



Promoting
Prosperity
in

Mississippi

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The Institute for Market Studies at Mississippi State University was created in 2015 to support the study of markets in order to provide a deeper understanding regarding the role of markets in creating widely shared prosperity.

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Preface

What creates prosperity? Why are some states rich and others poor? Why does Mississippi consistently rank as one of the poorest states in the nation? Can anything be done to move Mississippi ‘out of last place’? These questions are often raised by our students and fellow Mississippians. This book addresses each of these questions by identifying areas in which Mississippi can improve its economic conditions.

In this book, we identify key areas for Mississippi economic policy reform. Twenty-one scholars, ten of which are from or work in Mississippi, have contributed original policy research. All twenty chapters were written specifically for Mississippi with a shared goal to promote prosperity in the state. While some of the chapters contain complex policy reforms, we have made every effort to present the concepts and ideas in a way that is understandable to the average citizen, the person who can benefit the most from this information.

The first three chapters of the text summarize the basic economic principles necessary to achieve economic prosperity. These three chapters present the principles behind the reforms proposed in the subsequent seventeen chapters. Each chapter was written independently and offers unique insight into different areas of state policy reform. While the topics covered range from tax reform, education reform, healthcare, corporate welfare, occupational licensing and business regulatory reform to criminal justice reform, and natural disaster recovery efforts, there is a clear unifying framework underlying the conclusions reached in each chapter. The theme throughout is that economic growth is best achieved through free market policies, policies which are based on limited government, lower regulations, lower taxes, minimal infringement on contracting and labor markets, secure private property rights, low subsidies, and privatization. Policy based on these principles allows Mississippians to have more rights and more choices in their lives.

We hope that readers come away with a better understanding of capitalism’s true potential to generate the long-run economic growth necessary to make Mississippi more prosperous, as well as ideas for policy reforms that could accomplish it in our lifetimes. This book illustrates that if Mississippi embraces economic freedom, the state will experience more entrepreneurship, increased business and capital formation, higher labor productivity and wages, and overall economic growth. Our main goal is to provide the scholarly, academic research that can inform state policy decisions and open a much needed dialogue on growth-oriented policy reform in Mississippi.

We focus on long-run policy improvements. Thus, the analysis is not an assessment of any particular administration or political party. Instead, this book can be thought of as a blueprint of possible economic reform proposals that use scientific evidence as a guiding principle. We emphasize that our unifying framework, which shapes the conclusions drawn in each chapter, is based on economic science, not politics. All authors address their respective topics by relying on academic research. Topics and policy conclusions were not based on any particular political agenda, political party, or political expediency. Instead, the authors relied on cold, hard facts and data with references to published academic literature to develop policy reform suggestions specific for Mississippi. In fact, many reforms suggested may not be politically possible.

The inspiration for this book came from *Unleashing Capitalism*, a series of books using economic logic to improve state policy in West Virginia, South Carolina, and Tennessee. We owe thanks to more people

than we could possibly list. We are indebted to our colleagues and the Finance and Economics advisory board at Mississippi State University who helped review chapters and provide invaluable feedback. We thank Ken and Randy Kendrick, Earnest W. and Mary Ann Deavenport, and the Pure Water Foundation for the funding necessary to embark on a project of this magnitude. We also thank our friends and family for their support, and for putting up with the long working hours that went into conducting this research. Most importantly, we would like to thank the staff and supporters of the Institute for Market Studies at Mississippi State University for publishing this book. Without their support, this book would not have been possible.

Let's start promoting prosperity in Mississippi!

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Tipping the Scales: Curbing Mississippi's Obesity Problem

Raymond J. March

15

Tipping the Scales: Curbing Mississippi's Obesity Problem

Raymond J. March

In 2013, Mississippi Governor Phil Bryant enacted legislation banning counties from passing legislation to restrict portion sizes and require nutritional labeling for food retailers. Bryant's conviction, "it is simply not the role of the government to micro-regulate citizens' dietary decisions" received significant criticism.¹ Several outlets have satirically described the legislation as "Anti-Bloomberg".² More critically, former New York City Mayor Michael Bloomberg referred to Bryant's legislation as "ridiculous".³ Executive Director of the Center for Science in the Public Interest, Michael Jacobson, expressed, "If I were a member of the Mississippi legislature, I would be much more concerned with the money the state shells out to treat obesity".⁴ The University of Mississippi Medical School is also concerned with the growing prevalence of obesity in Mississippi. The University has declared obesity to be "the most important threat to the health of Mississippians" which could, "overwhelm our health-care system" resulting in, "a tidal wave of disease, disability, and premature death".⁵

A person is considered obese when their Body Mass Index exceeds 30. For most, obesity is the result of an unhealthy diet and insufficient physical activity, which leads to more calories consumed than

¹ Yan (2013, p. 5).

² Other states including Florida, Ohio, Arizona, and Alabama have enacted similar legislation. However, Mississippi legislation goes farther than other states that only restrict efforts to regulation the restaurant industry while Mississippi specifically limits portion size and required nutritional labeling.

³ (Pettus 2013, pp.5).

⁴ (Neporent 2013, pp. 17).

⁵ See <https://www.umc.edu/Research/Centers-and-Institutes/Mississippi-Center-for-Obesity-Research/Home-Page.html>.

burned. It is preventable and reversible. Most efforts, including government policy, to combat obesity revolve around diet and nutrition instead of physical activity. Thus, this chapter focuses on how Mississippi's food and nutrition policies affect obesity.

The concerns regarding obesity in Mississippi are justified. As of 2015, Mississippi ranks 2nd among all US states in adult obesity where approximately 36% of the adult population is considered obese. Children and teens are also affected. According to the Mississippi State Department of Health (MSDH), in 2013 approximately 20% of high school students and 22% of children from kindergarten to 5th grade are considered obese. Obesity commonly leads to increased risk for heart attacks, heart disease, diabetes, liver and kidney disease, and certain forms of cancer. Obesity is also associated with increased health care costs. The United Health Foundation finds the average obese patient spends 42% more on healthcare expenditures than the non-obese patient. The organization also estimates approximately 21% of annual medical spending (including household and government spending) in Mississippi goes to treating obesity or obesity related health issues.

Policymakers, including Bryant, agree on the seriousness of Mississippi's obesity. The fundamental disagreement is regarding what method works best to reduce it—private individuals working at the local level versus public actors using governmental effort to enact policy and regulation.

The recent trend across US cities and states is to use government regulation of food products and distribution in order to influence consumer choices. For example, New York City bans food retailers from selling soft drinks and other sweetened drinks larger than 16 ounces. Philadelphia taxes soda at 1.5 cents per liter. San Francisco forbids toys from being distributed in fast-food meals. Fast-food restaurants are not allowed in certain Los Angeles neighborhoods. In 2010, California became the first state to ban the use of artificial trans-fats. Following suit, legislation to ban trans-fats has been introduced in Massachusetts, Maryland, and Vermont.

Mississippi, although less intrusive than the previous examples, engages in similar legislation. Each year the MSDH develops a State of Obesity Action Plan. This plan details the state government's efforts to reduce and prevent obesity by implementing programs in schools, businesses, and other public outreach centers. The most recent plan calls for approximately \$10 million in state funding to reduce the prevalence of adult and childhood obesity by the year 2020.⁶

Widespread obesity in the US and Mississippi is often described as an epidemic. The analogy implies a sudden, unanticipated, and pervasive increase in body fat content. However, obesity does not occur quickly. Rather, it is the result of countless choices made by millions of individuals. Examining the obesity issue in terms of choice rather than contamination recasts the question from what factors prevent obesity to what factors contribute to it.

This chapter examines contributing factors to Mississippi's obesity through the lens of economic analysis. Despite the best of intentions, Mississippi's regulatory and policy efforts play a considerable role in bolstering obesity rates in the state. Furthermore, state policy efforts provide little promise of preventing or reducing future obesity rates. Instead, local level private interests frequently provide an effective means to combat obesity. Entrepreneurs often provide healthy products, services, and information on how to live healthier lives to health-conscious consumers. The evidence provided in this chapter indicates private and local efforts, instead of state-led efforts, are significantly more likely to successfully address Mississippi's obesity problem.

6 The plan does not provide any specific measurable goals (i.e. reduce overall obesity by 10%, etc.)

What Does Economics Have to do With It?

Economics is the study of choices. If we reframe obesity as stemming from a series of food consumption choices, economics can be used to understand the nature of such choices. When viewing choices through an economic lens, individuals choose by responding to their incentives while attempting to make themselves better off. This applies whether people choose to consume healthy or less healthy food items. Which item is picked stems from different incentives and desires. Thus, widespread obesity, including obesity in Mississippi, is the result of individuals facing incentives to consume comparatively less healthy food items.

These incentives are divided into internal, cognitive incentives and external, market conditions with different prescriptions recommended based on which incentives are believed to be more relevant. Internal conditions include an understanding of how food choices affect obesity risk. A common explanation of wide-spread obesity is that people over-consume less healthy food options due to cognitive and psychological factors.⁷ It is argued that most underestimate the impact food consumption choices have on their health. If true, obesity is a result of cognitive biases that are beyond the consumer's control. Self-discipline is incapable of fixing these psychological contributors. Thus, government intervention is necessary to limit access to unhealthy food options or directly influence consumer choices.⁸ This perspective partially explains recent government regulation preventing the sale of certain foods, restricting portion sizes, and implementing specific taxes on unhealthy foods. Governments also fund educational programs on healthy dietary habits and proper nutrition as an attempt to alter mental biases.⁹

Although consuming relatively less healthy food can raise the risk of becoming obese, wide-spread obesity is not fully explained by limited mental capacity to make “better” choices. Lack of awareness does not explain why obesity rates affect different regions and income levels differently. Limited cognition also does not explain why obesity rates are increasing despite consumers holding more knowledge of proper diet and nutrition than in any previous time period.¹⁰

Thus, understanding the underlying factors of wide-spread obesity is incomplete without examining external conditions. External conditions include market, financial, and regulatory factors that influence food consumption. The primary external condition, therefore, is food prices. Consumers, particularly those with limited income, must consider price when making food choices. When certain food items become more expensive, consumers purchase less of them and substitute to comparatively cheaper foods. Conversely, consumers purchase more of the less expensive food and substitute away from comparatively more expensive products.

Unfortunately, studies find that cheaper food items tend to contain higher sugar and fat content; thus, individuals are incentivized to consume unhealthier foods because they are relatively cheaper.¹¹ This, in turn, raises the risk of obesity.

Government policies and regulations frequently affect food prices, which makes some food items artificially more expensive than others.¹² Since this affects the entire population, the result is population wide substitutions into different food items. Those most price sensitive to changes in food prices, typically

7 See Thaler (2016), Thaler and Sunstein (2008), and Sunstein and Thaler (2003).

8 Attempting to influence choices in this manner is sometimes referred to as “choice architecture” or “nudging” (Thaler and Sunstein 2008).

9 Examples of comparatively larger federal educational programs include the MyPyramid and MyPlate programs which work to educate low income households on healthy dietary habits.

10 See Philipson and Posner (1999) and Philipson (2001).

11 See Drewnowski and Specter (2004), Drewnowski and Darmon (2005), and Hruschka (2012).

12 The prices are artificial in the sense they would be higher or lower without government intervention.

lower-income consumers, are most affected by government induced price increases. As food prices rise, dietary quality decreases, increasing obesity and other health consequences.

For example, when the federal government subsidized corn production, the supply of corn and corn-based products increased. This resulted in the increased use of high fructose corn syrup since it was now a comparatively cheaper substitute for sugar. High fructose corn syrup is associated with increased risks of heart disease, obesity, and type 2 diabetes.¹³ Although these health impacts were unintentional and unknown at the time, replacing sugar with high fructose corn syrup has deleteriously affected the health of countless US citizens.

Government interventions in the food market lead to harmful unintended consequences. A large percent of Mississippians face external conditions such as low incomes and low food budgets making them particularly vulnerable to governmental food policy and regulation that alter food prices.

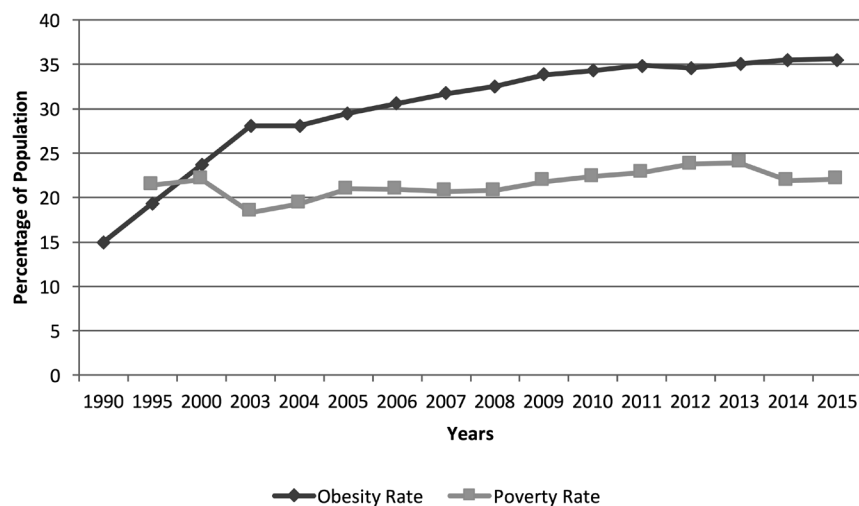
Obesity and Poverty

In addition to holding one of the highest obesity rates in the US, Mississippi also has the lowest per-capita income, as described in Chapter 1. Mississippi also has the highest percent of population living below the poverty line at 22%. A common, somewhat paradoxical, finding is the association with low income and obesity.¹⁴ Lower-income individuals have an incentive to purchase cheaper and lower quality food items, frequently resulting in less healthy food choices. This incentive structure places lower-income individuals at higher risk for obesity.

As depicted in Figure 15.1 below, this association is clearly prevalent in Mississippi. As the poverty rate has increased over time, so has the obesity rate. Although the percent of Mississippi's population below the poverty line increased at a slower rate than the obesity rate, poverty and income are related, with a correlation value of 0.87 after 2003.

Current county level data, as depicted Figure 15.2, also demonstrates a strong relationship between poverty and obesity. The correlation between the county population below the poverty line and obesity is 0.50. Furthermore, 77 out of 82 counties, or 94% of all counties, simultaneously hold poverty and obesity rates above the national average.¹⁵ As income declines, so does

Figure 15.1: Mississippi Poverty and Obesity, 1990-2015



Source: Robert Wood Johnson Foundation's State of Obesity 2016 Report and US Census Bureau.

¹³ See Taubes (2006) and Goran, Ulijaszek, and Ventura (2013).

¹⁴ See Levine (2011).

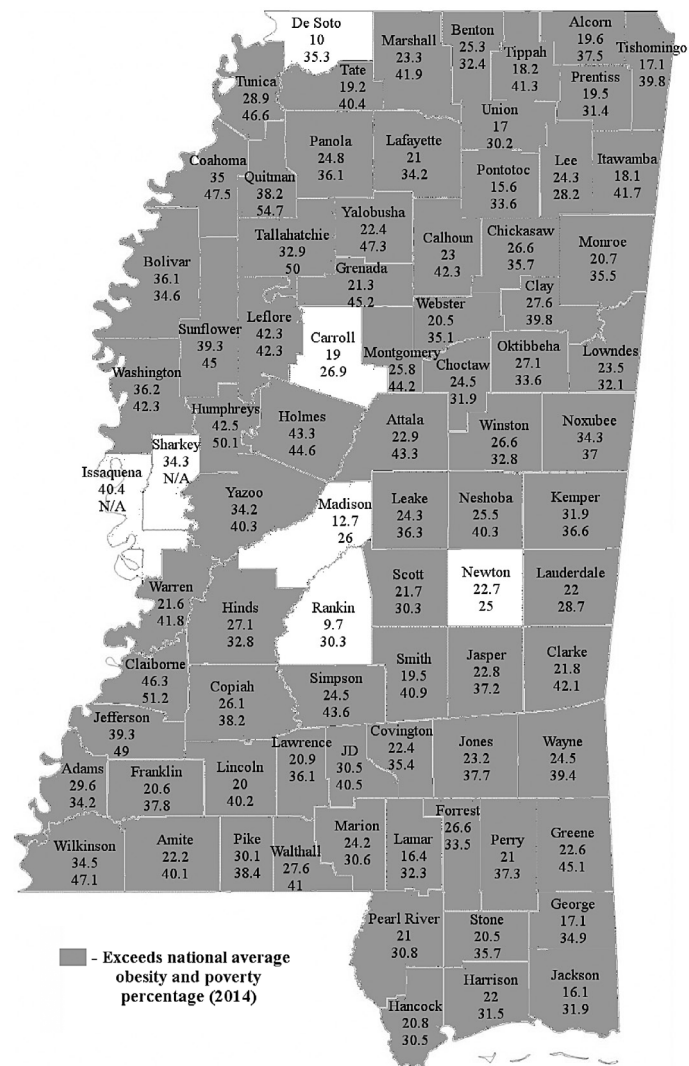
consuming healthy, relatively pricier food choices, like fruits and vegetables. The Center for Disease Control's 2016 State Nutrition, Physical Activity, and Obesity Profile finds approximately 50% of low-income adults in Mississippi reported consuming no vegetables and 31% consumed no fruit on a daily basis. MSDH's Obesity Action plan 2016 finds similarly low consumption patterns for children where 10% of children in low income-households in Mississippi did not consume a serving of fruit or vegetables in the previous week.

Mississippi places additional burdens on low-income consumers by taxing groceries. Mississippi is only 1 of 6 states which tax grocery purchases, and it is only 1 of 2 states which tax grocery purchases at the same rate as the state sales tax (7%), as discussed in Chapter 5. This raises the prices of all grocery goods. High grocery taxes place high financial burdens on low-income consumers. Furthermore, elevated price levels for food items provide a strong incentive to purchase unhealthy but calorie dense foods to economize on income allocated to consumption.

Obesity and Government Food Programs

Low-income households face the highest risk for not being able to afford a sufficiently nutritious diet. To reduce this risk, the Food Nutrition Service (FNS), an agency of the USDA, implemented the Supplemental Nutritional Assistance Program (SNAP) and the Women, Infants, and Children's Nutritional Program (WIC). Each program provides certain food items (either directly or through pre-paid electronic transfer cards) to program participants. By offering goods at no cost, participants are provided an incentive to consume food items provided by the programs rather

Figure 15.2: Mississippi Obesity and Poverty, 2014



Note: Top numbers below the county names represents the percent of county population living below the poverty line as of 2014. Bottom numbers below the county names represent the percentage of county population considered obese. For clarity, Jefferson Davis County is shortened to "JD".

Source: County poverty line figures were obtained from the USDA's Economic Research Initiative. County obesity data was collected from 2011-2014 by the MSDH and were reported in the State of Obesity Action plan 2016. Sharkey and Issaquena county obesity data were considered "unreliable". Thus, the rates are excluded from the figure.

15 In 2014, the national percentage of adults considered obese was approximately 27.7% where the percentage of the population below the poverty line was approximately 13.5%.

than higher priced goods not provided by the program. Furthermore, because participants have lower-incomes, they are the least able to substitute toward healthy, higher priced foods. Although unintentional, both programs are associated with negative health consequences, primarily obesity.

SNAP is the largest federal program, in terms of cost and total participation designed to assist low-income individuals and households to afford a sufficient supply of food.¹⁶ As of 2016, approximately 44 million participants nationwide received approximately \$67 billion in benefits from the SNAP program. Mississippi has one of the highest SNAP participation rates with approximately 19.4% of the population receiving benefits as of 2013 (only trailing Oregon by 0.4%). Because SNAP provides food items to its participants, recipients have a strong incentive to consume the food provided by SNAP and only to acquire additional food items with personal income when necessary. Currently, SNAP benefits can be used to purchase unhealthy food items including soda, candy, cookies, ice cream, bakery cakes, and energy drinks.¹⁷

SNAP's contribution to the obesity problem is twofold. First, it provides additional incentives to consume food items which increase the risk of becoming obese. Second, because it provides food items to low-income consumers, its targeted consumers are strongly disadvantaged by not utilizing these benefits. Both factors make SNAP participation a reinforced incentive to consume less healthy food items. Empirical evidence illustrates that SNAP participation increases the risk for elevated BMI and obesity.¹⁸ Furthermore, when compared to eligible but nonparticipating households, empirical evidence indicates participating households consume more sugary foods, fatty foods, and soda.¹⁹

SNAP eligibility in Mississippi is largely based on household size and income thresholds set by the state government. Mississippi has more lenient eligibility requirements than many other areas with income thresholds set well below the national average. Income eligibility requirements for households between 1-5 people are shown in Figure 15.3. Figure 15.3 demonstrates that Mississippi's current maximum income threshold for SNAP eligibility is consistently 23% higher than the national average. As a consequence, eligibility requirements are comparatively less restrictive.²⁰

County level data finds that higher SNAP participation is associated with higher obesity rates. Figure 15.4 illustrates an unsurprising relation between SNAP participation rates and obesity rates at the county level. SNAP and obesity are highly correlated

Figure 15.3: SNAP Eligibility in Mississippi

Household Size	SNAP Maximum Eligible Monthly Income Threshold (US Average)	SNAP Maximum Eligible Monthly Income Threshold (Mississippi)	% Difference
1	\$990	\$1287	23%
2	\$1335	\$1736	23%
3	\$1,680	\$2,184	23%
4	\$2025	\$2633	23%
5	\$2,370	\$3081	23%

Note: All figures are for 2016-2017 eligibility.

Source: Figures on US average maximum SNAP eligibility income were obtained from the FNS. Maximum SNAP eligibility incomes for Mississippi were obtained from mybenefits.gov. Monthly income is used because SNAP eligibility is based on monthly rather than annual income.

¹⁶ This is sometimes referred to as "food insecurity".

¹⁷ Energy drinks are only covered by SNAP benefits if they have a nutritional facts label. SNAP benefits do not extend to vitamins, medicines, or health supplements because the Food and Drug Administration does not consider these food items.

¹⁸ See Leung and Villamar (2010), Baum (2011), DeBono, Ross, and Berrang-Ford (2012). It is important to note some literature does not find a consistent relationship between SNAP participation and obesity (Ver Ploeg, Mancino, Lin, and Wang 2006; Gunderson 2013). However, these studies are limited in considering socio-economic, local food market, and family composition factors.

¹⁹ See Wilde, McNamara, and Ranney (1999) and Whitmore (2002).

²⁰ From 2009-2013, the median household size in Mississippi was 2.65 which is similar to the US average over the same period (2.63).

at 0.59. Additionally, 74 out of 82 counties exceed both the national average for SNAP participation and obesity rates.

Figure 15.4: SNAP Participation and Obesity in Mississippi, 2014

21 The federal government matches state level spending for SNAP-ed.

WIC is also associated with higher levels of obesity. Unlike SNAP, WIC is specifically associated with higher rates of childhood obesity. According to the Center for Disease Control, from 2011-2014, toddlers participating in WIC held an obesity rate of approximately 15%. In contrast, the obesity rate for nonparticipating toddlers was approximately 9%.²⁴ As of 2015, Mississippi ranked slightly below the national average for toddlers participating in WIC at 14.5% which was still above the national nonparticipating average at 9%. Additionally, Mississippi is among only 15 states where WIC participants between the ages of 2-4 did not demonstrate a decrease in obesity rates from 2010-2014.

Childhood obesity is an important component of the obesity problem because, as most obesity research finds, obese children are significantly more likely to become obese adults, and obese infants are significantly more likely to remain obese through adulthood.²⁵ Unfortunately, this trend holds in Mississippi where children, teens, and high school students have the highest obesity rates in the nation.

Further State-led Efforts to Mitigate Obesity

Rather than explaining wide-spread obesity as the consequence of poor food choices made by a large number of cognitively limited consumers, wide-spread obesity is the result of federal and state policies incentivizing unhealthy consumption patterns. It follows that policy or intervention, rather than consumers, are key contributors to the obesity problem. A critical insight stemming from the findings above is further policy efforts are likely to provide little benefit in deterring obesity.

Instead of eliminating these perverse policies, state legislators are likely to double down and increase policy efforts in an attempt to influence consumer choices. This can come in the form of additional taxes on unhealthy foods or further restrictions to unhealthy food options. Both efforts affect all citizens within a state.

Taxing food items and restricting consumer access is problematic. Although taxes increase the price of food items, and should lower the amount consumed, research efforts find considerably high taxes must be implemented to meaningfully reduce consumption. For example, one estimate finds a 20% tax on sugary drinks would result in a total weight loss of approximately 2 pounds.²⁶ Additionally, changing the prices of unhealthy goods may not result in consuming healthier foods. Soda taxes are associated with increased consumption of more sugary fruit juices and alcoholic beverages (Lusk 2013). Taxing fast-food meals is associated with substitutions into more fatty foods consumed at home, which may lead to more weight gain than consuming fast-food meals (Schroeter, Lusk, and Tyner 2008). Conversely, efforts to promote healthy eating by providing financial incentives also have little evidence for success (Brambila-Macias et al. 2011).

The alternative method of restricting access may result in making vulnerable parties worse off. Reducing access to unhealthy foods, which are more likely to be consumed by low-income consumers, reduces access to food for those who have the least access to food. As a result, such interventions are disproportionately harmful to lower-income consumers. Furthermore, restricting the choices of specific demographics could result in stigmatizing low-income and minority segments of the population.²⁷

24 The study also notes the national obesity rate for toddlers was previously higher. The overall obesity rate for toddlers was estimated at 15.5% in 2004 and 15.9% in 2010. As the rates of toddler obesity for WIC and non WIC participants have diverged since 2010, this indicates the WIC program likely contributes to toddler obesity.

25 See Serdula et al. (1993), and Charney et al. (1976).

26 The current highest tax on sugary drinks is 2 cents per ounce.

27 See Shenkin and Jacobson (2010) and Gunderson (2013).

Mississippi's state government's most recent efforts to curtail obesity are outlined in the MSHD's Obesity Action Plan 2016. An incomplete list of the plan's desired outcomes include: linking public health goals (including reducing obesity) in ways that give stores an incentive to enhance local food environments, educating consumers on how to read nutritional labels, increasing the number of healthy food choices available to employees in all appropriate work site venues, and increasing lactation (breastfeeding) consulting.²⁸ Each of these goals, although well intended, are costly to implement and have been tried previously with policies in other states where they demonstrated little success. Additionally, each goal faces the potential to lead to further unintended consequences.

Government efforts exhibit high costs with little benefit. The primary reason previous and potential future policy efforts to curb obesity fall short of their intended goals is a failure to address the underlying reasons for widespread obesity, persistent poverty and the resultant lack of choice in selecting healthier food options. The consequences of these policies are particularly damaging because the majority of those affected by their unintended consequences are the least well off members of society.

Private Efforts to Mitigate Obesity

For health and personal reasons, consumers have an incentive to avoid obesity or to lose weight if they are obese. Producers have an incentive to provide goods and services to help consumers avoid and reverse obesity because of the profit motive. Consumers looking to lose weight and improve their health can exchange portions of their income with entrepreneurs providing goods and services to help the consumers accomplish their weight-loss and health goals. Provided that regulatory efforts do not curtail the efforts of consumers and producers, these exchanges should result in more health products from suppliers and more healthy consumers. Empirical evidence overwhelmingly finds such transactions take place and do so frequently. Globally, some have predicted health and wellness industry sales to reach \$1 trillion dollars.²⁹

The US is one of the largest consumers of health goods and services. In 2016, specialty food sales reached \$127 billion in the US.³⁰ US citizens spent nearly \$20 billion on dietary books, drugs, and surgeries in 2012. Private interests to meet consumer demand for health products and services constitute a growing section of the US economy where, according to the Bureau of Labor Statistics, nutritionist and dietitian occupations are expected to grow 16% each year from 2014-2024. Regardless of whether these products and services are successful, the evidence demonstrates consumers appear health-conscious enough to take action and producers work to meet consumer desires.

It is not sufficient to review the goods and services provided on a macro scale to address Mississippi's obesity problem. To combat the obesity faced by a large percentage of Mississippians, private actors must find ways to provide these goods and services to lower-income consumers. Evidence of provision for this specific demographic would demonstrate the market can provide solutions to the obesity problem to those facing the highest risk for becoming obese and with the lowest access to health products.

Fortunately for those most vulnerable, the market has provided. Entrepreneurship has worked to lower prices to attract low-income food purchasers. In 2014, Los Angeles entrepreneurs Sam Polk and David Foster developed the restaurant Everytable.³¹ Everytable was designed to offer healthy meal options for

²⁸ The entire program contains 4 broad goals with 13 strategies and 57 bullet points outlining how to achieve the strategies. However, the main goals outlined in this section provide a broad representation of the program's intended outcomes.

²⁹ The industry measures include dietary and physical activity goods and services. See Pilzer (2010) for details.

³⁰ According to the Specialty Foods Association's Annual State of the Industry Report.

Southern Los Angeles inhabitants who hold an annual per-capita income of approximately \$13,000. Polk and Foster cite noticing the only dining options in the area were fast-food restaurants as their motivation for starting a business.³² The venture was successful and, as of 2017, there are three Everytable locations in Los Angeles.

In a similar story, noticing a shortage of grocery stores in low-income areas, entrepreneur Olympia Auset opened a low-priced, organic food supermarket named SÜPRMARKT in Los Angeles. SÜPRMARKT offers subscriptions to receive inexpensive food packages, free nutritional information, and recipes on its website, and engages in frequent outreach efforts to expand its consumer base. Auset notes her business serves as a substitute for government food policy: “The success of my entrepreneurship venture is enough to prove to anyone that they can tackle societal issues without relying on anyone”.³³

Private efforts at the communal level also work to provide support and information to breastfeeding mothers. The largest organization dedicated to this cause is La Leche League (LLL). LLL started in 1956 by 7 women concerned by decreases in breastfeeding rates in the US. Today, LLL is an international organization of volunteers offering free counseling through regular meetings, a “breast feeding helpline”, and online podcasts. The organization does sell merchandise, but primarily finances itself through donation.

The examples above provide a sliver of entrepreneurial and local solutions providing means to prevent and reverse obesity. Local private solutions demonstrate more success in providing goods and services to combat the obesity problem because they work within and change the underlying conditions which incentivize obesity. Supermarkets and restaurants which specialize in providing healthy alternatives to food options available in low-income neighborhoods work within the external constraints faced by the consumer. Similarly, LLL provides local assistance to breastfeeding mothers. Rather than steering choices, these private options provide additional choices by offering new more accessible products or information.

Concluding Remarks and Recommendations

Mississippi’s obesity problem affects a considerable component of the population medically and financially. Obesity is the result of widespread incentives to choose unhealthy foods; thus, economic analysis can provide insight into why a large number of consumers consistently make such choices.

State policy and government interventions have exacerbated Mississippi’s obesity problem. State policies are inflexible, costly to implement, and do not account for external conditions faced by individual consumers. The result is unintended consequences.

Local and private efforts to reduce obesity can be more successful because private and local mechanisms address the specific circumstances of consumers. Freedom, in the form of allowing as much choice as possible, provides the most effective means to combat obesity. Private efforts to provide information and healthy alternatives allow for low-income consumers to improve their health and reduce the risk of obesity. Reducing taxes which stifle consumption choices such as grocery taxes would also provide more consumers the ability to consume healthier (but more expensive) food items. The efforts of private producers to supply healthy goods, services, and information on how to improve health do not require legislative actions nor regulation to serve the needs of consumers. Legislation and regulation, however, can

31 Details of the restaurants mission, location, story, and menu are available at <https://www.everytable.com>.

32 See <https://www.everytable.com/about>.

33 See <http://yourblackworld.net/2017/06/08/26-year-old-black-woman-entrepreneur-launches-low-cost-organic-grocery-store/>.

stifle and prevent such efforts from improving health and reducing obesity. The analysis and examples provided demonstrate this unfortunate, but predictable, trend.

Obesity is fundamentally the result of consistently consuming food items which lead to weight gain. Restricting food choices through regulatory efforts and policies fail to address why these foods are consumed, demonstrating an incomplete understanding of the obesity problem. Private actors' goods and services on the market increase the choices available to consumers. Economic freedom and markets remain the most effective means to increasing wealth, improving health, addressing social issues, and promoting prosperity. Reducing wide-spread obesity is no exception.

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Summary of Chapter Conclusions

PART 1. Introduction: The Role of Government and Economic Growth

Chapter 1: The Case for Growth—Russell S. Sobel, The Citadel, and J. Brandon Bolen, Mississippi State University

- Mississippi is the poorest state in the United States in terms of per capita income. Mississippi underperforms economically relative to all of its bordering states.
- Focusing on policies that generate economic growth is the most viable pathway to alleviating Mississippi's weak economic condition.
- Very small changes in economic growth rates may yield vast positive changes in the quality of life for Mississippi residents within as little time as one to two generations.
- Focusing on economic growth does not mean that other important policy goals such as improving health and education and reducing crime are neglected.

Chapter 2: The Sources of Economic Growth—Russell S. Sobel, The Citadel, and J. Brandon Bolen, Mississippi State University

- The economic activity of a state necessarily occurs within that area's institutional context, including the legal, regulatory, and tax environments, as well as the degree of private property rights. The quality of these institutions affects the output of economic activity.
- Capitalism is an economic system based on the private ownership of productive assets within an economy.
- Abundant evidence demonstrates that areas with institutions that allow capitalism to thrive experience much higher levels of prosperity relative to areas that do not rely upon capitalism.

Chapter 3: Why Capitalism Works—Russell S. Sobel, The Citadel, and J. Brandon Bolen, Mississippi State University

- The prosperity of an area is determined by the total quantity of production and quality of goods and services that individuals value. This prosperity is influenced by factors such as the degree of specialization of labor, capital investment, and entrepreneurship.
- Capitalism is an economic system that generates prosperity because its decentralized nature supports the specialization of labor, capital investment, and entrepreneurship.
- Government policies, even when well-intentioned, often create harmful unintended consequences. This is often due to the more centralized nature of government decisions.

PART 2: Promoting Prosperity One Issue at a Time

Chapter 4: Why are Taxes so Taxing? —Brandon N. Cline and Claudia R. Williamson, Mississippi State University

- High taxes can be extremely costly. In addition to the cost of the tax itself, taxes create indirect costs including enforcement costs, administrative costs, and costs incurred from distortions of the market economy.
- Mississippi has a higher tax burden compared to its bordering states. This may negatively affect the location decisions of businesses and individuals, causing them to leave the state.
- Empirical evidence demonstrates that high tax rates significantly dampen rates of economic growth.

Chapter 5: Make Business Taxes More Competitive—Brandon N. Cline and Claudia R. Williamson, Mississippi State University

- State and local taxes represent a significant cost for businesses. These tax costs affect the location decisions of businesses and deter them from operating in Mississippi.
- In addition to corporate income taxes, there are a myriad of other taxes businesses pay, such as property taxes and inventory taxes. Some taxes such as the inventory tax and intangible property tax do not exist in the majority of other U.S. states.
- To generate more prosperity within the state, Mississippi should consider reducing its tax burden upon businesses.

**Chapter 6: “Selective Incentives,” Crony Capitalism and Economic Development—
Thomas A. Garrett, University of Mississippi, and William F. Shughart II,
Utah State University**

- This chapter evaluates the costs and benefits of targeted tax incentives designed to lure new private business enterprises to Mississippi.
- Our analysis demonstrates that Mississippi is poorer, not richer, by funding incentive programs.
- Reasons that incentive packages fail include no new employment since many individuals hired were previously employed, the additional tax cost to accommodate the new population growth, and resources allocated to funding the subsidies could have been spent on better schools, roads, or used to finance a reduction in tax rates for all.
- The funds now being spent to benefit a handful of private business owners could be used to finance broad-based reductions in tax rates and lightening the regulatory burden on all Mississippians.

**Chapter 7: Incentive-Based Compensation and Economic Growth—
Brandon N. Cline and Claudia R. Williamson, Mississippi State University**

- Incentive based compensation is a payment method where an individual’s pay is in some way tied to their performance. Economic literatures studying incentive based pay for executives show that use of incentive based pay improves company performance and by extension state economies.
- Empirical data shows that firms in Mississippi use incentive-based compensation less than similar firms in other states.
- Mississippi can help improve its economic position by restructuring parts of its tax code to allow for greater use of incentive based executive compensation.

**Chapter 8: Mississippi Shadow Economies: A Symptom of Over-Regulated
Markets and Measure of Missed Opportunities—Travis Wiseman,
Mississippi State University**

- This chapter discusses Mississippi’s regulatory environment and the state’s cumbersome habit of maintaining outdated and burdensome regulation, far longer than other states.
- Several sensible and low-cost reforms are introduced that can help curtail unwanted shadow economic activity, and promote prosperity in Mississippi.
- A case study of one industry that Mississippi over-regulates – the brewing industry – is discussed.

Chapter 9: Occupational Licensing in Mississippi—Daniel J. Smith, Troy University

- Occupational licensing, the regulation of individual entry to a profession, enables industry practitioners to restrict entry to their profession and raise prices on consumers.
- The effects of occupational licensing fall heaviest on low-income residents who must pay higher prices or resort to lower-quality home-production or black market provision.
- Mississippi has at least 118 different occupational categories with licensing, representing nearly 20 percent of Mississippi's labor force.
- The total estimated initial licensing costs in Mississippi exceed \$48 million and the estimated annual renewal costs add up to over \$13.5 million.
- Mississippi policymakers can promote prosperity in Mississippi by removing unnecessary and overly burdensome licensing laws.

Chapter 10: Prosperity Districts: A Ladder Out of Last Place—Trey Goff, Out of Last Place Alliance

- Prosperity districts are geographically self-contained areas that reduce or eliminate unnecessary government restrictions on business activity, including regulation, taxation, and private subsidization
- Prosperity districts can be a unique and promising solution to the state's economic woes by allowing specific areas to be exempt from unproductive policies.
- Prosperity districts allow experimentation to determine which policies work best.
- Real world examples of the potential success of prosperity districts can be seen in the closely related concept of special economic zones, which have seen tremendous economic growth and development in places such as Singapore.

Chapter 11: Promoting Prosperity in Mississippi through Investing in Communities—Ken B. Cyree, University of Mississippi, and Jon Maynard, Oxford Economic Development Foundation

- We investigate the impact of investing in community livability and the relation to the change in total employment to promote prosperity in Mississippi.
- We document the decline in Mississippi employment, on average, from 2007-2016, and especially the decline in manufacturing employment.
- Our analysis shows that increased employment is significantly related to better school rankings, higher changes in wages, and higher changes in per capita retail sales. New business creation is not statistically related to employment.
- Our results suggest that in order to promote prosperity in Mississippi, we should invest in quality of life for the community.

Chapter 12: Local Governments Run Amok? A Guide for State Officials Considering Local Preemption—Michael D. Farren, George Mason University, and Adam A. Millsap, Florida State University

- Local governments sometimes implement regulations and ordinances that stifle economic growth.
- Preemption is a legal doctrine asserting that state law takes precedence over local law. In some cases it should be used by state governments to overrule local governments.
- State officials should consider preemption when local rules violate the principles of generality or free exchange. Such policies often involve barriers to entry, price controls, or business practice mandates.
- Violations of generality and free exchange harm economic growth because they inhibit economic activity and the efficient allocation of resources. Conversely, preempting such policies promotes economic growth.

Chapter 13: School Choice: How To Unleash the Market in Education— Brett Kittredge, Empower Mississippi

- The United States has fallen behind other countries in K-12 education. One study found that American students ranked 38th out of 71 countries when tested in math, reading, and science.
- A government monopoly has existed in our delivery of education in the United States. Students are assigned to a school based on their zip code and the year they were born.
- Because students are assigned to a school based on a district line, real estate prices naturally rise in neighborhoods within a desirable school district. This has the effect of pricing out many families and forcing them to live in areas with less desirable schools.
- To improve quality, our education system should be student centered and market based. Parents should have options available to craft a custom education for their child based on their specific learning needs.
- The legislature can adopt a market based education through a universal school choice program that has broad eligibility, autonomy for all schools, and level funding across the various educational sectors.

Chapter 14: Medicaid: A Government Monopoly That Hurts the Poor— Jameson Taylor, MS Center for Public Policy

- State health care policy revolves around Medicaid, which is a government-subsidized insurance program consuming one-third of Mississippi's budget.
- Health outcomes for Medicaid insurance patients are very poor; patients with no insurance at all fare better.
- Medicaid's number one problem, like that of many American insurance plans, is that it incentivizes the over utilization of health care while insulating recipients from the financial consequences of poor lifestyle choices.

- Medicaid is crowding out the development of innovative products and policy ideas.
- Reforms aimed at unleashing the power of health care pricing including large HSAs, direct surgical care, and comparative shopping incentives can begin to disrupt Medicaid's monopoly.

Chapter 15: Tipping the Scales: Curbing Mississippi's Obesity Problem— Raymond J. March, San Jose State University

- Widespread obesity has serious health and financial consequences in Mississippi.
- Government policy, although well intended, is associated with increased levels of obesity especially for lower-income households.
- State-led efforts to reduce obesity are costly and unlikely to succeed because they fail to address the underlying causes of why less healthy food options are consumed.
- Private and local solutions are more effective in promoting health and reducing obesity.
- The most effective way to combat widespread obesity is the market, not the government.

Chapter 16: Criminal Justice Reform in Mississippi—Trey Goff, Out of Last Place Alliance

- Despite decreasing rates of both violent and property crime since 1996, Mississippi incarceration rates have steadily increased.
- Mississippi has an incarceration rate that is among the highest in the world, most due to incarcerating non-violent crimes.
- The economic drain from this level of mass incarceration is extremely detrimental for the state economy in terms of both the cost of maintaining incarceration and the negative effects of incarceration upon individuals in the labor market.
- Reevaluating and restructuring the criminal justice system in Mississippi to reduce incarceration rates would be an extremely effective tool to increase the economic strength and wellbeing of the state.

Chapter 17: Property Takings: Eminent Domain and Civil Asset Forfeiture— Carrie B. Kerekes, Florida Gulf Coast University

- Secure private property rights provide incentives for individuals to undertake investments and make capital improvements to their property and businesses. To promote prosperity, Mississippi policy makers should continue to improve laws and policies to restrict property takings.
- Following reforms passed in 2011 to protect against development takings, property owners in Mississippi are reasonably protected from eminent domain takings.
- Citizens are significantly less protected in the case of civil asset forfeiture. Civil asset forfeiture laws in Mississippi provide incentives for law enforcement agencies to seize private property.

Chapter 18: The Small-Dollar Loan Landscape in Mississippi: Products, Regulations, Examples, and Research Findings on Interest Rate Caps—Thomas (Tom) William Miller, Jr., Mississippi State University

- The best fuel for economic growth and prosperity is free market prices, including interest rates.
- Despite the goal of improving consumer welfare, interest rate caps often harm the very people legislatures intend to help—especially users of small-dollar loan products.
- Despite their well-known harmful effects on consumers, laws continue to fetter consumer credit markets with interest rate caps.
- Setting good rules governing how legitimate businesses provide access to consumer credit is important for everyone living in Mississippi.
- The Mississippi legislature can greatly help consumers by eliminating, or greatly raising, interest rate caps in all small-dollar loan markets.

Chapter 19: Natural Disasters and Prosperity in Mississippi—Daniel Sutter, Troy University

- Extreme weather poses a severe financial risk for a state economy. Mississippi is particularly exposed to the threat of damage from natural disasters.
- Free market practices often perform better at meeting the challenges posed by natural disasters rather than government policies. Removal of harmful policies such as occupational licensing and building codes during disaster may better allow the market to speed disaster recovery.
- Some government policies such as flood and wind insurance may exacerbate exposure to natural disasters. Other policies slow recovery time by creating uncertainty after the occurrence of a natural disaster.

Chapter 20: Learning from Disasters in Mississippi—Stefanie Haeffele and Virgil Henry Storr, George Mason University

- This chapter examines disaster recovery in Mississippi and how policies that foster entrepreneurship might help spur disaster recovery going forward.
- Entrepreneurs can spur disaster recovery by providing needed goods and services, restoring disrupted social networks, and acting as focal points around which other residents can coordinate their recovery efforts.
- To promote prosperity in Mississippi, officials should develop policies that ensure that entrepreneurs have the space to act in the wake of disaster.

About the Institute for Market Studies at Mississippi State University

The Institute for Market Studies (IMS) at Mississippi State University, created in 2015, is a nonprofit research and educational organization conducting scholarly research and providing educational opportunities to advance the study of free enterprise.

The IMS's mission is to support the study of markets and provide a deeper understanding regarding the role of markets in creating widely shared prosperity. This includes advancing sound policies based on the principles of free enterprise, individual liberty, and limited government. The IMS pursues its mission by bringing together leading scholars to conduct timely research on current economic and financial issues.

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