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Less Welfare, More Charity

By Michael Tanner

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In 1985, wealthy New York businessman George McDonald was moved by the plight of the city's homeless population; he was particularly struck by the story of a woman who had frozen to death on the streets after being ejected from Grand Central Station. Initially, he responded by providing the homeless with free meals, but he soon found that his generosity was doing nothing to help beneficiaries to improve their situation. The same people continued to show up for food month after month. His willingness to help might have kept people from going hungry, but it did nothing to help them rise out of poverty.

Therefore, he rethought his approach and created the Ready, Willing, and Able program (officially the Doe Fund), which eschewed handouts in favor of "paid work and personal responsibility." Today, McDonald's program assists some 700 people at any one time, with four centers in New York City and one in Philadelphia. The program focuses on the homeless and on newly released convicts, providing food and shelter, but only in exchange for work. Participants must work at least 30 hours per week for one of the program's profit-generating businesses, ranging from street cleaning to pest control to culinary arts. Workers are initially paid slightly more than the minimum wage and are eligible for raises, but they are required to pay child support, if applicable, and to save a portion of their wages. After nine to twelve months, the program helps participants transition to outside employment and housing. A Harvard University study found that the recidivism rate for ex-convicts in the program was 60 percent lower than for a control group with the same characteristics after one year.

McDonald's efforts are particularly successful, but far from unique. In every city around this country, private charities, some faith-based, some secular, are successfully helping the poor and disadvantaged. And they are doing so, by and large, without government involvement.

This is not a new phenomenon. For example, during the first part of the 20th century, when African Americans were generally excluded from government social-welfare programs, black lodges, such as the Prince Hall Masons, and other institutions established a wide-ranging, and highly successful, charitable network. They built orphanages and old-age homes, provided food to the hungry and shelter to the homeless, and helped the unemployed find work. Black lodges also provided medical

care, hiring physicians to provide services to members and their families. Known as “lodge-practice medicine,” the networks were so extensive that African Americans were more likely to have some form of health insurance than were whites during the early years of the 20th century.

Unfortunately, such private charitable networks were simultaneously squeezed by racism on the one side and the growing welfare state on the other. Today, they have largely faded away.

Advocates of the modern welfare state continually tell us that if we didn’t have TANF (Temporary Assistance for Needy Families), food stamps, housing vouchers, and a host of other redistributive programs, there would be no one to care for the poor or those in need. The reality is that Americans are an amazingly generous people, and more than willing to step up and help those who cannot help themselves. Since the War on Poverty began in 1965, private charitable giving has totaled more than \$10.2 trillion (in 2014 dollars); roughly 29 percent, or \$3 trillion, of this went to human services or public-society benefits. And this doesn’t count the hundreds of billions of hours that Americans spend volunteering to help others. Last year alone, 64.5 million Americans gave 7.9 billion hours of their time and effort in volunteer work.

Charitable giving amounts to far less, of course, than the \$19 trillion that federal, state, and local governments have spent fighting poverty since 1965. But the evidence suggests that charitable giving would have been much higher in the absence of the welfare state. There are studies, some dating as far back as the 1870s, showing that private giving increases as government programs decrease, and conversely decreases as government programs grow more generous, leaving the overall amount of money spent (both public and private) relatively constant.

More important, private charity is more likely to be effective in giving poor people the tools they need to get out of poverty. Recent studies suggest that the War on Poverty did help to reduce the worst deprivations of material poverty, especially in its early years. However, the welfare state it spawned has long since reached a point of diminishing returns. In recent years, we have spent more and more money on more and more programs, while realizing few, if any, additional gains. More important, the War on Poverty has failed to make the poor independent or increase economic mobility among the poor and their children. We may have reduced the discomfort of poverty, but we have failed to truly lift people out of poverty.

Private charitable efforts, on the other hand, can address the real underlying problems that leave people in poverty. They are able to demand accountability and responsibility. They provide “a hand up, not a hand out.” And, as Ready, Willing, and Able demonstrates, they are able to stress the primacy of work as a route out of poverty.

The failures of the War on Poverty should serve as an object lesson for policy-makers today. If poverty and inequality persist, it is not because we have failed to redistribute enough wealth. Rather, it is because the welfare system fails to provide either the tools or the incentives to help poor people become self-sufficient.

Perhaps what we need is a little less welfare and a bit more charity.

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