

# Poverty and Success

Perhaps the most unpopular opinion I hold is that—in spite of the myriad obstacles to success instigated by the state—success is still achievable by a significant percentage of the population (>95%) and poverty is a result of one's own choices in a similar percentage of cases.

I am not suggesting that everyone's idea of success necessarily requires financial wealth or that poverty (a lack of financial wealth) is always an undesirable state of existence. Some people do indeed choose to prioritize other goals above wealth, and that is certainly their right. I also acknowledge that there are some people (<5%) in any population who, due to severe disability or state maleficence (typically through the so-called "criminal justice system"), have limited or no ability to achieve financial success.

Caveats aside, my basic thesis is that greater than 95 percent of people are capable of and have the opportunity to achieve financial success, but that many (and even a majority) do not take advantage of their opportunities. There are numerous decisions, reasons, and alternative priorities that explain this phenomenon and the following are far from an exhaustive list.

1. **Not taking advantage of educational opportunities.** In the U.S. and most developed countries, basic education is available to all at no charge and higher education is available inexpensively or even at no charge to those who can demonstrate financial hardship. In addition, the information age has led to an unprecedented increase in the quantity and quality of educational materials available at little or even no charge. Nearly anyone can learn to do anything if they are willing to put in the effort. Those who choose to live their lives in ignorance have almost always chosen that path.
2. **Having children (they cannot afford) too young.** This is another huge predictor of one's likelihood of achieving financial success. Having children represents nearly a quarter-million dollars' worth of expenses taken on which will have to be paid in a span of fewer than two decades. Why do people make this foolish choice? If your finances would not support the purchase of a Lamborghini Huracán, they also don't support you having a child. Wait or abstain!
3. **An unwillingness to relocate.** Here we see another significant problem that plagues the perpetually poor. Sometimes opportunity doesn't knock on your door. Sometimes you have to go hunt for it. Cost of living is also a major factor here. The Apartment List National Rent Report found that the median rent for a two-bedroom apartment in New York City was \$2,523. It was even higher at \$2,621 in San Jose, CA. Compare that to Phoenix, AZ or Houston, TX where the averages were \$1,061 and \$1,024 respectively.

It is not just rent either; today, the average cost for a gallon of gas in San Jose, CA, is \$3.27 while in Houston, TX, it's \$1.93. Play with a Cost Of Living Calculator and observe the difference. Right now, the cost of living is 44.33% lower in Houston than in the San Francisco area and 56.82% lower than in the Manhattan area. Why do poor people stay in expensive cities?

What about finding a job? The lowest unemployment in the country right now is in the Ames, IA Metropolitan Statistical Area (MSA) at just 1.4 percent. That's less than half the 3.6 percent unemployment rate in the New York MSA, and yet the cost of living in Ames, IA, is 59.19% lower than in Manhattan. If you are working full time earning \$20 an hour (well above the minimum wage) in New York, you could move to Ames, IA, and take a job making \$8.50 an hour and you would be better off (\$8.17/hr. is the breakeven point.) Oh, and gas at Sam's Club in Ames is going for \$1.86 a gallon today.

So what is my point with all this information? My point is that if people would make smarter decisions—particularly about their education, when they have children, and where they live—they would have a far greater chance of achieving financial success. I'm not suggesting that it is always easy or that there are not obstacles to overcome, but I am suggesting that it is not nearly as difficult as some people claim. Poverty is not the fault of billionaires or of "greedy capitalists" or of some systemic injustice that keeps "po' folks" down. Poverty is the natural and predictable result of ongoing poor choices, and until people realize this and start taking responsibility for their own culpability in their financial situations, we will continue to hear the growing chorus of complainers demanding political intervention to redistribute money from those who earned it to those who did not.

With few exceptions, it is fair to say that **poor people make poor choices.**