

The State and the Collection Plate: the Possibilities and Limitations  
of Charitable Giving

Graham Sheridan

Washington and Lee University

Thanks to Dr. Beckley and the Poverty 423 Class

On my honor, I have neither given nor received any unacknowledged aid on this paper.

## Introduction

Policymakers and public officials constantly debate how best to assist the poor. Currently, the debate rages about whether the government is too large, and whether shrinking the government means eliminating many public assistance programs, such as aid for heating in the winter, WIC, or food stamps. Those who want to cut such federal programs say that such aid is beyond what government is meant to do. The CATO institute, a powerful right-wing organization, calls for charity to fill this role, in the place of the federal government.<sup>1</sup>

America does, in fact, give quite a lot of money to charity each year- hundreds of billions of dollars. Yet, can charity do what the CATO Institute claims it can? This paper explores charity from a variety of facets, concerned primarily on charity aimed at helping the poor- the kind of charity the CATO institute wishes to replace federal efforts. The paper starts in a more abstract fashion, and moves to a more detailed empirical analysis of how charity works in our country. First, I will look at why people give charity-ethical, religious, and philosophical arguments for assisting the poor, especially arguments of justice. Then, I will discuss economic analyses of giving to the poor and why people give charity. Third, I will look at how charitable giving works in the United States, asking how much charity helps, and if it could or should replace America's public safety net.

## What is Charity?

---

<sup>1</sup> <http://www.downsizinggovernment.org/hhs/welfare-spending#7> accessed 3-31-2011

First, it would be helpful to show how private charity, especially religious charity, came into being. The CATO institute desires that “church, community, or private charity” support the poor in society.<sup>2</sup> Why does CATO believe that private citizens will perform these tasks? Church and community have been attempting to help the poor for centuries as a tenet of faith.

Christianity, Jesus demanded that the well-off help the poor. Paul wrote “And now abideth faith, hope, and charity... but the greatest of these is charity” (I Cor. 13:13). Most scholars posit Paul meant love when he said charity, that love holds people together and forms the foundation for a Christian life.<sup>3</sup> Later, theologian St. Thomas Aquinas defined what he called “works of charity,” a list which details how Christians can fulfill the material and spiritual needs of others, putting that love into action.<sup>4</sup> Many lament that charity, now, refers more narrowly to philanthropy, especially the relief of poverty, and not to other works of justice.<sup>5</sup>

Importantly crucial to the idea of charity, charity is not limited to family, friends, or members of a group. In fact, as in the Bible’s parable of the Good Samaritan, one of the most famous acts of charity came from helping a complete stranger. The Good Samaritan stopped to help a stranger who was being robbed. Jewish philanthropists often refer to Maimonides’ Ladder of giving. Maimonides, often called Rambam (you will generally see this called Rambam’s Ladder Tzedekah, Tzedekah being the Hebrew word for charity) was a Jewish theologian in twelfth century Spain who wrote many commentaries on the Torah and Jewish law that still influence the religion today. Maimonides ladder outlines Tzedekah from the least kind holy to the most holy kind in eight steps. The bottom rung of the ladder describes giving begrudgingly

---

<sup>2</sup> ibid

<sup>3</sup> Commentary 1<sup>st</sup> Corinthians. *Barnes’ Notes on the Bible*. [http://bible.cc/1\\_corinthians/13-13.htm](http://bible.cc/1_corinthians/13-13.htm) accessed 4-10-2011

<sup>4</sup> O’Neill, Onora. “Charity.” *The Ethical Encyclopedia*. Becker and Becker, Ed. Routledge, New York, New York: 2001. Vol 1. Pp 203.

<sup>5</sup> ibid

to someone you know, when asked. The top is giving or teaching the recipient completely how to become self-reliant. The second rung from the top describes giving in which the giver and the receiver do not know the identity of one-another. Each level has a different level of spiritual significance in how charity works.<sup>6</sup>

Because of these aspects of faith, churches and synagogues do have a history of helping the poor, which CATO relies upon.

In order to better understand how charity works, there should be some examination of how donors and organizations think. Wisconsin economist James Andreoni divides the world of charity into a supply side and a demand side, an analysis of the charity market system.<sup>7</sup> First he names the people who donate money and volunteer hours the supply side of the market, supplying volunteer hours and donation dollars to the market. Second, the charitable organizations are the demand side, asking for the dollars and hours. Like most markets, the government supervises the market and can use market-shifting techniques, such as tax breaks for charitable giving. Charitable giving is an odd market to analyze because the demanders do the production—producing “charitable goods and services.” Harbaugh would say that donating to help people generates a “warm glow,” the “good” that people “buy” when they give to the poor.<sup>8</sup>

Andreoni’s framework narrows this paper’s research question as a study in market supply and demand. Why do people supply charity to the market, either in time or money? Is the market big enough to accomplish everything CATO thinks it can? Suppliers shift their funds to

---

<sup>6</sup>Eight Degrees of Charity: Rambam, Hilchot Mat'not Ani'im 10:1,7-14(Maimonides, *Mishneh Torah*, Laws of Gifts of [that belong to] the Poor)Translated and copyright 1990, 2003 by Jonathan J. Baker

<sup>7</sup> Andreoni, James. “Charitable Giving.” *New Palgrave Dictionary of Economics*, 2<sup>nd</sup> Edition. 2007 p1.

<sup>8</sup> Harbaugh, W.T. “What do Donations Buy? A Model of Philanthropy Based on Prestige and Warm Glow.” *Journal of Public Economics*. Volume 67, Issue 2, 1 February 1998, Pages 269-284

and from aiding the poor, getting higher utility from this than their previously considered budget. Charities demand those hours and dollars to aid the poor.

### **Ethical and Religious Reasons Why People Give to Charity**

Charity as a moral concept is linked to Beneficence, that people ought to do Good or help others.<sup>9</sup> Most religious traditions have stipulations for helping the poor in society. Such a mindset forms a core of the Judeo-Christian tradition: “thou shalt love thy neighbor as thyself” (Leviticus 19:18). In addition, the Five Books of Moses has stipulations concerning helping the poor in society. One tells farmers not to glean their fields and leaving the corners of fields unharvested for the poor to gather, forbidding being thoroughness in the harvest so that a source of food for the poor remains in the fields. Psalms, too, tell the Jews and Christians to protect the poor “Defend the cause of the weak and fatherless; maintain the rights of the poor and oppressed. Rescue the weak and needy; deliver them from the hand of the wicked” (Psalm 82:3-4).

Christianity demands justice in society through acts of loving kindness and charity. Acts tells of a just society through charity at work:

The community of believers was of one heart and mind, and no one claimed that any of his possessions was his own, but they had everything in common. With great power the apostles bore witness to the resurrection of the Lord Jesus, and great favor was accorded them all. There was no needy person among them, for those who owned property or houses would sell them, bring the proceeds of the sale, and put them at the feet of the apostles, and they were distributed to each according to need (Acts 4:32-25).

This model of society goes beyond what normal philanthropy would achieve.

---

<sup>9</sup> Kohl, Marvin. “Beneficence” “Charity.” *The Ethical Encyclopedia*. Becker and Becker, Ed. Routledge, New York, New York: 2001. Vol.1 Pp 134

Islam requires a portion of every family's income be given to the poor, as one of the pillars of the faith. All of these show that people have considered helping the poor to be a sacred duty for centuries.

Ethicists think often, many poor people were born poor, and their upbringing and lack of privilege and advantage in society makes them more vulnerable than the rich. Often, the poor have less ability to create flexibility or leeway in their lives, making their situations more tenuous and vulnerable to exploitation than the situations of the rich. Jason DeParle outlines in *American Dream* how one spot of bad luck that would be easily weathered by a middle class or rich person, such as car trouble or a sick child, can devastate a poor person. David Shipler observes the same pattern in *The Working Poor*:

Laborers at the bottom are often seen as expendable, and employees coming out of poverty are rarely armed with support networks, coping skills, and backup mechanisms to insulate their workplace from their personal difficulties.<sup>10</sup>

Some ethicists make strong arguments against beneficence and charity on the grounds that agents should save their resources for those close to them. There are many important arguments of particularity. Some ethicists, posit that people have duties to protect those close to them, especially their children, family, loved ones, and friends. Perhaps, after everyone one loves has all of their needs met, a person can help strangers. But this rarely happens.

George Orwell's essay *Reflections On Ghandi* lays out a clear argument explaining the morality of particularity. He does this by attacking the contrapositive, that one should treat all people the same- the way Ghandi was attempting to live his life. Orwell calls this "inhuman,"

---

<sup>10</sup> Shipler, David K. *The Working Poor*. Random House, New York: 2005. P 129.

that such a commitment to humanity causes one to lose his own humanity.<sup>11</sup> Orwell notes that “To an ordinary human being, love means nothing if it does not mean loving some people more than others.”<sup>12</sup> Perhaps CATO believes this - everyone should look out for those close to her, and then everyone would be looked out for. Goodin refers to this as being our natural instinct; an easy way out rather than a true attempt to achieve justice.

### **Social Science Reasons why People Give**

Many researchers look at different facets of charity, analyzing how and why people give. Perhaps CATO would be fascinated by the way donors operate, and wonder if donors can be trusted with keeping people alive and achieving justice.

In addition to the religious and moral reasons to give to charity plenty of people also give for selfish reasons. One hears often of a person “giving” to a school in order to help their child receive admission. In fact, economists Harvey Rosen and Jonathan Meer recently wrote a paper finding that “the size and frequency of an alumnus’s contributions to his alma mater rise in direct correlation with his child’s age and likelihood of applying to the school.”<sup>13</sup> This action, in our society, generally gets called charity because the donor gave to a 501 c(3) organization. Charitable action does not necessarily, or even often, come from altruistic feeling. One worries whether or not charities to help the poor can land such gifts.

Some people give when they feel a connection to the cause. To take a high-profile case, Vice President Dick Cheney, he of several heart attacks, gave millions to heart research at

---

11 Orwell, George. Reflections on Gandhi First published: Partisan Review. — GB, London. — January 1949.

12 ibid

13 <http://www.freakonomics.com/2007/07/11/the-false-altruism-of-alumni-giving/>

George Washington University, right near his home.<sup>14</sup> His tastes for having cardiac care facilities were greatly enhanced by his own experiences needing cardiac care.

Charity is also a big part of American culture. Andrew Carnegie decreed it a sin to die rich and attempted to give away all of his money. Bill Gates seems to be doing the same. Many rich people, especially people who feel that their money was unearned, find relief in philanthropy.<sup>15</sup>

Perhaps, since CATO wants to leave people vulnerable to market forces, they would be interested in how donors operate in the charitable giving market works. James Andreoni and John H. Miller also look at how generous people are when their budget changes.<sup>16</sup> In their experiment, they allow people to allocate dollars in many different budget scenarios. They give the participant a hypothetical endowment of money. Each time, after the allocation, they reset the budget and then changed the exchange rate in the budget. Sometimes, money given away would double, for example, the participant could keep \$20 or give \$40 to another player, or any choice in between. Or, the money would double if kept—you could keep \$40 or give away \$20, or any choice in between. Or a straight exchange, keep \$20, give away \$20, or any choice in between (keep \$15 and give away \$5 for example). Many times, the decision maker would choose the maximum benefit even if it meant losing payment—if money given away doubled she would give it all away. Other donations have what the experimenters called Rawlsian preferences—making sure that both players get the same amount of money each time. This experiment shows that different people have very different tastes for fairness and wealth. A

---

<sup>14</sup> <http://philanthropy.com/blogs/philanthropytoday/cheneyp-gift/11447>

<sup>15</sup> Wood, Graeme. "The Fortunate Ones" *The Atlantic Monthly* April 2011.

<sup>16</sup> Andreoni, James and John Miller. "Giving According to GARP: An Experimental Test of the Consistency of Preferences for Altruism" *Econometrica*. Vol. 70, No. 2 (Mar., 2002), pp. 737-753



homogenous group like this, with shifting preferences for altruism, may not be the people to whom society should assign the charge of creating justice.

Additionally, economists also show how the pricing mechanism works in this market. Karlan and List conducted an interesting natural experiment with matching funds. They found that people respond very much to the challenge of large donor matching their donation dollar-for-dollar.<sup>17</sup> Prices matter, they decided, in donations. If persons can feel like they are giving twice as much as they actually are, then they are more likely to give at all. It lowers the barriers to entry to giving. Those who may not have given because they can only give a small amount feel much better about giving when they feel like they are giving a lot more. This knowledge helps fundraisers raise money for different causes, including helping the poor.

Some worry that people skip giving to charity because of the philanthropy free-rider problem. Economists acknowledge that many of the benefits of philanthropy behave like a public good. Even though not everyone gives to philanthropy, everyone gets the benefits of many charities (a local museum, less poverty in the city, or a more educated populace).<sup>18</sup> Giving to help the poor certainly has such public goods attached to it: having a safer town, having the homeless in shelters rather than on the streets, lower taxes due to less need for public assistance or many other benefits from assistance to the poor come from donations. These are “public goods” because the whole town experiences the benefits from them, whether or not they donated to the cause.

---

<sup>17</sup> Karlan, Dean and John A. List. “Does Price Matter in Charitable Giving? Evidence from a Large-Scale Natural Field Experiment” *The American Economic Review* Vol. 97, No. 5 (Dec., 2007), pp. 1774-1793

<sup>18</sup> Sugden, Robert. “Reciprocity: The Supply of Public Goods Through Voluntary Contributions” *The Economic Journal* Vol. 94, No. 376 (Dec., 1984), pp. 772-787

All of this explains why charity exists and why people continue to fund it. The next step is to see if charity can do what CATO claims it can-completely replace government aid to the poor.

### **How much charity is there?**

Whatever the reason for giving, charity has become a major industry in the United States. Americans give quite a lot to charity, and make it a big part of civic life. In 2005, Americans donated \$250 billion to charity.<sup>19</sup> American giving is astounding, really. In 2009 the market value of Yale University's endowment, the cumulative value of years of American giving, was over 16 billion dollars, the year before that, before the recession hit, the endowment was worth over 22 billion.<sup>20</sup> The largest University endowment, Harvard, is even larger. However, quite a small fraction of charitable giving assists the poor. Then, giving that assists the poor, like all giving, gets divided geographically, by use, and in effectiveness of use.

Some charities that do not directly help the poor claim that their activities do in fact assist the poor some. Medical research, especially, can be seen as a public good, since a cure for a disease can benefit all levels of society.

### **The Difference between Charity and Public Assistance**

Here the CATO institute has much to say. CATO, as noted above, would like to eliminate public assistance in order to have only private charity. Yet, public assistance and

---

<sup>19</sup> Patterns of Charitable Giving by Income Group 2005" Indiana University Center on Philanthropy 2007.

<sup>20</sup> [http://www.yale.edu/investments/Yale\\_Endowment\\_09.pdf](http://www.yale.edu/investments/Yale_Endowment_09.pdf)

charity differ greatly. Understanding those differences helps one decide if CATO's idea passes analysis.

There exists quite a difference between the generous voluntary donations members of society make to the poor, and the mandated generosity that comes through taxes. Most people in society contribute to the local, state, and federal governments, all of which have anti-poverty programs such as food stamps, homeless shelters, unemployment insurance, healthcare aid, and so on. This is not, by an ethical definition, charity. Charity must be voluntary, not legally compelled.

Furthermore, for all of our generosity, American charity falls far short of American public assistance. As stated above, Americans donated \$250 billion to charity in 2005.

American public assistance outweighed that by far. Medicaid alone cost \$332,818,000,000 that year. So, even if all charity in the US were for the poor, it would not cover the cost of Medicaid.

In 2005, 69% of donations, about \$175.26 billion, were for causes that do not aid the American poor.<sup>21</sup> The charity for the poor, about \$77.29 billion, could just about pay for EITC and Food Stamps.<sup>22</sup> In fact, federal spending on means-tested programs (programs in which beneficiaries must be below a certain income to qualify for) has been greater than charitable giving for over three decades now. Not only that, but the individual states also provide programs for the poor. For example, the Commonwealth of Virginia spent \$2 billion through the Department of Social Services last year and another \$253 million on "Comprehensive Services for At-Risk Youth and Families."<sup>23</sup>

<sup>21</sup> "Patterns of Charitable Giving by Income Group 2005" Indiana University Center on Philanthropy 2007.

<sup>22</sup> Scholz, John Karl, Robert Moffitt and Benjamin Cowan. "Trends in Income Support." In *Changing Poverty, Changing Policies*. Ed. Maria Cancian and Sheldon Danziger. New York: Russell Sage Foundation 2010

<sup>23</sup> [http://datapoint.apa.virginia.gov/budget/bud\\_agy.cfm](http://datapoint.apa.virginia.gov/budget/bud_agy.cfm) accessed on 4-10-2011

This scale also invalidates one of the great criticisms against public assistance: that the government is more wasteful than private charity. The government has more waste and bureaucracy because it deals on a vastly different scale than private charities. Thousands and thousands of little charities do much less than the Medicaid program. As noted above, all the charities in America put together do not receive as much funding as just Medicaid does. Only the government has the scale of resources necessary to achieve justice. Also, charities can be wasteful or full of nepotism, too.

Between state-level and federal-level spending, the gap between the total amount of American charity and the total amount of American public assistance looms massive. Americans would have to give hundreds of billions more dollars in charity in order to end public assistance.

Additionally, many ethicists would rather see public assistance than private charity. They would rather see specific policies set up public assistance programs that create justice in society. Three philosophers, Robert Goodin, Thomas Pogge, and Stuart White all worry about the plight of the poor and the vulnerable. Goodin was a contemporary of John Rawls, while the other two came after him. Pogge was Rawls' student at Harvard.

Robert Goodin's book *Protecting the Vulnerable* makes the case for why the more vulnerable in society, generally the poor, must be protected. Goodin makes a case for social justice and fair distribution. He says that social resources should be devoted to attaining justice. In legal and philosophical terms, society requires justice, while charity is voluntary and discretionary.<sup>24</sup> CATO would disagree strongly, saying laying the moral imperative upon the

poor person to work and earn a living, no matter what. CATO wants no public assistance for “individuals who are able to work.”<sup>25</sup>

Goodin worries about private charity because it does not solve the dependency problems that exist in the market. If people at CATO worry about ‘welfare dependence,’ with private charity the dependency has only been shifted, not eliminated. If someone relies on a benefactor for charity, then that benefactor has powerful sway over that person’s life. Think about how nonprofits can be swayed by the gifts of major donors. If, for example, the benefactor has certain stipulations for how the recipients of their largesse should lead their life, they could, with no repercussions, cut their charity off, or threaten to cut it off as a means of control. Goodin also worries about charity because of its “uncertainty, unpredictability, and insecurity.”<sup>26</sup> He states refers to charity as “discretionary, and being discretionary (from the point of view of the recipient) completely unreliable.”<sup>27</sup> Public assistance, on the other hand, has the same rules for everybody. As Goodin puts it, “the welfare state is a system of compulsory, collective and largely nondiscretionary welfare provision.”<sup>28</sup> Also, unlike private charity, public welfare contains mechanisms for appealing one’s case if one feels that they have been treated unfairly.

A society requires public assistance because of the inner impulse for particularity. Because charity is discretionary and noncompulsory, when a person needs to he can divert all of the money out of his charity budget and into other ventures. This is no way to achieve justice, which should be sought at all times. Goodin critiques arguments of particularity. To be particular is to favor people closest to you-to not look at all people as equal. Goodin refers to

<sup>25</sup> <http://www.downsizinggovernment.org/hhs/welfare-spending#7> accessed 3-31-2011

<sup>26</sup> Goodin, Robert E. *Reasons for Welfare*. Princeton U. Press, Princeton NJ: 1988. p201.

<sup>27</sup> Ibid 202

<sup>28</sup> Ibid 12

particularity as the voluntarist argument—that many moral duties are self-selected (for example, special promised duties to one’s wife or boyfriend).

Goodin does not reject this concept. Instead, he builds upon it.<sup>29</sup> A moral agent should not confuse wanting to give everything you can to those she loves with achieving justice. Acting because of love and acting in a way that achieves justice are two different things. Goodin introduces a “Hierarchy of Moral Duties,” one piece of the hierarchy is assisting those close to oneself, assisting others is another part. Special responsibilities, Goodin argues, are much less self-assumed than people believe them to be. In fact, they are placed upon agents in a way similar to general social responsibilities. Goodin writes that “It is dependency and vulnerability, rather than voluntary acts of will which give rise to these, our most fundamental of moral duties.”<sup>30</sup> Protecting the vulnerable, Goodin argues, should be a special relationship, just like other assumed responsibilities. Thus, assisting the poor, instead of a voluntary above-and-beyond activity, should be on the same moral level as providing for one’s own children.

In this way, Goodin sounds like the Bible or Maimonides—helping a stranger is a special (or as Maimonides puts it, holy) responsibility. On a high moral level and way up the ladder of giving.

In addition, Goodin believes that welfare, supplying some basic help to those who need it, helps to reduce exploitation (Goodin 1988 24). The market, left alone, allows for exploitation when some people become completely dependent on others. Imagine if CATO gets its way and unemployment insurance and Medicaid are eliminated. People would fear losing their jobs even more than they already do.

---

<sup>29</sup>29 Goodin, Robert E. *Protecting the Vulnerable*. U. Chicago Press, Chicago IL: 1985 p 12.

<sup>30</sup>30 Goodin *Vulnerable* 34

Seeing this, many may give to charity because they wish to help others attain greater agency. Donating to a scholarship fund, for example, can help someone gain the education she needs to have a more unfettered life, the highest level of giving on Maimonides' ladder. Some in the Goodin school believe that if a just society were attained than charity would become unnecessary.<sup>31</sup>

Thomas Pogge uses similar moral reasoning to build a case for the world's wealthy nations to help the poor nations in *World Poverty and Human Rights*. He also attempts to move what people would normally call voluntary philanthropy up the moral scale to become a more compelling action. Rather than looking at special relationships, Pogge cites the negative duty not to do harm. He carefully builds a case that, both currently and in the past, the rich nations of the world have done harm to the poorer ones. Because of this, rich nations have to compensate for damages done. Although he discusses how rich societies can help poor societies, I think much of his argument can be adapted to rich segments of society helping poor segments of society.

Many people in the poorer sections of society can trace societal disadvantages to the structure of society that upper sections took advantage of. Just as poor countries can trace their disadvantage to the structure of the world economy. Pogge notes "our reluctance to see ourselves as causally connected to severe poverty and by the cognitive tendency to overlook the causal significance of subtle background factors in a diverse and changing situation."<sup>32</sup> This sentence, while he directs it at an international situation, can just as easily apply to intra-national poverty.

Although he uses a different philosophical track to get there, Pogge, like Goodin, does not want to leave the task of bringing about justice to voluntary charitable giving. He also wants

---

<sup>31</sup> O'Neill, Onora. "Charity." *The Ethical Encyclopedia*. Becker and Becker, Ed. Routledge, New York, New York: 2001. Pp 203

<sup>32</sup> Pogge, Thomas. *World Poverty and Human Rights*. 2<sup>nd</sup> ed. Polity Press Malden, MA, 2002. P 17.

concrete policies set in place to create justice in a variety of fields. His philosophy, for example, leads him to propose specific policies and regulations for the pharmaceutical industry.<sup>33</sup> Pogge does not trust Pfizer or another company to suddenly get generous and donate medicine all over the world or donate millions of dollars to drug research and development. Charitable giving, of course, is important to fighting both intra and international poverty, and Pogge's argument compels moral agents to assist people stricken in either situation.

Stuart White also sides with Goodin and Pogge, offering specific policy proposals to increase individual status and achieve justice. For example, White demands a need for a universal basic income, paid to each citizen regardless of other income, so that no one goes wanting.<sup>34</sup> In his world, justice would be achieved through policy and the structure of society. There would be no "brute luck inequality," which charity currently works to correct.<sup>35</sup>

While these philosophers wish to create a world where charity is obsolete, there is much use for charity in the world as it stands.

**What role does charity have in diminishing poverty? What can charity do that government assistance can't?**

The federal government can provide money or tax breaks for local programs, but people with local knowledge must take actions that help their own communities. Many local charities

---

<sup>33</sup>

<sup>34</sup> White, Stuart. *The Civic Minimum*. New York: Oxford University Press 2003. P 153.

<sup>35</sup> Ibid 77



are good at attacking local problems. The national government and state government do many large-scale programs that help greatly. For example, Medicaid helped 55 million people receive health care in 2004, an act far beyond the scope of a charity.<sup>36</sup> If people like Goodin or White got their way, the government would do much more to limit poverty and create equality of opportunity in society.

Yet local programs offer intimacy and contact the federal government cannot. Much of the success of such programs springs from charity not of money, but of time. Using Andreoni's market language, intimate local programs provide a good that impersonal national programs cannot. Consider the many people in our nation who volunteer in literacy programs or GED tutoring. Consider the benefits of food stamps compared to the benefits of a meal service program provided by a church to local shut-ins. The advantage of the latter program springs not just from the meal, but from the company and socializing that comes with it. Recognizing this, the federal government creates programs such as AmeriCorps, which work to increase volunteerism.

Social scientists document the importance of this volunteerism that comes from many charities. For example, the summer literacy program Teach Baltimore relies on "collegiate volunteerism" for instructors.<sup>37</sup> The goal of the program is to prevent summer learning loss (the phenomenon where students lose academic ground from not reading over the summer) among low-income students in Baltimore. This program has had great results:

---

<sup>36</sup> Scholz, Moffitt, and Cowan p209.

<sup>37</sup> Borman, Geoffrey D. and N. Maritza Dowling "Longitudinal Achievement Effects of Multiyear Summer School: Evidence from the Teach Baltimore Randomized Field Trial" *Educational Evaluation and Policy Analysis* Vol. 28, No. 1 (Spring, 2006), pp. 25-48

Students attending at least two of three summers at an average attendance rate returned to school in the fall of the 3rd year of the study with achievement scores of approximately 1/2 of 1 standard deviation higher than those of their similar peers from the control group. This treatment effect for compliers was equivalent to 50% of one grade level in vocabulary, 40% of one grade level in comprehension, and 41% of one grade level in total reading.

Such results really matter in the lives of these students. College volunteers (who did receive a small stipend from the City of Baltimore) spent time with the students over the summer making sure they kept up with their reading and stayed involved in meaningful activity. A massive federal program cannot provide the level of intimacy or personal attention that these college students do. Through patience, effort, and skill the college students raised the reading abilities of the students of inner-city Baltimore. This charity improved lives.

But sometimes the government fails the people, the Community Economic Development (CED) movement relies upon local activists thinking about what their own neighborhoods need and attempting to get it. In his speech at Washington and Lee University, the CED activist David Foster claimed that his organization has stepped in where government has failed.<sup>38</sup> His Greater Camden Partnership Organization indeed performs many services that one would normally assume fall under the activity of local government. Foster's organization relies upon private donations, mainly by community businesses. These donations are charity, because they are money leaving private hands for the benefit of the community. The businesses will see gain if their community improves, but most charity can benefit the donor.

The Community Economic Development Movement demonstrates one of the most advantageous reasons for charity: civic involvement. Philanthropy and volunteering are two of the most common ways that people become involved in their community. Organizations that

---

<sup>38</sup> David Foster speech at Washington and Lee University Northen Auditoreum. Winter 2011

work to help the poor need donations of time and expertise as often as they need money.<sup>39</sup>

Community Based Organizations often spend much time (often volunteered time) training other organizations how to better function.<sup>40</sup> Most charities consist of citizens who wish to make an improvement some way in their community. Volunteering facilitates people from different social spheres meeting one another. Simon argues that the great strengths of community-based organizations come from “multistranded relations, geographical focus, and face-to-face interactions.<sup>41</sup>” This kind of organization, which springs from the effort and time and local knowledge of the people, cannot be generated by national forces.

Also, even in Stuart White’s just world, with complete equality of opportunity, some people will have misfortunes. Those people could be assisted by charity or kindheartedness.

## Washington and Lee University

### Conclusion

Justice should not be left to the discretion of individual donors, as the CATO institute wants. Rather, public programs to achieve justice, through equality of opportunity, would be better. As it stands, we do this partway in this country, as we have many public programs to aid the poor, as well as public schools to provide opportunities.

This is not to say that there is no place for charity in aiding the poor, achieving justice, or improving lives. Especially in the world as it stands now. Local organizations have the ability to make big changes, due to their knowledge of local opportunities and their use of face-to-face

---

<sup>39</sup> Simon, William H. *The Community Economic Development Movement*. Duke U. Press, Durham NC: 2005. p 114

<sup>40</sup> *ibid*

<sup>41</sup> *ibid* 47

interactions with clients. For example, the federal government can provide heating aid to thousands, a necessary program, but Big Brothers Big Sisters provides a local friend to children.

Even in a world like that Stuart White desires, one with total fair equality of opportunity, some sort of charity would still exist. People would still mess up, or suffer misfortunes, and call upon the aid of their peers. For example, much charity and volunteering went to the victims of Hurricane Katrina. In Whites' world, a major storm would still be devastating. These people would still need aid, and charity becomes one of the great sources of aid.

# Washington and Lee University

Works Cited

Andreoni, James. "Charitable Giving." New Palgrave Dictionary of Economics, 2<sup>nd</sup> Edition. 2007 p1.

Andreoni, James and John Miller. "Giving According to GARP: An Experimental Test of the Consistency of Preferences for Altruism" *Econometrica*. Vol. 70, No. 2 (Mar., 2002), pp. 737-753

Barnes' Notes on The Bible Commentary 1<sup>st</sup> Corinthians [http://bible.cc/1\\_corinthians/13-13.htm](http://bible.cc/1_corinthians/13-13.htm)  
[accessed 4-10-2011](#)

The Bible

The CATO Institute. <http://www.downsizinggovernment.org/hhs/welfare-spending#7> accessed  
3-31-2011

Eight Degrees of Charity: Rambam, Hilchot Mat'not Ani'im 10:1,7-14(Maimonides, *Mishneh Torah*, Laws of Gifts of [*that belong to*] the Poor)Translated and copyright 1990, 2003 by Jonathan J. Baker

Foster, David speech at Washington and Lee University Northen Auditorium. Winter 2011

<http://www.freakonomics.com/2007/07/11/the-false-altruism-of-alumni-giving/>

Goodin, Robert E. *Protecting the Vulnerable*. U. Chicago Press, Chicago IL: 1985

Goodin, Robert E. *Reasons for Welfare*. Princeton U. Press, Princeton NJ: 1988.

Harbaugh, W.T. "What do Donations Buy? A Model of Philanthropy Based on Prestige and Warm Glow." *Journal of Public Economics*. Volume 67, Issue 2, 1 February 1998, Pages 269-284

Karlan, Dean and John A. List. "Does Price Matter in Charitable Giving? Evidence from a Large-Scale Natural Field Experiment" *The American Economic Review* Vol. 97, No. 5 (Dec., 2007), pp. 1774-1793

Kohl, Marvin. "Beneficence" "Charity." *The Ethical Encyclopedia*. Becker and Becker, Ed. Routledge, New York, New York: 2001. Vol.1 Pp 134

O'Neill, Onora. "Charity." *The Ethical Encyclopedia*. Becker and Becker, Ed. Routledge, New York, New York: 2001. Vol 1. Pp 203.

Orwell, George. *Reflections on Gandhi* First published: *Partisan Review*. — GB, London. — January 1949.

<http://philanthropy.com/blogs/philanthropytoday/chenev-gift/11447>

Shipler, David K. *The Working Poor*. Random House, New York: 2005. P 129.

Simon, William H. *The Community Economic Development Movement*. Duke U. Press, Durham NC: 2005. p 114

Sugden, Robert. "Reciprocity: The Supply of Public Goods Through Voluntary Contributions"  
*The Economic Journal* Vol. 94, No. 376 (Dec., 1984), pp. 772-787

Wood, Graeme. "The Fortunate Ones" *The Atlantic Monthly* April 2011.

Patterns of Charitable Giving by Income Group 2005" Indiana University Center on

Philanthropy 2007.

Washington and Lee University

[http://www.yale.edu/investments/Yale\\_Endowment\\_09.pdf](http://www.yale.edu/investments/Yale_Endowment_09.pdf)