

#1 Economic Fact Sheet™

This fact sheet is a work in progress, and will be continually updated. Meta-commentary is in italics.

Read This One First!

- [Storks deliver babies](#)- this study shows a high correlation between stork populations and human birth rates in Europe. Clearly, storks don't deliver babies; this study is meant to make readers realize that just because something is statistically significant doesn't make it correct.

Taxation and Government Size Effect on Growth

- It seems like there is a broad consensus that larger government reduces growth, above a certain low threshold (around 18% from one study). Some studies find that this rule isn't true for developing countries, but holds for developed countries. *Please hold for better sources I swear I wrote this a year ago and have not looked at it since*
- Taxation seems to have [little effect](#) on growth rates. Some studies find positive behavioral effects outweighed by deficit effects, and short-term tax cuts/raises have significant positive/negative effects on the economy, respectively (see Romer 2010).
- In a meta-analysis of the effect of government transfers on growth, transfers had a [statistically significant negative impact in developed countries](#). However, this effect is contingent on the way transfers are measured, with unemployment benefits having a strongly negative effect while social security had a somewhat positive effect.

Flat Taxation

- Some studies find that the implementation of flat taxes in Eastern European countries had a [causational relationship with growth](#).
- However, these positive effects may have been unique to that time and place. Implementation of progressive taxation in former flat-tax regimes is estimated to [reduce income inequality with a negligible impact on growth](#), and implementation in Western Europe [would not be likely to increase welfare](#), with [poverty increasing in at least the short run](#).

Optimal Taxation

- To achieve optimal utilitarian redistribution, [this paper](#) suggests that the most effective method would be a flat tax of 58% on all labor and capital. They furthermore suggest that wealth taxes and progressive taxation schedules would have positive, but comparatively smaller impacts on redistributive utility.

Healthcare

- Medicaid had a [solid, significant](#) positive effect on health outcomes of the poor (versus a charity-based model preceding it)

- As with many social welfare programs, [Medicaid has had a disproportionate impact on children](#). Medicaid's expenditures on children paid for 83% of themselves and created 10 times more social benefit than cost.

U.S. Life Expectancy and Healthcare Quality

- No, accidents and murders [don't make up the entirety](#) of the US life expectancy gap. More like half for men and a fifth for women, roughly.
- This study claims shorter life expectancy is [significantly attributable](#) to social policy
- Unadjusted infant mortality rates [probably aren't](#) a good way to measure quality of healthcare typically because of differences in methodology between countries; however, with constant methodology, the United States has [higher infant mortality than Europe](#) (even after adjusting for racial differences) driven by lower socioeconomic outcomes.
- The potentially flawed 2000 WHO healthcare quality study isn't the only study that has evaluated healthcare by country. The US ranks 29th on Healthcare Access and Quality from [this study](#) in 2016; the Legatum Prosperity Index places the US at an abysmal [35th place](#).
- Medical bankruptcies probably don't account for sixty percent of bankruptcies; research seems divided on the issue. The number is somewhere between 4 and 65 percent (IMO 4 is a far lower bound) *Forgot to add sources for this one, will come back*
- A [2017 systemic review](#) found that V.A. outcomes were generally as good or better than other hospitals (the Veterans Administration has the most prominent American single-payer healthcare system)
 - Despite prominent scandals, V.A. wait times are on average [lower than their private-sector counterparts](#).

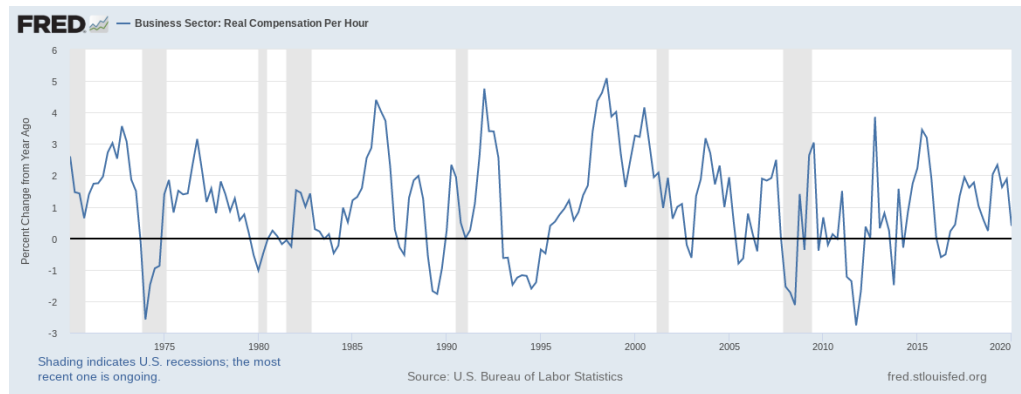
(Over)utilization of Healthcare

- The effects of cost sharing are generally [nuanced](#). While expenditures do go down, patients spend less on both "appropriate" and "inappropriate" care, and if and when negative outcomes show up, they are disproportionately on the sicker and poorer. Some studies suggest that lower upfront expenditures may lead to higher future expenditures.
- Utilization of healthcare may [not significantly increase](#) under Medicare for All.
- [Everybody is dumb](#) when consuming healthcare. People make choices under high deductibles that seem contradictory to rational behavior in a marketplace.
- Romneycare [didn't lead to](#) crazy shortages, and doctors [increased](#) under Obamacare.

Trump Effects on Economy

- A fair amount of the higher wage increases for people in the lower income percentiles in 2018 and 2019 had to do with increased [minimum wage laws](#)

- [Paper using BLS data](#) to show lower wage and compensation growth under Trump compared to Obama's second term (not peer reviewed)
- [Preliminary observations](#) of the TCJA by the CBO show it had a limited effect on GDP growth and wage growth
 - Alternatively: [custom measure](#) of real compensation per hour growth (on CPI I think but that doesn't really matter for this comparison)



Economic Stimulus

- No, the New Deal [didn't worsen](#) the Great Depression. ([Additional link](#))

Welfare and Social Spending

- The official American poverty rate is inadequate, because it doesn't take into account taxes and transfers. The Supplemental Poverty Measure, on the other hand, does, and finds that [poverty has decreased from 1967 to 2012](#), especially that of children and deep poverty.
 - Differences in poverty rates across nations with different welfare regimes are [largely due to their universal benefits](#), rather than their means-tested ones.
- The U.S. welfare state is [effective at reducing real poverty rates](#), and the moral hazards (negative behavioral side effects) are small and far outweighed by the benefits. However, the system is "paternalistic" and tilted towards providing relief to groups perceived as deserving.
 - Work requirements for welfare programs [generally lead to a short-term increase in employment](#), and a much smaller long-term increase in stable employment. The effect on the poverty rate is generally null to slightly negative.
 - On the other hand, here's a paper that is [more critical of outcomes and disincentive effects](#) of the War on Poverty, as well as this paper that estimates [positive effects of the EITC but negative impacts of welfare programs](#).
- There are many governmental programs that literally [pay themselves back](#). The programs with the greatest direct return on investment are mostly programs that benefit children. ([Interactive version of paper](#))

Charity Crowd-Out Effect

- [Evidence of government spending crowding out charitable spending is mixed](#). While [laboratory experiments typically find a significant effect](#), [real-world studies tend to find a small or null relationship](#).
- Welfare states have a [heterogeneous relationship with volunteerism rates](#). While they generally crowd out volunteerism, this relationship does not hold for those with low incomes.

Social Security

- Social Security may [increase growth](#) directly, but decrease growth indirectly via [discouraging private saving](#); this may also [increase inequality](#). Some studies find a smaller, or [even null](#), crowd-out effect.
 - Factoring in both of these effects suggests a [positive effect on growth](#) at a certain level of taxation, and especially unfunded compared to funded. Cross country analysis shows expenditure to have a [positive relationship with growth](#).
- There is [debate](#) over the level of need among seniors before the institution of Social Security in 1935. Private pensions were [beginning to be implemented](#) around this time, but a [significant portion of households](#) relied on aid from others. During implementation, however, it is likely that it casually [decreased senior poverty](#).
- Many conservatives have argued that privatizing Social Security would lead to higher rates of return on investment. [This isn't true](#). A conservative estimate suggests that workers in the bottom 2 quintiles (bottom 40%) with reasonable risk aversion would [rationally prefer Social Security to privatized accounts](#). Additionally, administrative costs would be higher compared to Social Security.

Welfare and Families

- [Food stamps](#) increased infant birth rate, and slightly reduced infant mortality.
 - Food stamps have other positive effects: well-designed studies generally find that they [reduce food insecurity](#) among targeted households, and they have a [large fiscal multiplier/stimulus effect](#) as they are quickly spent.
 - A study of the effect of the introduction of food stamps found that they [significantly improved numerous health outcomes](#) in children in utero. Another study finds these benefits outweigh costs by [a factor of 56](#).
 - [Review of studies on food stamps and related programs](#) finding a general trend of both short- and long-term significant positive effects
- [Access to family planning](#) significantly reduced poverty rates and increased incomes.
- Participation in TANF [lowers odds of marriage](#), but only during receipt, meaning that the effect is likely due to economic signaling rather than a change in culture or values

- Welfare reform had “[little to no effect](#)” on marriage rates generally; it also may have had [no effect on out-of-wedlock births](#), but this seems like a more contested conclusion. But here comes [Moffitt \(1998\)](#) with a steel chair arguing that welfare had an unclear, but suggestively positive relationship with *both* marriage and fertility!
- [Zimmerman \(1991\)](#) calls the connection between welfare and divorce “mythical” and finds that there was essentially no correlation between states’ welfare spending and increases in the divorce rate.
- Access to birth control [increases cohabitation](#), but doesn’t affect marriage rates.
- [An analysis of OECD countries](#) found that the welfare state increased marriage, divorce, and birth rates, with a stronger effect on marriage, though out-of-wedlock-births actually did increase.
- [Answers to a questionnaire](#) from those dependent on welfare showed more favorability to ‘deviant’ behaviors, but no significant change from the average in regards to attitudes about self-determination.

Racial Achievement Gap

- Good [summary](#) of research to date in 2010 from Roland Fryer
- A [meta-analysis](#) of research conducted on comprehensive school reforms found that these reforms can substantially decrease the magnitude of the black-white achievement gap in elementary and middle schools.
- A [study](#) of the Harlem Children’s Zone, where community-based programs are combined with access to Success Academy charter schools (discussed below) demonstrates that school quality can alone combat the achievement gap, and community programs have little effect.
- School districts, contrary to popular belief, receive [similar funding](#) regardless of income level.
- [A large study of intergenerational earnings of individuals and families by race in America](#) found that while black men have systematically lower rates of employment, lower incomes, and higher levels of incarceration than their white peers in the same percentile, black women were close to evenly matched with their white female peers; this effect is not significantly explainable by different family structures or unemployment rates.

Inequitable Environments

- Yemeni immigrants to Israel were essentially randomly assigned to live in different locations. This random assignment had [long-lasting and significant effects](#)- better sanitation and infrastructure improved academic outcomes, increased marriage and lowered fertility, increased employment rates, and increased integration, but almost solely in women.
 - There were also significant effects on the second generation’s educational achievement: high school and college graduation rates were increased by 3.2 and 3.3 percent, respectively.

- Integration generally reduces the racial achievement gap. [New Jersey school districts](#) that were more diverse had significantly smaller gaps, while [integration in Hartford, Connecticut](#) led to significant gains in reading and math scores for integrated students while not significantly reducing performance of others.
- Studies of mid-20th century school integration efforts have found [significant long-term impacts](#) on a variety of measures (SAT scores, income, incarceration) of attending an integrated school for African-American youth, while white students were unaffected. [Meta-analysis](#) largely confirms this finding.

Education and Charter Schools

- This [meta analysis](#) demonstrates a typical takeaway from charter school/ voucher research: in the aggregate, they aren't too helpful; but in specific situations, like in high-poverty urban areas, charter schools can make a significant positive difference.
- For example, Success Academy displays [impressive results](#) for minority students. On the other hand, the school receives criticism for a harsh disciplinary environment.
- Research on the effects of Head Start has been [heterogeneous and somewhat controversial](#). Though results have varied, quality analyses typically show that the program pays for itself and has [strong long-term impacts](#) on the served population.

Effects of School Quality

- The effect of being randomly placed in a high-quality school [cuts crime in half](#) among high-risk youth.
- Ethiopian children who immigrated to Israel (in 1991's [Operation Solomon](#)) were randomly assigned to schools of varying quality. [This study](#) finds that assignment to a higher-quality school causes lower dropout rates, less likelihood of repeating a grade, and higher test scores.

Education Worldwide

- Poor students in rich countries [achieve better educational outcomes](#) than rich students in poor countries. ([Visualization of data](#))
- [Alternate, earlier study](#) on comparative worldwide educational achievement

Scandinavia

- Why does Scandinavia have so many [taxes](#) but it still works real good???? (*This is an important study that I will further elaborate on when I have the time*)
 - Scandinavian countries have a [significantly lower ETA](#) (Elasticity of Taxable Income) than America. This suggests that ETA is malleable based on policy decisions and potentially social variables
- Trust levels *are* important, and they seem to be transmitted across generations. [This report](#) provides a good overview on trust levels in Sweden. Trust levels have historical precedent, but the presence of a welfare state seems to maintain and even increase them.

- Trust is transmitted significantly by both [social and institutional](#) norms, and institutions are probably more important.
- Institutional confidence is the [most important variable](#) in determining “civic morality”.
- [Trust levels are impacted positively](#) by a universal welfare state, but negatively by a means-testing driven one.
- Wealth concentration, as opposed to income concentration, in Sweden is still [very high](#), even after the welfare state.
- [History of income taxes](#) in Sweden- paired with the previous study, and analyzed by ventile or whatever, a relationship between taxation and inequality does emerge. [History of denmark taxes](#) as well for similar potential analysis
- Sweden had [lower inequality compared to other European countries](#) in 1750, but by 1900, largely before the reforms of the welfare state, wealth inequality was on a similar level to other countries.

Minimum Wage

- It's important to remember that the literature on minimum wages is [complex and nuanced](#), and there are a variety of effects of any change on many levels. Minimum wage increases should be constructively evaluated with costs and benefits in mind.
- Minimum wage increases may [decrease prison recidivism](#)

Wage Growth

- Though it was put out by the Trump White House, [this white paper](#) demonstrates how wage growth statistics depend strongly on the measures you are using and that it looks better historically when important factors are taken into account.

Government Efficiency

- Many claims about welfare programs being extremely inefficient compared to charity come from sources in [this paper](#), notably one claiming that only 30% of welfare benefits actually go to the poor. However, that is a [misinterpretation](#) of the findings, which are themselves several decades old.
 - As the source above demonstrates with food stamps, this just [isn't true at all](#). Even the [Heritage Foundation](#) finds welfare to be relatively administratively efficient.
- [Transaction costs](#) can make transactions more inefficient than universal provision. Congestion tolling, for example, is [widely accepted](#) as an [efficient means of rationing](#), but in some scenarios it can lead to [no change](#) or even [a loss](#) in total welfare.
- Cost overruns in transportation infrastructure projects [aren't necessarily more common](#) in the public sector; they are far more common in state-owned enterprises, while other state undertakings are equally as likely to overrun as private ones.
 - [In Malaysia](#), public construction projects are more likely to be completed under budget, but less likely to be completed on time
 - In Kerala, India, on the other hand, public projects are [more likely to overrun](#)

Regulation

- Sam Peltzman's famous study on the behavioral effects of car safety regulations showed that regulations can induce unforeseen moral hazard, but it's important to still consider costs and benefits. On balance, airbag regulations [still save many lives](#) factoring this in.
- Beware of [low-quality cost-benefit analyses](#) of regulation burden. A study authored by Alex Tabarrock, a well-known libertarian economist, on the other hand, found [no linkage between regulatory burden and economic dynamism](#) using one of the most advanced measurement techniques available.
- Rebuttal to argument against EPA cost-benefit: the link between PM2.5 (small particulate matter) and mortality is incredibly robust across scores of studies and millions of subjects. Importantly, the association [becomes stronger at lower levels](#), meaning that reductions in exposure have *increasing* marginal utility.
- Generally, environmental regulation [costs far less than the benefits](#), but this is only true in the aggregate- there are plenty of regulations that fail the test.
- [Self-regulation within industries](#) can be difficult because economic opportunism will reign without enforced sanctions. Even in scenarios where self-regulation succeeds, it may be due to the [implicit threat of greater regulation](#) by the state. And companies that opt into self-regulatory agreements [may not follow through](#).
 - Self-regulation is ultimately [a compliment, not a substitute](#), to coercive regulation. Reputational pressure is a useful tool, [but has serious fundamental drawbacks](#).

Privatization

- Non-scientific reviews of the literature: [by the UN](#) and [by a coalition of public sector unions \(another review backed by public-sector unions, another\)](#)
- Public vs. private comparative efficiency [differs from sector to sector](#) and between low and high income countries. Generally, efficiency is similar for healthcare and sanitation, but state owned enterprises tend to be more efficient after privatization.
 - Spanish SOEs (State Owned Enterprises) had [similar levels of efficiency](#) to private firms on average, but when privatized, their efficiency increased even more. [This Canadian study](#), on the other hand, showed SOEs as being less efficient than average firms even after privatization.
 - A study comparing the efficiency of public and private German electrical distribution firms found [no differences in inefficiency](#), after adjusting for factors unaccounted for in many prior studies.
 - [A meta-analysis of meta-analyses in the privatization literature](#) found that efficiency gains are sometimes overstated and may not be as significant as previously thought, though studies' methodology needs to be improved.
- PPP's (Public-Private Partnerships) were found in [a review of the literature](#) to be on average more costly with similar results as compared to traditional methods of

infrastructure procurement, though methodology in the literature still leaves much to be desired once again.

- The effect of the share of telecommunications institutions per country that are publicly-owned on national productivity is [dependent on institutional quality](#). That is, countries with reliable governance see a positive productivity effect, and vice versa.
- [Hodge \(2000\)](#) conducted a review on cost efficiency gains from privatization and found a mean gain of 13.8% from 135 studies. (Citation is from Sandy Springs paper below)
 - As the methodology of studies has improved, [cost savings from privatization have decreased](#). Early studies of bus contracting found savings of 10-40 percent, while later studies that address methodological issues find savings of anywhere from 8-19 percent, with potential negative consequences for service quality.
 - [The more difficult it is to contract out, the lower the savings \(and quality\) are](#). For example, garbage collection contracting leads to savings, while prison contracting may lead to losses. [Newer studies on contracting out](#) tend to find lower cost savings, especially in social services.
 - Additionally, the naturally monopolistic character of privatization may affect efficiency gains, [as waste and water services were no cheaper](#).
- [Knyazeva et al. \(2011\)](#) finds that while increased property and contracting rights lead to better performance of privatized sectors, privatization itself has little long-run effect on the performance of sectors.
 - The authors find that governments on average privatize better-performing sectors, meaning that analyses that don't incorporate this effect will be biased.
- The city of Sandy Springs, GA, incorporated in 2005 with a mission to be almost entirely privatized. [In 2019 they municipalized many services](#) due to cost inefficiencies.
 - [A paper analyzing the "Sandy Springs Model"](#) found that the city was unexceptional or even below average in regards to service quality and cost prior to municipalization.

Full Laissez-Faire

- Most studies of privatization involve the transition from government owned-and-operated to privately owned but contracted by the government. However, there's also the potentiality of services being provided fully laissez-faire, e.g. contracted by private persons.
- [This study](#) finds that public procurement of waste services is more efficient than laissez-faire due to a decrease in average unit prices.

Private Cities

- [Libertarian study](#) into operation of semi-private cities in India
 - Jamshedpur, the company town operated by Tata, is very highly regarded and functions well, but [the company's paternalism is uncommon in the Indian economy and the government there does tax residents and companies](#).

- Additionally, Jamshedpur is one of the largest cities in India with no daily newspaper, because Tata has such economic and political control that it can effectively regulate published criticism out of existence. *Doesn't seem very libertarian to me, personally.*

Private Prisons

- [Comprehensive argument against private prisons](#)- financial incentives to cut costs and increase profits do not work for something that should be fundamentally focused on *decreasing* the customer base.
- By increasing recidivism rates, private prisons [may lead to net cost increases](#), because the cost of recidivism is greater than the cost of prison contracting.

Monopolies and Cartels

- The decline of both labor and capital share of income in US industry may be [due to increased firm concentration](#), which in turn increases profits. American firms are increasingly [able to command market prices far above marginal cost](#) due to market power, leading to a variety of unsavory outcomes for consumers, workers, and the economy at large.
- Contrary to popular belief, many cartels can actually sustain themselves for [extended periods of time](#).
- Penalties for firm collusion bring [concrete benefits](#) to consumers in the form of price reductions.

Economic History

- Economist and economic historian [opinions on various economic history questions](#) (1995)

Democracy

- Direct democracy [combats regulatory capture](#) (the influence of business on policy outcomes).

Immigration

- The children of first-generation immigrants from the 25th income percentile [almost uniformly have higher income mobility](#) than their native-descended peers ([New York Times visualization link](#))

Further Resources

Debunking Holocaust Denial

- [The Nizkor Project](#)- a list of replies to questions posed by “revisionist” IHR (archived)
 - [Additional information from Nitzkor](#) about various topics (live)

- [Holocaust Controversies](#)- a website that goes into great detail responding to various deniers and practically every narrative advanced by them

Research Resources

- [Scite](#)

Good Left-Leaning Websites

- [Promarket.org](#) deals with antitrust and the relationship between corporations and government.
- [Critiques.us](#) is a comprehensive list of anti-libertarian sources. They're all over the place, though, so actually certify the validity of a source before using it.
- [Unlearning Economics](#) (sadly only available archived) is a fantastic source for critiques of mainstream economic theory.
- [Matt Bruenig](#)'s now-inactive blog also has a good amount of insightful economic discourse.
- [Stinky Rightwinger Factsheet](#) by Socialism Done Left that has links to high quality studies as well as \ links to other good left-wing factsheets
- [The Anarchist FAQ](#) is a surprisingly well-researched resource. Good for defenses of anarchism, but also for criticisms of anarcho-capitalists and capitalism.
- [The National Popular Vote Initiative's](#) website is a comprehensive source of arguments defending a national popular vote instead of the Electoral College.

High Quality Conservative/Libertarian Sources

- [Nintil](#) has published several exhaustive critiques, including of Mariana Mazzucatto's *The Entrepreneurial State* and of SlateStarCodex's Anti-Libertarian FAQ.
- [Random Critical Analysis](#) has extremely, *extremely* long articles combatting conventional wisdom on the US healthcare system, among other things. I have a few sources going against their work, but it's still a very high-quality Gish Gallop.
- [Econ Journal Watch](#) is almost uniformly composed of conservative/libertarian critiques of academic econ papers. I cannot attest to the quality of critiques individually, but it is a good source for them.

Generally Good Sources

- [Economic History](#) is an invaluable resource for what it says it is. Also, the MeasuringWorth website has good resources for historical economic statistics.