

# The New York Times

## When Welfare Undermines Work Ethic

By: Michael Tanner – May 5, 2013

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There is nothing to suggest that people on welfare are lazy. But there is also nothing to suggest that they are stupid. If you pay someone as much for not working as you do for working, it should come as no surprise that many take advantage of the offer.

We know that one of the most important long-term steps toward avoiding or getting out of poverty is a job. Even a low-wage job can be the first step on the road to self-sufficiency.

Yet, around the world, welfare states provide benefits well in excess of the entry level wages that an individual with limited skills can expect to earn. The case of "Carina," earning \$2,700 per month on welfare, is not unique, or limited to Denmark.

In the United States, a person who receives a full package of welfare benefits (T.A.N.F., food stamps, Medicaid, public housing, W.I.C. and free commodities) can receive more in every state than they would earn from a minimum wage job, according to a forthcoming Cato study.

This discourages recipients from moving from welfare to work, especially if, as the Congressional Research Service points out: "Leisure is believed to be a "normal good." That is, with a rise in income, people will "purchase" more leisure by reducing their work effort." In other words, an increase in benefits could encourage people to reduce their work hours.

We've seen this with unemployment benefits, which increase both the rate and duration of joblessness.

In the aftermath of the British riots during the summer of 2011, it was noted that "the welfare state really has left a generation of young people feeling both dependent on government handouts and entitled to more."

Even President Obama has acknowledged, "as somebody who worked in low-income neighborhoods, I've seen it where people weren't encouraged to work, weren't encouraged to upgrade their skills, were just getting a check, and over time their motivation started to diminish."

The welfare state may well help make poverty more comfortable, and some government programs that target literacy and educational achievement or prevent unwanted pregnancies may have a positive impact. But when it undermines the work ethic, the welfare state does little to help people rise above poverty and escape the underclass.

