as much inequality because they have far fewer rich people.

You are trying to assert that liberal policies create that inequality. But you offer zero evidence to support your assertion. In fact your position is self-defeating because liberal policies tend to take from the rich and give to the poor, and therefore cannot exacerbate inequality.

*Our state-by-state analysis finds that the more liberal states whose policies are supposed to promote fairness have a bigger gap between higher and lower incomes than do states that have more conservative, pro-growth policies.*

Richard, conservative policies are not pro-growth. We had 8 years of George Bush's conservative policies and it nearly destroyed our nation. So your assertion has already been tested ... and failed.

*The Gini coefficient, a standard measure of income inequality,*

Richard, the Gini coefficient is a heavily flawed method devised over a century ago, and has been discredited by Thomas Piketty.

*calculates the ratio of income at the top of the income scale relative to the income of those at the bottom. The higher the ratio, the more inequality. A Gini coefficient of zero means perfect equality of income and a Gini coefficient of one represents perfect inequality, such as if one person has all the income. The measure has some obvious flaws: If everyone is doing better but some get richer at a faster pace, the Gini coefficient will increase, and so rising prosperity and economic progress will look like retrogression. Still we used it in our analysis, since it is the favorite measure among advocates of greater equality and the stick used to beat free markets. Conveniently, the U.S. Census Bureau annually calculates the Gini coefficient for the 50 states and the District of Columbia. According to 2012 Census Bureau data (the latest available figures), the District of Columbia, New York, Connecticut, Mississippi and Louisiana have the highest measure of income inequality of all the states;*

Richard, you can't get much redder than Mississippi and Louisiana. If you are going to present facts that argue against your own position, I'll be more than happy to sit back and watch.

*Wyoming, Alaska, Utah, Hawaii and New Hampshire have the lowest Gini coefficients.*

Richard, once again you've presented a mix of red, blue and purple states, which proves that your attempt to try to drudge up meaning by dividing up the states is useless. Your own facts prove that you've just wasted your time.

*The three places that are most unequal—Washington, D.C., New York and Connecticut—are dominated by liberal policies and politicians.*

Richard, the population of those 3 places doesn't come anywhere near the population of Japan and Europe which also have liberal policies and politicians. Their inequality is far less than America's. Why do you hide that fact from your audience, Richard?

*Four of the five states with the lowest Gini coefficients—Wyoming, Alaska, Utah and New Hampshire—are generally red states.*

Richard, those 4 states have a combined population of about 5 million people (less than 2% of the population). It is no surprise to anyone that certain cherry-picked tiny populations in America can experience less inequality, as they have far less wealth to begin with.

*In the Northeast, the state with the lowest Gini coefficient is New Hampshire (.430), which has no income tax and a lower overall state tax burden than that of its much more liberal neighbors Massachusetts (Gini coefficient .480) and Vermont (.439).*

Richard, what you need to show is *why* New Hampshire doesn't need an income tax. You can't just assume that their Gini coefficient is low because of no income tax.

*Texas is often regarded as an unregulated Wild West of winner-take-all-capitalism,*

Richard, regarded by whom?

Like most red states, Texas is awash in government handouts.

<http://www.jeffrey-frankel.com/2010/03/31/red-states-blue-states-and-the-distribution-of-federal-spending/>

*while California is held up as the model of progressive government. Yet Texas has a lower Gini coefficient (.477) and a lower poverty rate (20.5%) than California (Gini coefficient .482, poverty rate 25.8%).*

Richard, you are trying to hide the fact that Texas came out near the bottom of the Gini chart and right next to California.

<http://en.wikipedia.org/wiki/List_of_U.S._states_by_Gini_coefficient>

And Richard, here's a link to poverty rates from Wikipedia that doesn't even come close to your claim, which makes me wonder, from which Fox News pundit did you get your numbers?

<http://en.wikipedia.org/wiki/List_of_U.S._states_by_poverty_rate>

As you can see, Texans are near the bottom of the list, right in there with their fellow red states. Conservative policies don't seem to be working as well as you would have your audience believe, do they, Richard?

And since you like that Gini index so much, click on this link. You only have to read the first paragraph, but whatever you do, make sure you read all the way to the end of the first paragraph:

<http://en.wikipedia.org/wiki/Income_inequality_in_the_United_States>

Yep ... Texas was the worst.

But Richard, I saved the best for last. You simply have to read this brief, hilarious article entitled "Thank God for Mississippi":

<http://en.wikipedia.org/wiki/Thank_God_for_Mississippi>

Richard, let me know if you ever decide to put your family where your mouth is, by actually moving to Texas. Hell, I'll even pitch in, by offering to collect donations to help you with plane tickets ... and you can take your buddy Moore with you.

*Do the 19 states with minimum wages above the $7.25 federal minimum have lower income inequality? Sorry, no.*

Richard, don't feel sorry - feel embarrassed. You need to show *why* a higher federal minimum wage doesn't necessarily result in a state having a lower income inequality. Yet you offer nothing to link those two.

And the most powerful evidence against your position is that in 1968 when the minimum wage (adjusted for inflation) was about 50% higher than it is now, income inequality was far, far less than it is now ... in *every* state.

(on that one, I got penalized for celebrating in the end zone)

*States with a super minimum wage like Connecticut ($8.70), California ($8), New York ($8) and Vermont ($8.73) have significantly wider gaps between rich and poor than those states that don't.*

Richard, the extra 75 cents or dollar more per hour isn't going to bring minimum wage workers out of poverty. The minimum wage would have to be far higher than it is, just to be equal to what it was in 1968. So you have nothing to link the two topics. You need to show causation. But you can't because history disproves you.

Richard, it's obvious that this entire essay is an attempt to trick unsophisticated readers into believing there is a causation link between minimum wages, taxes, and other things that you do not want - and poverty. Fox News fans will nod in agreement like the little bobblehead doll on the dashboard of their Ford F-150 supercab. But for people who can actually think, your complete lack of supporting evidence for your assertions glows like a neon sign.

*What about welfare benefits? A Cato Institute report, "The Work Versus Welfare Trade-Off: 2013," measured the value of all welfare benefits by state in 2012. In general, the higher the benefit package, the higher the Gini coefficient.*

Richard, if it weren't for the government tit, red states would starve to death:

<http://wallethub.com/edu/states-most-least-dependent-on-the-federal-government/2700/>

*States with high income-tax rates aren't any more equal than states with no income tax. The Gini coefficient measures pretax, not after-tax income,*

Richard, now you are just embarrassing yourself. Up to this point I had assumed you were qualified to write on this subject. But that statement proves that you are not; and here is the link that proves you didn't bother to do, even the most basic research:

[http://en.wikipedia.org/wiki/Gini\_coefficient#Gini\_coefficients\_of\_representative\_income\_distributions](http://en.wikipedia.org/wiki/Gini_coefficient%23Gini_coefficients_of_representative_income_distributions)

Richard pay special attention to the third section down titled "Gini coefficients of income distributions" before choosing your preferred suicide method.

Sometimes "you people" make this ... waaay too easy.

*and it does not count most sources of noncash welfare benefits. Still, there is little evidence over time that progressive policies reduce income inequality.*

Richard, if you google "The New Deal" and bring yourself up to speed on American history, you'll discover that ... you are dead wrong, dude.

*To be clear, our findings do not show that state redistributionist policies cause more income inequality.*

Richard, wrong again. When taxpayer money is redistributed to the rich (usually corporations) under the rationale known as "incentives," income inequality *is* worsened.

You are only against redistribution when it goes to the needy. You are 100% for it ... when it goes to the rich.

*But they do suggest that raising tax rates or the minimum wage fail to achieve greater equality and may make income gaps wider.*

Richard, you have to be completely ignorant of history to make such a statement. That has already been tested in the real world during the Great Depression.

Since I don't believe that you *are* ignorant of history, that leaves only one alternative ... you are dishonest, Richard. You and your coauthor, Moore, are nothing more than lying shills for the rich.

*Here is why we believe these income redistribution policies fail. The two of us have spent more than 25 years examining why some states grow much faster than others.*

Richard, then you've wasted a quarter of a century; time that could have been put to use helping humanity instead of trying to prolong the aristocracy's choke hold on the American public.

*The conclusion is nearly inescapable that liberal policy prescriptions—especially high income-tax rates and the lack of a right-to-work law—make states less prosperous because they chase away workers, businesses and capital.*

Richard, have you been on the Space Station the past 6 years?

Workers, business, and capital *have* been chased away; but not by liberal policies, but by the lethal two-term reign of George Bush. By the time he left office, America was in shambles and the rich were wealthier than ever before. It only got worse when Obama rewarded those who had stripped America of its wealth instead of letting them sink, as capitalism would have dictated. Then the conservatives on the Supreme Court legalized corruption in 2010 in the "Citizens United" case. Our chances of reclaiming our democracy from the plutocracy which now controls our nation, are looking very slim.

*Northeastern states and now California are being economically bled to death by their pro-growth rivals, especially in the South.*

Yeah Richard, the South is a far better place to live than California; especially if you're looking for a place with the lowest life expectancy, lowest literacy rates, highest disease rates, highest divorce rates, highest poverty rates, and just about any other metric you care to measure. About the only advantage you get over California, by living in the South, is that you only have to drive about one block to find a church.

*Toyota didn't leave California for Texas for the weather.*

Richard, so did Apple leave America for Beijing's weather?

*The latest IRS report on interstate migration provides further confirmation: The states that lost the most taxpayers (as a percent of their population) were Illinois, New York, Rhode Island and New Jersey.*

Richard, as was proven earlier, the red states have the most people accepting government handouts so they don't have that many taxpayers to begin with.

*When politicians get fixated on closing income gaps rather than creating an overall climate conducive to prosperity, middle- and lower-income groups suffer most and income inequality rises.*

Richard, that statement assumes that closing income gaps and creating a climate conducive to prosperity are mutually exclusive. That is what you want your readers to believe. Unfortunately for you, history proves you are wrong.

*The past five years are a case in point.*

Richard, 5 years? You conservative shills are soooo predictable. You always start filming ... right after Bush left office.

"You people" remind me of the old Rodney King saga. The video began with the cops beating King. But there was nothing showing what happened, leading up to the beating. In the fantasy world in which you Conservatives exist, the recession didn't begin until inauguration day ... in 2009.

How utterly pathetic and predictable "you people" are.

*Though a raft of President Obama's policies—such as expanding the earned-income tax credit and food stamps, and extending unemployment benefits—have been designed to more fairly distribute wealth, inequality has unambiguously risen on his watch.*

Richard, your selective memory conveniently omitted the greatest theft of wealth in history from American taxpayers: the Obama bailout of Wall Street, the big automakers, the banks, and the major corporations. But you didn't mention that. I wonder why?

Your memory lapse just proved my earlier accusation that you conservatives are strongly supportive of redistribution ... as long as it goes to the rich.

You people are so crooked you have to screw your socks on.

*Those at the top have seen gains, especially from the booming stock market, while middle-class real incomes have fallen by about $1,800 since the recovery started in June 2009. This is a reversal from the 1980s and '90s when almost all income groups enjoyed gains.*

Richard, so what happened between the 90's and the 2009 recovery?

That amnesia struck again, didn't it Richard?

*The Gini coefficient for the United States has risen in each of the last three years and was higher in 2012 (.476) than when George W. Bush left office (.469 in 2008), though Mr. Bush was denounced for economic policies, especially on taxes, that allegedly favored "the rich."*

Richard, "allegedly favored the rich?"

This is like debating Glenn Beck.

*Our view is that John F. Kennedy had it right that a rising tide lifts all boats.*

Richard, that rising tide is American productivity which has doubled over the last few decades. Yet only the richest Americans have reaped the benefits of that gigantic increase in productivity. So Kennedy should have amended that quote: a rising tide *could* lift all boats ... if you could get rid of the yachts.

*It would be better for low- and middle-income Americans if growth and not equality became the driving policy goal in the states and in Washington, D.C.*

Richard, as I just indicated - we have grown: productivity has doubled. Your dishonest attempts to trick the audience into accepting your lies and distortions has failed.

But relax Richard, as long as you've got Fox News to brainwash the ignorant masses, and the Supreme Court in your back pocket, you will continue to fool enough Americans to keep the misery rollin' in; and for the rich ... keep the champagne flowin'.

<http://online.wsj.com/articles/stephen-moore-and-richard-vedder-liberal-blue-states-have-greater-income-inequality-than-conservative-red-states-1401923793>

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

THE SCIENCE SEGMENT

Dogs can sniff out prostate cancer with 98% accuracy

It is estimated that 233,000 men in the US will be diagnosed with prostate cancer this year. Although current screening methods for the disease - such as digital rectal exams - can aid in early detection, they are not always accurate. But with the help of "man's best friend," a new screening technique could be coming.

Researchers wanted to see whether two highly trained dogs were able to detect prostate cancer-specific volatile organic compounds in the urine samples of 677 participants. Of these, 320 had prostate cancer ranging from low-risk to metastatic; while 357 were healthy controls. Researchers found that two highly trained dogs were able to detect prostate cancer in urine samples with a combined 98% accuracy. All testing was carried out in an environment that was free of olfactory disturbance.

There is no denying a dog's extraordinary sense of smell. While humans have around 5 million olfactory cells in our noses, dogs have approximately 200 million.

Dogs are now being used for detection of various cancers. One study revealed that trained detection dogs were able to detect ovarian cancer in tissue and blood samples through sniffing out volatile organic compounds. Such compounds could also be biomarkers of bladder cancer.

Dogs can also help alert a diabetic to high or low blood sugar levels through being trained to detect a specific scent in their owner's breath or sweat.

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

FAMOUS QUOTES

ANONYMOUS

"If you think you're too small to be effective,

you've never been in the dark with a mosquito."