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BACKGROUNDER

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Trump Administration Should Address Federal Policies that Limit Opportunity and Hurt the Poor

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Abstract

Policymakers too often think that big government is the only solution to creating opportunity and reducing poverty. They fail to ask how government might be the problem. There is a simple way to promote economic opportunity that helps the poor without using any taxpayer money: The federal government can eliminate numerous misguided policies. This Heritage Foundation Backgrounder *identifies federal policies that hurt the poor, and recommends the creation of an interagency task force to identify and eliminate policies throughout the federal government that are making it more difficult for Americans to achieve the American dream.*

Key Points

- There is a simple way to promote economic opportunity that helps the poor without using any taxpayer money: The federal government can eliminate numerous misguided policies.
- There are two recurring themes to such policies: First, they limit the opportunities for poor and other Americans to secure jobs or otherwise advance their economic status. Second, they drive up consumer prices for goods and services that meet basic needs, which has a disproportionate impact on lower-income households.
- President Trump can help lead the nation to an era in which federal policies become less harmful to those who want to advance their lives and the lives of their families.
- Presidential leadership could help to transform the lives of the poor, in particular, by allowing them to have the necessary freedom to improve their lives without the government standing in their way.

There is a simple way to promote economic opportunity that helps the poor without using any taxpayer money: The federal government can eliminate numerous misguided policies. Policymakers too often think that big government is the only solution to creating opportunity and reducing poverty. They fail to ask how *government* might itself be the problem.

This *Backgrounder* answers that question and focuses on *federal* policies that hurt the poor,[1] with an emphasis on economic regulation. The policies identified are merely the tip of the iceberg. An interagency task force is needed to identify and eliminate policies throughout the federal government that are making it more difficult to achieve the American dream.

Policies that Limit Opportunity and Hurt the Poor

Heritage Foundation scholars identified many harmful policies at the federal, state, and local levels in a recent *Special Report*.[2] (See

This paper, in its entirety, can be found at **http://report.heritage.org/bg3228**

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Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

the appendix for the full list). There are two recurring themes to these policies, including the federal policies. First, they limit the opportunities for poor and other Americans to secure jobs or otherwise advance their economic status. Second, they drive up consumer prices for goods and services that meet basic needs, which has a disproportionate impact on lower-income households. As shown in Chart 1, low-income households spend a greater share of their after-tax income than higher-income households on meeting basic needs, such as food and electricity.

A special interagency task force could evaluate, and consider ending, the following federal policies—and other similarly harmful ones:

- **Climate Change Regulations.** The Obama Administration issued a wide range of climate change regulations that would drive up electricity prices. Based on a Heritage Foundation analysis, electricity expenditures could increase between 13 percent and 20 percent, hitting America's poorest households hardest.[3] These significant costs would be imposed despite the climate return on these regulations, if any, being negligible.[4]

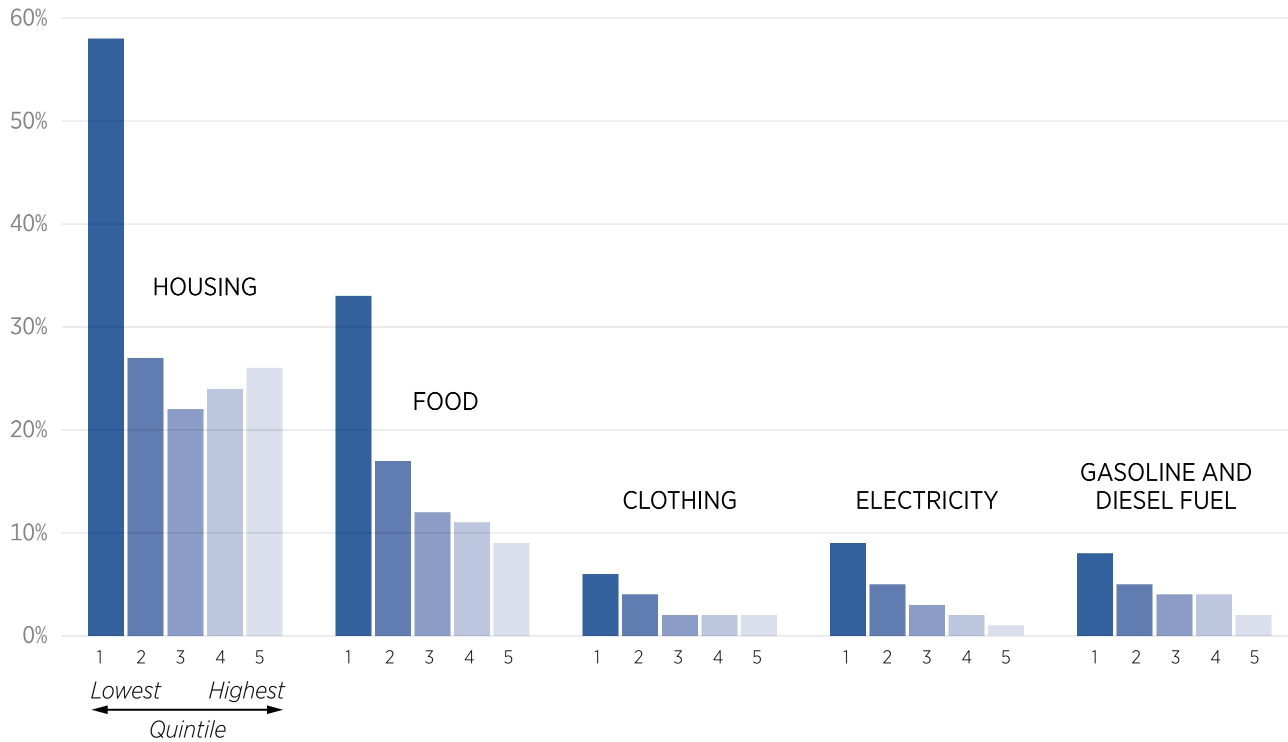
- **Energy Efficiency Regulations for Appliances.** The Department of Energy imposes energy efficiency regulations on over 60 different household appliances, from showerheads to toilets.[5] The higher up-front costs and reduced choices that result from such regulations can have a significant impact on the poor.[6]

- **Fuel Efficiency Mandates and Tier 3 Gas Regulations.** As required by Congress, the U.S. Department of Transportation and the Environmental Protection Agency (EPA) recently finalized new fuel-efficiency standards for cars and light-duty trucks (Corporate Average Fuel Economy, or CAFE, standards) that will require an average fuel economy of 54.5 miles per gallon (mpg) for 2025 model-year vehicles that will drive up prices for new vehicles.[7] If the agencies involved eliminated future targets, people who buy new cars could save up to $3,400 for model year 2025.[8] The EPA also set new standards on gasoline (Tier 3 gasoline standards) in order to lower sulfur and other tailpipe emissions from gasoline starting in 2017, with smaller companies required to comply by 2020.[9] Industry estimates that the new gas standard could raise the cost of formulating gasoline by six cents to nine cents per gallon.[10]

1. This *Backgrounder* does not address the harms caused by the distorted incentives of the current welfare system, which discourages work and self-sufficiency, nor cover some critical areas, such as education and health care policy.
2. Daren Bakst and Patrick Tyrrell, eds., "Big Government Policies that Hurt the Poor and How to Address Them," Heritage Foundation *Special Report* No. 176, April 5, 2017, http://www.heritage.org/sites/default/files/2017-04/SR176.pdf.
3. Kevin D. Dayaratna, Nicolas D. Loris, and David W. Kreutzer, "Consequences of Paris Protocol: Devastating Economic Costs, Essentially Zero Environmental Benefits," Heritage Foundation *Backgrounder* No. 3080, April 13, 2016, http://www.heritage.org/environment/report/consequences-paris-protocol-devastating-economic-costs-essentially-zero.
4. David W. Kreutzer et al., "The State of Climate Science: No Justification for Extreme Policies," Heritage Foundation *Backgrounder* No. 3119, April 22, 2016, http://www.heritage.org/research/reports/2016/04/the-state-of-climate-science-no-justification-for-extreme-policies.
5. U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, "Appliance and Equipment Standards Program," http://energy.gov/eere/buildings/appliance-and-equipment-standards-program (accessed June 19, 2017).
6. According to Bureau of Labor Statistics survey data for 2015, the lowest-income households expend 1.15 percent of their annual after-tax income on major appliances, compared to just 0.33 percent for the highest-income households. (See sources listed in Chart 1.)
7. News release, "Obama Administration Finalizes Historic 54.5 MPG Fuel Efficiency Standards," The White House, August 28, 2012, https://www.whitehouse.gov/the-press-office/2012/08/28/obama-administration-finalizes-historic-545-mpg-fuel-efficiency-standard (accessed June 19, 2017).
8. Salim Furth and David W. Kreutzer, "Fuel Economy Standards Are a Costly Mistake," Heritage Foundation *Backgrounder* No. 3096, March 24, 2016, http://www.heritage.org/research/reports/2016/03/fuel-economy-standards-are-a-costly-mistake.
9. News release, "EPA Sets Cleaner Fuel and Car Standards, Slashing Air Pollution and Providing Health Benefits to Thousands," United States Environmental Protection Agency, March 3, 2014, https://archive.epa.gov/epapages/newsroom_archive/newsreleases/ce8984957ffefa6a85257c90004fe802.html (accessed June 19, 2017).
10. Jessica Coomes, "EPA Tier 3 Rule Cuts Sulfur in Gasoline, Strengthens Vehicle Emissions Standards," Bloomberg BNA, March 4, 2014, https://www.bna.com/epa-tier-rule-n17179882576/ (accessed June 19, 2017).

CHART 1

Household Spending as a Percentage of After-Tax Income by Quintile of Income, 2015



NOTES: Data for "Clothing" comes from the Consumer Expenditure Survey (CE) category "Apparel and Services" with figures from "Other Apparel Products and Services" subtracted. Housing data is the sum of figures from CE categories "Mortgage Interest and Charges," "Property Taxes," "Rented Dwellings," and "Change in Mortgage Principal (Owned Home)." Electricity is the amount paid directly on electricity bills. "Gasoline and Diesel Fuel" is the amount reported to the BLS spent on "Gasoline," "Diesel Fuel," and "Gasoline on Out-of-Town Trips." The category "Rented Dwellings" sometimes includes utilities or miscellaneous expenditures besides rent that can be included in a survey respondent's rent payment; similarly, the category "Electricity" does not include the cost of electricity if it is included in a respondent's rent payment. For more information, see U.S. Bureau of Labor Statistics, *Focus on Prices and Spending: Consumer Expenditure Survey*, Vol. 1, No. 12 (November 2010), p. 3, https://www.bls.gov/opub/btn/archive/household-energy-spending-two-surveys-compared.pdf (accessed March 17, 2017). The term "Household" is synonymous with the BLS definition of "Consumer Unit."

SOURCES: U.S. Bureau of Labor Statistics, "Table 1101. Quintiles of income before taxes: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Survey, 2015," https://www.bls.gov/cex/2015/combined/quintile.pdf (accessed January 24, 2017). Additional data for Table 1101 were pulled from categories "Gasoline," "Diesel Fuel," "Gasoline on Out-of-Town Trips," and "Change in Mortgage Principal (Owned Home)," which were provided by the BLS upon request.

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- **Stricter Ozone Standards.** The EPA again tightened the ozone standard on ground-level ozone in 2015,[11] even though states have had insufficient time to implement the strict 2008 standard. Further, the national average ground-level ozone levels have *fallen* 32 percent since 1980.[12] The ozone standard has become increasingly controversial as it has become more expensive to meet tighter standards with smaller margins of tangible benefits.

11. The EPA tightened the standard to 70 parts per billion from the existing standard of 75 parts per billion.
12. U.S. Environmental Protection Agency, "Ozone Trends," https://www.epa.gov/air-trends/ozone-trends (accessed June 19, 2017).

- **Renewable Fuel Standard (RFS).** The RFS mandate that requires renewable fuels to be mixed into America's gasoline supply has led to higher food and fuel prices. According to separate analyses by University of California–Davis economists and a Heritage Foundation economist, the mandate accounts for an increase in corn prices of 30 percent, or even as much as 68 percent, respectively.[13]

- **Tennessee Valley Authority (TVA).** Counter to its original purpose of providing affordable electricity to an economically depressed region, the TVA does not sell the cheapest electricity in the region, and in recent history has had some of the highest rates in the Tennessee Valley.

- **Federal Sugar Program.** As a result of government attempts to limit the supply of sugar, the price of American sugar is consistently higher than world prices: Domestic prices have been as high as double that of world prices.[14] This policy may benefit the small number of sugar growers and harvesters, but it does so at the expense of sugar-using industries[15] and consumers.[16]

- **Fruit and Vegetable Marketing Orders.** Marketing orders are ostensibly aimed at helping to provide stable markets for certain commodities.[17] The most egregious problem with marketing orders[18] is the volume controls. These controls allow representatives from a specific industry to intentionally limit the supply of commodities, thereby driving up food prices and disproportionately harming the poor.[19]

- **U.S. Department of Agriculture's (USDA) Catfish Inspection Program.** While the Food and Drug Administration is generally charged with inspecting seafood for safety, a special exception was created in the 2008 farm bill to have the U.S. Department of Agriculture inspect catfish.[20] This special exception will likely reduce competition for domestic catfish producers. Foreign exporters will be blocked from selling catfish in the U.S. unless their countries develop new and unwarranted regulatory inspection schemes. This policy is a textbook example of cronyism and trade protectionism in order to help a very small interest group (domestic catfish producers) at the expense of everyone else, including the poor.[21]

- **Import Restraints on Food and Clothing.** A 2013 report by the International Trade Commission estimated annual welfare benefits from liberalization of import restraints for various sectors, including food. Between 2012 and 2017, liberalization of import restraints would benefit U.S. consumers annually by an average of $50 million for cheese, $277 million for sugar, and $8 million for tuna.[22]

13. Colin A. Carter and K. Aleks Schaefer, "U.S. Biofuels Policy, Global Food Prices, and International Trade Obligations," American Enterprise Institute *Economic Perspectives*, May 2015, https://www.aei.org/wp-content/uploads/2015/05/US-biofuels-policy.pdf (accessed June 19, 2017); and David W. Kreutzer, "The Renewable Fuel Standard, Ethanol Use, and Corn Prices," Heritage Foundation *Backgrounder* No. 2727, September 17, 2012, http://www.heritage.org/research/reports/2012/09/the-renewable-fuel-standard-ethanol-use-and-corn-prices.
14. Agralytica, "Economic Effects of the Sugar Program Since the 2008 Farm Bill & Policy Implications for the 2013 Farm Bill," June 23, 2013, http://sugarreform.org/wp-content/uploads/2013/06/AgralyticaEconomicEffectsPaperJune2013.pdf (accessed June 19, 2017).
15. International Trade Administration, "Employment Changes in U.S. Food Manufacturing: The Impact of Sugar Prices," February 2006, http://www.ita.doc.gov/media/Publications/abstract/sugar2006desc.html (accessed June 19, 2017).
16. Agralytica, "Economic Effects of the Sugar Program." See also John C. Beghin and Amani Eloibeid, "The Impact of the U.S. Sugar Program Redux," Iowa State University Center for Agricultural and Rural Development, May 2013, http://www.card.iastate.edu/products/publications/synopsis/?p=1183 (accessed June 19, 2017).
17. Agriculture Marketing Service, "Marketing Orders and Agreements," http://www.ams.usda.gov/rules-regulations/moa (accessed June 19, 2017).
18. Ibid.
19. Daren Bakst, "The Federal Government Should Stop Limiting the Sale of Certain Fruits and Vegetables," Heritage Foundation *Issue Brief* No. 4466, September 29, 2015, http://www.heritage.org/agriculture/report/the-federal-government-should-stop-limiting-the-sale-certain-fruits-and.
20. Food, Conservation, and Energy Act of 2008, Public Law 110–246, § 11016.
21. For helpful information on the USDA catfish inspection program, see the Energy and Commerce Committee, Subcommittee Health, 114th Congress, "Waste and Duplication in the USDA Catfish Inspection Program," December 7, 2016, https://energycommerce.house.gov/hearings-and-votes/hearings/waste-and-duplication-usda-catfish-inspection-program (accessed June 19, 2017).
22. United International Trade Commission, "The Economic Effects of Significant U.S. Import Restraints," Publication 4440 (December 2013), p. viii, Table ES.1, https://www.usitc.gov/publications/332/pub4440.pdf (accessed June 19, 2017).

- **The Merchant Marine Act of 1920 (Jones Act).** The Jones Act requires the use of domestically built ships when transporting goods between U.S. ports. The law drives up shipping costs, increases energy costs, stifles competition, and hampers innovation in the U.S. shipping industry.[23] It costs about $2 per barrel to ship crude oil from the Gulf of Mexico to Canada, but due to the Jones Act it costs between $5 and $6 to ship it to the U.S. East Coast.[24]

- **Smart Growth.** This anti-development urban planning philosophy drives up housing prices.[25] "Smart growth" plays a significant role in agencies,[26] such as the EPA[27] and the U.S. Department of Transportation,[28] which have been leading drivers of these policies that are so harmful to the poor.

- **Payday Lender Rules from the Consumer Financial Protection Bureau (CFPB).** The proposed payday lending rule is written in a manner that will likely force many lenders to stop offering these small-dollar loans. By the CFPB's own admission, these rules could effectively destroy the payday lending industry, eliminating up to 85 percent of the loans currently made.[29] More than 12 million people per year use short-term loans, and the majority are those who have emergency credit needs and lack other forms of credit.[30]

Recommendation: The Trump Administration Should Create an Interagency Task Force

On April 25, 2017, President Trump issued an executive order[31] creating an interagency task force to promote agriculture and rural prosperity. The President should issue a similar executive order creating an interagency task force to identify and eliminate federal policies that limit opportunity for all Americans, including the poor.

A leading economic official in the Administration, such as the Chairman of the Council of Economic Advisers,[32] should lead the task force. The task force, through a public comment process, should develop a comprehensive report that lists policies for elimination that would be submitted to the President and widely disseminated to the public, congressional leadership, and relevant committees. While the report should focus on federal policies, the task force

23. Brian Slattery, Bryan Riley, and Nicolas D. Loris, "Sink the Jones Act: Restoring America's Competitive Advantage in Maritime-Related Industries," Heritage Foundation *Backgrounder* No. 2886, May 22, 2014, http://www.heritage.org/research/reports/2014/05/sink-the-jones-act-restoring-americas-competitive-advantage-in-maritime-related-industries.

24. Matthew Philips, "U.S. Law Restricting Foreign Ships Leads to Higher Gas Prices," Bloomberg, December 16, 2013, https://www.bloomberg.com/news/articles/2013-12-12/u-dot-s-dot-law-restricting-foreign-ships-leads-to-higher-gas-prices (accessed June 19, 2017).

25. See, for instance, Randal O'Toole, "The Planning Penalty: How Smart Growth Makes Housing Unaffordable," Independent Institute, June 12, 2006, http://www.independent.org/publications/article.asp?id=1746 (accessed June 19, 2017); and Randal O'Toole, *The Best-Laid Plans: How Government Planning Harms Your Quality of Life, Your Pocketbook, and Your Future* (Washington, DC: Cato Institute, 2007), p. 122. See also Laura Kusisto, "What if Urban Sprawl Is the Only Realistic Way to Create Affordable Cities?" *The Wall Street Journal*, September 14, 2016, http://blogs.wsj.com/economics/2016/09/14/what-if-urban-sprawl-is-the-only-realistic-way-to-create-affordable-cities/ (accessed June 19, 2017).

26. See, for instance, The Partnership for Sustainable Communities, https://www.sustainablecommunities.gov/ (accessed June 19, 2017).

27. See, for instance, U.S. Environmental Protection Agency, "Smart Growth," https://www.epa.gov/smartgrowth (accessed June 19, 2017).

28. See, for instance, Federal Transit Administration, "Transit-Oriented Development," https://www.transit.dot.gov/TOD (accessed June 19, 2017).

29. Norbert J. Michel, "CFPB's Payday Lender Rules: Markets Exploit, Government Saves," *Forbes*, June 14, 2016, http://www.forbes.com/sites/norbertmichel/2016/06/14/cfpbs-small-lender-rules-markets-exploit-government-saves/#996042c4602a (accessed June 19, 2017).

30. Norbert J. Michel, "Government: We Must Destroy Payday Lenders Because Americans Are Stupid," The Daily Signal, October 9, 2015, http://dailysignal.com/2015/10/09/government-destroy-payday-lenders/?ac=1 (accessed June 27, 2017). See also Norbert J. Michel, "Google Joins the Ranks of the Condescending," *Forbes*, May 12, 2016, http://www.forbes.com/sites/norbertmichel/2016/05/12/google-joins-the-ranks-of-the-condescending/#b8f4745c8207 (accessed June 19, 2017).

31. The White House, "Presidential Executive Order on Promoting Agriculture and Rural Prosperity in America," April 25, 2017, https://www.whitehouse.gov/the-press-office/2017/04/25/presidential-executive-order-promoting-agriculture-and-rural-prosperity (accessed June 19, 2017).

32. Council of Economic Advisors, "About CEA," https://www.whitehouse.gov/cea/about (accessed June 27, 2017).

should identify harmful state and local policies that the federal government perpetuates through federal funding. The report should also identify which policies could be eliminated by the Administration on its own, and which changes would require legislation.

Conclusion

President Trump can help lead the nation to an era in which federal policies become less harmful to those who want to advance their lives and the lives of their families. This leadership could help to transform the lives of the poor, in particular, by allowing them to have the necessary freedom to improve their lives without the government standing in their way.

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APPENDIX TABLE 1

Big Government Policies and Why They Need to Be Addressed

1	**Climate Change Regulations**	During the Obama Administration, the EPA issued numerous climate change regulations, including New Source Performance Standards for new electricity-generating units that would effectively prohibit the construction of new coal-fired power plants, as well as regulations for existing plants (the Clean Power Plan). These regulations would drive up electricity prices, and according to a Heritage analysis, electricity expenditures could increase between 13 percent and 20 percent, hitting America's poorest households hardest. These significant costs would be imposed despite the climate return—if any—of these regulations being negligible. In March 2017, President Trump issued an executive order for the EPA and Department of the Interior to review, and if necessary, revise or rescind, several climate change regulations.
2	**Energy Efficiency Regulations for Appliances**	The Department of Energy imposes energy efficiency regulations on over 60 different household appliances, from showerheads to toilets. The regulations prioritize energy efficiency over other priorities that consumers might have, such as safety, size, durability, or cost. Further, the higher up-front costs and reduced choices that result from such regulations can have a significant impact on the poor. If Americans want to buy energy-efficient products, they can choose to make those purchases. The federal government should not presume it knows better than individuals and families what will best meet their needs.
3	**Fuel Efficiency Mandates and Tier 3 Gas Regulations**	As required by Congress, the U.S. Department of Transportation and the EPA recently finalized new fuel-efficiency standards for cars and light-duty trucks (CAFE standards) that will require an average fuel economy of 54.5 miles per gallon for 2025 model-year vehicles that will drive up prices for new vehicles. If the agencies eliminated future targets, people who buy new cars could save up to $3,400 for model year 2025. The EPA also set new standards on gasoline (Tier 3 gasoline standards) to lower sulfur and other tailpipe emissions from gasoline starting in 2017, with smaller companies required to comply by 2020. Industry estimates that this new standard could raise the cost of formulating gasoline by six cents to nine cents per gallon. For this additional cost for gasoline, the EPA promises no meaningful environmental benefits. In March 2017, the Trump Administration ordered the EPA to review the deadline and mileage target.
4	**Stricter Ozone Standards**	The EPA again tightened the ozone standard on ground-level ozone in 2015, even though states have had insufficient time to implement the strict 2008 standard. Further, the national average ground-level ozone levels have fallen 32 percent since 1980. The ozone standard has become increasingly controversial as it has become more expensive to meet tighter standards with smaller margins of tangible benefits. The EPA is now in the position of effectively setting American economic policy as it sets environmental policy, enjoying nearly unfettered power to set ozone standards and, indirectly with it, economic activity and land use. This has restricted opportunity and increased compliance costs, which are passed on to Americans, affecting the poor the most. The EPA has decided to delay implementation of the stricter ozone standard until October 2018, and is also reviewing issues connected to this new standard.

NOTE: For more details, see Daren Bakst and Patrick Tyrrell, eds., "Big Government Policies that Hurt the Poor and How to Address Them," Heritage Foundation *Special Report* No. 176, April 5, 2017, http://www.heritage.org/poverty-and-inequality/report/big-government-policies-hurt-the-poor-and-how-address-them.

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5	**Renewable Fuel Standard (RFS)**	The Energy Policy Act of 2005 first mandated that renewable fuels be mixed into America's gasoline supply, primarily using corn-based ethanol. The 2007 Energy Independence and Security Act increased the quotas significantly. The mandate forces higher levels of use than the market would otherwise bear. The result is higher food and fuel prices. According to separate analyses by University of California–Davis economists and a Heritage Foundation economist, the mandate accounts for an increase in corn prices of 30 percent, or as much as 68 percent, respectively.
6	**Tennessee Valley Authority (TVA)**	Congress created the TVA in 1933 as part of the New Deal to provide affordable electricity and stimulate economic development in Tennessee and the eight surrounding states. The TVA is a government-backed corporation that operates like a private company but has a presidentially appointed board and congressionally approved budget. Counter to its original purpose of providing affordable electricity to an economically depressed region, the TVA does not sell the cheapest electricity in the region and in recent history had some of the highest rates in the Tennessee Valley. It has had a 78 percent rate increase over the past 20 years, larger than any other state in the region, save Kentucky.
7	**Federal Sugar Program**	The federal sugar program tries to limit the supply of sugar that is sold in the United States through price supports, marketing allotments that limit how much sugar processors can sell each year, and import restrictions that reduce the amount of imports. As a result of government attempts to limit the supply of sugar, the price of American sugar is consistently higher than world prices; domestic prices have been as high as double that of world prices. This policy may benefit the small number of sugar growers and harvesters, but it does so at the expense of sugar-using industries and consumers. An International Trade Administration report found that "[f]or each sugar-growing and harvesting job saved through high U.S. sugar prices, nearly three confectionery manufacturing jobs are lost." The program is also a hidden tax on consumers. Recent studies have found that the program costs consumers as much as $3.7 billion a year.
8	**Fruit and Vegetable Marketing Orders**	The Agricultural Marketing Agreement Act of 1937 authorized fruit and vegetable marketing orders. These relics of the New Deal are initiated by industry, enforced by the U.S. Department of Agriculture (USDA), and are binding upon the entire industry in the covered geographic area, regardless of whether an individual agricultural producer has supported the marketing order. They are ostensibly aimed at helping to provide stable markets for certain commodities. While there are many problems with marketing orders, their most egregious problem is the volume controls. These controls allow representatives from a specific industry to intentionally limit the supply of commodities, thereby driving up food prices and disproportionately harming the poor.

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9	**U.S. Department of Agriculture's Catfish Inspection Program**	The Food and Drug Administration (FDA) inspects seafood for safety. The 2008 farm bill, however, included a provision that would move catfish inspection from the FDA to the USDA. As a result of this program, the USDA inspects catfish, and the FDA inspects all other seafood. This creates duplication, since seafood processing facilities that process both catfish and any other seafood will have to deal with two different types of seafood regulatory schemes, instead of just one. Moving catfish inspection to the USDA requires foreign countries to develop new catfish inspection schemes that are the regulatory equivalent of the more burdensome USDA system. This move was not in response to a catfish-safety crisis. The FDA and Centers for Disease Control and Prevention consider commercially raised catfish to be a low-risk food. The Government Accountability Office has said that the switch to the USDA will not improve safety. Instead, this policy is a textbook example of cronyism and trade protectionism in order to help a very small interest group (domestic catfish producers) at the expense of everyone else, including the poor.
10	**Soda Taxes**	Several cities, including Philadelphia, and San Francisco, are imposing taxes on soda and other sugar-sweetened beverages. These taxes, allegedly intended to reduce obesity, are intentionally designed to drive up the prices of sugar-sweetened beverages, thereby reducing consumption. These higher food prices have a disproportionate impact on the poor. Lower-income individuals are also more likely to drink the covered beverages than individuals at higher income levels. In addition to being an attack on the poor, these taxes are an attack on individual freedom. People are perfectly capable of making personal dietary decisions and do not need the government to dictate or influence what they purchase.
11	**International Monetary Fund Bailouts (IMF)**	The IMF has bailed out the governments of developing countries whose politicians ran up huge debts to achieve short-term and self-serving political objectives. The world's poor lose twice under these bailouts. First, they lose when governments borrow money from global markets to buy their votes via ineffective and often corruptly administered social welfare programs. Second, they lose again when those countries cannot repay their debts, are ejected from world credit markets, and seek bailouts from the IMF.
12	**Import Restraints on Food and Clothing**	Import restraints, such as import tariffs on food and clothing in the U.S., drive up prices for consumers. A 2013 report by the International Trade Commission estimated annual welfare benefits from liberalization of import restraints for various sectors, including food. Between 2012 and 2017, liberalization of import restraints would benefit U.S. consumers annually by an average of \$50 million for cheese, \$277 million for sugar, and \$8 million for tuna. Removing the import restraints would significantly help individuals at all income levels, especially the poor.
13	**The Merchant Marine Act of 1920 (Jones Act)**	The Jones Act requires the use of domestically built ships when transporting goods between U.S. ports. The ships must also be U.S. owned and mostly U.S.-crewed. The law drives up shipping costs, increases energy costs, stifles competition, and hampers innovation in the U.S. shipping industry. Originally enacted to sustain the U.S. Merchant Marine, the law has instead fostered stagnation in the U.S. maritime shipping industry. It costs about \$2 per barrel to ship crude oil from the Gulf of Mexico to Canada, but due to the Jones Act it costs between \$5 and \$6 to ship it to the U.S. east coast.

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14	**High Minimum Wages**	The minimum wage represents a policy trade-off. It raises the pay of some workers at the expense of eliminating the jobs of others. Historically, Congress and state legislatures have recognized these negative consequences and have avoided raising the minimum wage to levels at which it would clearly hurt the poor. Recently, several states have raised their minimum wages to historically unprecedented levels. Employers pay employees based on the value their labor produces. If the government requires employers to pay more than a worker produces, they will not hire that worker at all. For example, if a worker produces $12 an hour in value for a firm, he will receive close to $12 an hour. But with mandatory $15 starting wages, the firm will lay him off. His employer will not pay more than the value of what he provides the business. Not only do high minimum wages eliminate jobs, they make it more difficult for workers to move into higher-paying positions.
15	**Occupational Licensure**	Licensure laws require individuals to meet government-imposed requirements before being allowed to work in their chosen fields. Occupational licensing restrictions cost millions of jobs nationwide and raise consumer expenses by as much as $203 billion per year. These policies are often just a barrier to entry to help existing individuals in the specific field by limiting competition. For the poor who want to get out of poverty, the government is making such a move far more difficult. Further, private organizations can, and already do, certify individuals to practice many occupations, signaling to consumers that they are qualified without the need for government-issued occupational licensing.
16	**Economic Development Takings**	On June 23, 2005, the United States Supreme Court held in *Kelo v. City of New London* that the government can seize private property and transfer it to another private party for economic development. As a result, if a city claims that a certain privately owned property would generate additional tax revenue, create more jobs, or even simply make the city more attractive if owned by another private party, that city can use the power of eminent domain to seize the property. Lower-income households are particularly vulnerable to these economic development takings because their properties will likely be viewed as generating less economic benefit than other properties. These properties are likely to be in areas where municipalities want to redevelop, and this is where abusive “blight” laws come in handy for local government officials. Further, the poor do not have the resources to challenge the government when it decides to seize property.
17	**Home-Sharing Regulations**	Services like Airbnb and Home Away have enabled more Americans to leverage their home to be able to afford to live in gentrifying areas and to build financial security. Home sharing enables homeowners and renters to cover some or all of their costs by accommodating travelers on a short-term basis. Banning or excessively regulating home sharing hurts the ability of low-income Americans to use their biggest asset—their home—to earn a living. Only recently have technological advances enabled home sharing to become more widespread and to draw the interest of regulators, hotel employee union lobbies, and the hotel industry. Unfortunately, several interest groups are working diligently to ban home sharing or essentially regulate it out of existence. Several states, though, are considering pre-empting local home-sharing regulations that interfere with individuals’ rights to use their property as they see fit—including making their homes available to short-term renters.

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Big Government Policies and Why They Need to Be Addressed

18	**Rent Control**	To promote affordable housing, many municipalities limit the rent that landlords can charge. Instead of promoting affordability, these rent controls limit the supply of housing, leading to increased prices. Rent controls lead to housing shortages because demand for housing outstrips supply. New apartments are less likely to be built because of the price controls, and landlords may seek to shift existing residential properties to other uses. Furthermore, the government is incentivizing landlords to focus less on maintenance of the properties, thereby creating lower-quality dwellings for the poor. Economists, regardless of ideology, widely agree on the problems of rent control.
19	**Smart Growth**	“Smart growth” is a pleasant name given to an unpleasant planning philosophy that promotes high-density development, and through a centralized approach seeks to determine where—and how—people should live in their communities. Central to achieving smart-growth objectives is restricting development, which is done in large part through land-use regulations. When there is less land for development, there is also less land for housing. There are also restrictions placed directly on the amount of housing that can be built. The various policies drive up housing prices and make it more difficult for individuals to live where they would like. This is not just a state or local issue. Smart growth plays a significant role in agencies, such as the EPA and the U.S. Department of Transportation, among other agencies, which have been leading drivers of these policies that are so harmful to the poor.
20	**Payday Lender Rules from the Consumer Financial Protection Bureau (CFPB)**	The 2010 Dodd–Frank Wall Street Reform and Consumer Protection Act created the CFPB and authorized it to impose new regulations on payday lenders and other short-term credit providers. Supporters of Dodd–Frank argue that these changes are necessary because private short-term lenders tend to “trap” consumers in high-cost debt. This view is fundamentally flawed, and the federal government has no need to regulate short-term lenders, all of whom are currently regulated by state governments. The proposed payday lending rule is written in a manner that will likely force many lenders to stop offering these small-dollar loans. By the CFPB’s own admission, these rules could effectively destroy the payday lending industry, eliminating up to 85 percent of the loans currently made. More than 12 million people per year use short-term loans, and the majority are those who have emergency credit needs and lack other forms of credit. The federal government is about to hurt the poor through this federal regulatory scheme. By simply not interfering with these private transactions that can be so important to low-income individuals, the federal government will allow the poor to continue to have much-needed access to short-term loans.
21	**Daycare Regulations**	Each state has its own set of regulations for licensed day-care providers, aimed at ensuring safety and high-quality care for young children. In most states, it is illegal to operate an unlicensed childcare operation with the exception of caring for a few children in a home setting. Near-universal and costly licensing requirements unnecessarily drive up the cost of childcare options. Private certification could address many concerns if the market demands certain qualifications and standards. Consumers can then choose between certified and uncertified daycare providers. However, so long as there is government licensing, any regulations should be narrowly focused on health and safety concerns in order to avoid unnecessarily driving up day-care costs. Where unnecessary regulations proliferate, low-income children and their parents have fewer day-care options. Families should be free to choose licensed or unlicensed childcare for their children, and the bar for licensed care should not be set so high that only high-income families can afford it.

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22	**Ride-Sharing Regulations**	For years, states and municipalities have attempted to heavily regulate, and at times ban, ridesharing companies like Uber and Lyft in an effort to prop up their principal competitors, the traditional taxicab companies. Taxi firms have historically enjoyed an effective monopoly on for-hire transportation, owing to ordinances in many jurisdictions that require operators to obtain a license or taxi medallion, while capping the number of medallions. The result is that it is virtually impossible for competitors to enter markets and challenge incumbent firms. Government policies that attempt to preserve this system against competition from ridesharing firms, or which impose costly and burdensome regulations on said firms, do so at the expense of both consumers and drivers, with a particular impact on the poor. Rideshares are generally cheaper than taxis, resulting in significant savings for consumers. These companies have also consistently offered better and more reliable coverage to low-income and minority neighborhoods than traditional taxi companies.
23	**State-Sanctioned Lottery Monopolies**	Forty-four states and the District of Columbia currently sponsor lotteries, with total sales of $64.6 billion in fiscal year 2014—and with an average payout of only 62.4 cents of prizes per dollar of revenue, far lower than typically seen in other forms of gambling. Low-income individuals are more likely to play the lottery, yet are less likely to benefit from its proceeds. In a 2011 literature review, Kent Grote and Victor Matheson of the College of the Holy Cross note that researchers have found that those with low levels of education (among other groups) are more likely to purchase lottery tickets, and "studies uniformly find that lotteries represent a highly regressive form of taxation," yet "wealthy individuals and regions tend to benefit disproportionally from money earmarked towards programs and education, potentially exacerbating the regressivity of the revenue side of lotteries."

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