

INTRODUCTION

UNINTENDED CONSEQUENCES OF GOVERNMENT INTERVENTION

Joshua C. Hall and Jason E. Taylor

At the core of the economic way of thinking is the notion that well-intentioned public policies often have unintended consequences that lessen or negate the intended outcomes of the policy. To paraphrase Frederic Bastiat, a good economist is one who regularly anticipates and teases out the unintended consequences of public policies. Richard Vedder is a good economist.

Richard K. Vedder: Scholar

Richard Vedder earned his B.A. in economics with honors from Northwestern University in 1962. After graduation, he directly enrolled in the doctoral program in economics at the University of Illinois at Urbana-Champaign where he focused on American Economic History and Public Finance. A quick study and even quicker researcher, Vedder received his doctorate in 1965 after only three years at Illinois. In the fall of 1965, he started as an Assistant Professor of Economics at Ohio University and would quickly rise through the academic ranks to eventually become a Distinguished Professor, the highest distinction bestowed on faculty members at Ohio University. Even after taking emeritus status several years ago,

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he continues to teach American Economic History, 50 years after first stepping foot on campus in Athens.

Vedder's early work focused on migration, primarily during the 19th century. Along with a number of co-authors—including his longtime collaborator Lowell Gallaway—Vedder looked at the factors influencing migration both domestically and abroad. This work was published in top economic history journals such as the *Journal of Economic History* (Gallaway and Vedder 1971) and *Explorations in Economic History* (Gallaway, Vedder, and Shukla 1974). While historical in nature, Vedder's work was generally related to contemporary public policy questions, such as the role of economic opportunity on recent migration patterns (Cebula and Vedder 1973, 1976). Vedder taught his students that we can learn much about important issues today by looking at applications in the past.

In 1981, Vedder received an invitation to join the Joint Economic Committee of the U.S. Congress as an economist. It was during this period that his research turned more to contemporary problems in public finance. In 1985, Vedder published his first academic article on taxation in the *Cato Journal* (Vedder 1985). Five years later he returned to the CJ to meld his research on migration and taxation with “Tiebout, Taxes, and Economic Growth” (Vedder 1990). Toward the later part of the decade and into the early 1990s, Vedder co-authored a number of articles on rent seeking and the consequences of the U.S. transfer state (Vedder and Gallaway 1986, 1991; Vedder, Gallaway, and Sollars 1988; Gallaway and Vedder 1989). In addition to this body of work (and numerous other publications) during the 1980s, Vedder and Gallaway were working on the ideas and research that would form the core of their 1993 book *Out of Work: Unemployment and Government in Twentieth-Century America*.

A visiting position at the Center for the Study of American Business during the mid-1990s launched Vedder's research into educational productivity (Vedder 1996). While he originally focused on K–12 education (Vedder 2000, Vedder and Hall 2000, Vedder and Hall 2002), Vedder turned his attention to higher education with his influential book *Going Broke by Degree: Why College Costs Too Much* (Vedder 2004a). Since its publication, Vedder has largely focused his attention on policy issues related to higher education in a number of journal articles (Vedder 2004b, Vedder and Gillen 2011) and scholarly papers for state-based think tanks as well as his national think tank the Center for College Affordability and Productivity.

In this brief introduction, we can barely scratch the surface of Vedder's research accomplishments. For example, our discussion does not even mention his 2006 book with Wendell Cox on Wal-Mart, or his large number of studies for state and national think tanks such as the Mackinac Center and the Cato Institute. Vedder has also been a tremendous ambassador for economics through his media outreach via literally hundreds of op-eds and interviews. He has influenced the public policy debate on numerous topics.

Despite his success in the public eye, at his core, Rich is a teacher and a scholar. As former students, we can attest to his ability to teach, mentor, and inspire. Have you ever seen a professor call a student's house when he or she did not show up for a 9 a.m. class? We have—and believe us when we say that attendance at Vedder's seminar classes was always at or near 100 percent. Literally thousands of students owe much of who they became—whether academic scholars like us, or those using economic skills in the private or public sectors—to Richard Vedder. We hope that this volume draws additional attention to how influential his work has been.

An Overview

The articles in this issue are not hagiographic. Instead, they explore questions on topics that have been at the core of Rich's research program throughout his career. In requesting submissions for this special issue, we were intentionally broad given the scope of Rich's work over his career. Given the diverse topics (migration, taxation, poverty, unemployment, K–12 education, higher education, inequality) that Rich has written on in his career, our hope was that the submissions would be diverse enough to truly honor Rich's scholarship. We were not disappointed.

The ten articles that follow Vedder's lead article roughly parallel the temporal progression of Rich's scholarship. For example, some of Rich's earliest work (with Richard Cebula) was on interstate migration. In the opening article of this issue, Sean Mullholland and Andrew Young look at the effect of occupational licensure on migration. They find that states where fewer low- to moderate-income occupations are licensed have higher in-migration than those without a college education. Like Rich's work on migration, Mullholland and Young find that individuals migrate toward greater economic opportunities.

The next three articles are related to Rich's work during the 1980s on poverty, rent seeking, and taxation. The first of these is by Rich's longtime coauthor, Lowell Gallaway and his coauthor Daniel Garrett. In their article, they update and extend much of Rich and Lowell's work from the 1980s on the unintended consequences of the War on Poverty. They present empirical evidence that increased public aid to the poor has not led to reduced levels of poverty and may have made things worse. Following this is a short article by Russell Sobel and Joshua Hall extending an article by Vedder and Gallaway in *Public Choice* entitled "The War between the Rent Seekers." Like Vedder and Gallaway, they uncover a negative relationship between welfare spending per capita and public school teacher salaries suggesting that, at some point of government activity, interest groups are in competition for government resources. Michael Stroup and Keith Hubbard provide a new measure of the variability of state tax prices in the hope that future scholars can build off Vedder's 1990 article in the *Cato Journal* looking at interstate tax price variation and economic growth.

Articles five through seven focus primarily on unemployment and other macroeconomic issues Rich studied extensively during the 1990s and into the 2000s. In an article reminiscent of much of Rich's historical research with Lowell Gallaway, Jason Taylor and Ronald Klingler look at the parallels between the 2013 sequester and post-WWII spending cuts. Like Vedder and Gallaway, they find evidence that cuts in government spending actually help the economy instead of harming it as conventional wisdom suggests. The next article by J. Wilson Mixon Jr., and E. Frank Stephenson pursues a theme related to Vedder and Gallaway's *Out of Work*, namely that government policies designed to help laborers often end up having the opposite effect. Looking at youth summer employment from 1972 to 2012, they find that increases in the real value of the minimum wage have had a negative effect on teen summer employment. Michael Hicks, Michael LaFaive, and Srikant Devaraj continue the labor theme in following up Rich's scholarship on the economic effects of right-to-work (RTW) laws. They find that RTW has resulted in higher manufacturing productivity and population growth compared to non-RTW states.

Concluding this special issue are three articles focusing on K–12 education, higher education, and the effects of economic freedom. Benjamin Scafidi documents declining productivity in K–12 education

in the United States and provides some suggestions for potential reform. Jayme Lemke and William Shughart use Rich's work on higher education as a starting point to hypothesize about the future of higher education and the potential for beneficial reforms.

Finally, Daniel Bennett concludes the special issue by looking at the effect of economic freedom at the state level in the United States and Canada. He finds that economic freedom is associated with higher levels of income per capita and lower unemployment rates.

Conclusion

From its founding, the *Cato Journal* has been a home for rigorous scholarship that eschews esoteric academic analysis, but instead wrestles with some of the most fundamental public policy issues of the day. Whether it is an issue of the principle and politics of tax reform in 1985 or making a federal case out of health care in 2002, the CJ has published articles that speak clearly to pressing public policy issues. We can think of no better publication for this collection of essays honoring Richard Vedder to appear.

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