



Why Not Private Charity?

FOR some period of time there has been considerable evidence that private charity is superior to government welfare as a means of overcoming poverty in America. Empirical data suggests that private charity indeed would do more for the poverty-level families of this nation than is being achieved under the present welfare system.

However, we must not conclude that this seemingly radical plan is anything new in the annals of mankind. In the nineteenth century one of England's most powerful voices for social reform, Charles Dickens, professed a belief in private charity as opposed to public charity. He opposed government charity because of its ineffectiveness. He was convinced that the polestar of charity

was the human being's innate concern for another creature. He felt that the aid and assistance extended by private persons was more powerful, useful, and kind than the charity of government. Just to cite his views is to affirm the favored position of private charity, as in the following statement:

Dickens was a man of great kindness and sympathy with weakness and suffering, and these characteristics led him not merely to engage in practical philanthropies, but also to use his art for the purpose of social reform. The maladministration of the poor laws . . . the hypocrisy of insincere ministers of religion—these and many other wrongs and abuses were exposed and satirized in his novels.¹

Following the Napoleonic Wars much discontent and unrest prevailed in England, but instead of

Mr. Awenius is a retired attorney and free-lance writer in Tulsa, Oklahoma.

revolution the Victorian Age brought relative peace, manifested by great reforms such as the Reform Acts of 1832, the Factory Reform of 1833, and the Poor Laws of 1834. With these reforms passed, the general bent of the programs was to treat the symptoms of poverty, not the causes. As a result, there was a great alienation of the working masses and only partial satisfaction within the commercial and industrial strata of society. That is the very same complaint we hear today concerning our welfare laws: alienation of welfare clients and complaint of the taxpayers who are shouldering the burden of the necessary taxation to support the system.

Today in the United States the bulk of the donating public make their contributions to philanthropy by taxes through their government or privately to organized charities. There is negligible warmth of heart between the public donors (taxpayers) and the recipients—albeit, there is slight concern by those giving funds as to direct knowledge of the state of affairs or indigency of the beneficiaries. There is undoubtedly more concern in this regard in the case of private charities. Also, there is some little suspicion on the part of many contributors that a considerable number of those who ask for charity are undeserving. This same attitude was true during

Dickens' time when, beginning about 1818, the upper classes made attempts to protect themselves by forming a Mendicity Society, where subscribers contributed funds to the Society rather than give directly to beggars. The Society investigated each case to see if each had merit.

Organized Charities

Much of the configuration concerning charity during the Victorian Age was greatly like charity as it is today. Then, for example, out of a total of 640 institutions in 1862, 279 were founded in the first fifty years of the century and 144 between 1850 and 1862, covering a wide array of activities: orphanages, almshouses, dispensaries, hospitals, societies to provide coal, blankets, potatoes, shoes, religious literature, surgical appliances, linen for women in childbirth, etc.² Today, just our United Fund drives in the large cities disburse funds in a similar array of organized charities.

After all the billions spent on charity in the United States in the last forty-eight years by the federal government, we find a welfare culture that goes from one generation to another. This is caused by the fact that for the poor in most of the country the wages of common labor are far below the benefits of the Federal dole—i.e., AFDC, Medicare, food stamps, public housing, public welfare, and public defenders.³

Several years ago it was calculated how much would be required to lift every man, woman, and child in America out of poverty by simply giving them money. The figure came to one-third of what was spent on poverty programs.⁴ The Comprehensive Employment and Training Act (CETA) has been defended as a means of reducing the huge unemployment rate of black teenagers. However, Michael Novak has calculated that every black teenager in America could be employed forty hours a week, year-round, for less than one-fourth the cost of CETA.⁵ The poverty programs and CETA noted above would indicate that much of the money appropriated by Congress has ended up in the pocket of someone other than the poor. One might say, on this basis, that at least two-thirds of every dollar appropriated for poverty went to the bureaucracy and one-third "trickled down" to the poor. This two-thirds was spent on overhead—administrators, statisticians, consultants, economists, sociologists, think tanks, universities, and social agencies.

It should be noted that there is one sure cure for the welfare problem—a solution that would eliminate the problem in one fell swoop: by the radical but connative measure of having every church and synagogue in the land become responsible for just one family receiv-

ing welfare. Just think what such a plan would accomplish! Daresay, it would reduce the welfare rolls by a third, remove the undeserving, concentrate aid on the deserving, and save billions of taxpayer funds. However, it would be naive to expect such a simple solution to be employed. It would, however, make an interesting pilot program in the future, applied on a local scale, and the results charted.

There are a multitude of reasons and factors that tend to mitigate against public welfare curing the causes of poverty and to demonstrate the ameliorative effect of private charity.

Let Freedom Reign

Government-directed programs to produce a healthy economy provide the best use of government initiative, because this method does more fundamentally for the poor. A government that succeeds in stifling inflation accomplishes the best possible benefit for its poor citizens, since they are the helpless victims of inflation. In the United States a reduction of inflation from the ten percent level of 1980 to three percent in 1984 provides the poor with a cost savings in the billions of dollars. A government that by its policies encourages the capital that produces six hundred thousand new businesses in one year and sees these new firms hiring hundreds of

thousands of persons in the private sector, will witness hundreds of thousands of folks on the Federal dole transferring to jobs in industry; this alone is the best possible future for the poor of the nation.

The adoption of welfare state procedures and plans tends to encourage the destructive activity of the modern state in the mass liquidation and redistribution of wealth. The normal and hitherto accepted role of government has been to maintain law, justice, and order, defend the nation abroad, and to permit every man the ownership of his property. In general, the government's business in the past was to protect the common welfare of its citizens.

The destructive effect of the welfare state is manifested in its expropriation, taxation, or arbitrary creation of money and credit—all done in the name of the poor. The effect of this damaging tendency is to abolish the independent citizen and foster the idea that all the people should look to Washington for subsistence—i.e., to become parasites, wholly dependent on government for all their needs and wants. With this tendency, the politicians follow a short-term expediency of approving sophisticated theft (in redistributing the wealth) without regard to ultimately damaging long-term results.

The very people who have done so

much and will do so much in aiding private charity—the great middle class—are economically squeezed by the welfare state and find its capacity to support private charity greatly diminished.

Welfare Measures Promote Rather than Prevent Poverty

Welfare tends to impede progress against poverty. Since welfare offers incentives counter to self-sufficiency and production, relatively few of those on welfare will have the heart or sufficient will or resolution to become self-sufficient and pay their own way in the world. Thus, welfare tends toward diminished productivity and production and it encourages those on the welfare rolls to accept unemployment. This insidious Federal dole induces idleness among its beneficiaries, subsidizes this very indolence, and results, for example, in the loss of hope of the poor owning their homes, accumulating any savings, or to educate their children for a better future than their parents realized.

The economic future of this nation depends on production of more and more material wealth, but the welfare state presents us with a paradox: namely, welfare benefits go to people who—for various reasons—are relatively unproductive; but money for welfare comes from persons who are relatively productive. Thus we have a Federal dole system

that sustains—and increases—poverty.

Welfare itself is a problem. The sheer cost and inconclusiveness of government charity is of itself a telling argument in support of private charity. In general, government is grossly inefficient, and coupled to this is the cupidity of the vested bureaucracy that feeds on the money flowing from the Federal treasury.

Our concern is to aid and assist the people in the nation by a method that does the most for them, and to shun measures that do not treat the causes of poverty. In general, we all are our brothers' keepers and we should undertake that responsibility, but along avenues that truly raise the poor to a productive place in our society.

The history of man's climb from savagery to a civilized status would indicate that the truest, surest, and most efficient method of aiding a poor man is along the lines of free-choice inducements. When a poor man sees that work will provide more material reward than idleness on a government dole, he will choose work. With private charity dispen-

sing funds to the poor, the nation would avoid the stultifying vice of idleness providing more gain than derived from common labor. Thus, private charity would accomplish more for the poor than government charity. And with private charity directing the dispersing of funds, there is a far greater likelihood of these monies treating the causes of poverty than simply treating the symptoms.

Therefore, the writer believes there is an estimable case for the general adoption of private charity in place of public charity. ☉

—FOOTNOTES—

¹*Harvard Classics, Shelf of Fiction* (New York: P. F. Collier & Son, Co., 1917) Vol. 7, p. v.

²Gillian Avery, *Victorian People (In Life and Literature)* (New York: Holt, Rinehart & Winston, Inc., 1970) p. 223.

³George Gilder, *Wealth and Poverty* (New York: Basic Books, Inc., 1981) p. 200.

⁴*Tulsa World*, Dec. 11, 1981.

⁵*Ibid.*, quoting Michael Novak, author of the *American Vision: An Essay on the Future of Democratic Capitalism* (Washington, D.C., American Enterprise Institute for Public Policy Research, 1978).

The Helping Hand

IDEAS ON



LIBERTY

THE most helpful man in any community is not the man who dispenses the most charity. On the contrary, he is the one who makes any kind of charity or aid unnecessary. He is, if I may say so, the man who gives the most people self-respecting gainful employment.

VOLLIE TRIPP

Of Obligation and Transfer Taxation

In today's redistributionist society, government promises a more equitable distribution of wealth than the market's actual allocation. It does so by transfer taxation: taxing everyone and subsidizing some. Of the several arguments for this transfer taxation, one of the most common runs as follows: *those who are well-off have an obligation to care for those who are not well-off; therefore the government may justly tax the former to support the latter.*

This argument is false: its premise is a partial truth from which the conclusion does not follow in any case. A well-off individual may or may not have a moral obligation to care for those who are not well-off. But even where he does, it is not the government's business, because this positive kind of obligation derives

Howard Baetjer recently received a master's degree in political science from Boston College and is a member of the staff of The Foundation for Economic Education.

from the values and standards of that individual, not from others' rights. It is the government's business to defend rights, nothing more. Where rights are not involved, it is solely the individual's business to make use of his own property in accordance with his own values and standards. Indeed, as far as *rights* are concerned, the individual even has a right to act at odds with his values and standards, to be mean and selfish, so long as he respects others' rights. The proponents of liberty must understand and affirm this if they are to answer fully this argument for transfer taxation.

The Conclusion

"The government may justly tax the former to support the latter." Consider this conclusion to see where the argument is leading. What is logically implied in the notion that the government may take the property of the well-off to sup-