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Given Americans' generosity, why make government the first line of defense against poverty? | Commentary

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In 2016, Americans gave almost \$400 billion to US charities, and the rate of charitable giving has been growing faster than inflation.

by **Antony Davies & James R. Harrigan**

There are always a few misguided souls who put up their Christmas lights the day after Halloween, but for most, the Christmas season begins when the turkey carcass hits the soup pot and the last down of Thanksgiving football has been played. Black Friday and Cyber Monday fire up the consumerist gears, mall Santas come out of hibernation, and children start making lists.

But the Christmas season kicks off in earnest the day after Cyber Monday with Giving Tuesday. Last year, on that day alone, people donated \$168 million (<https://www.philanthropy.com/article/Giving-Tuesday-Haul-Is-an-/238534>) to their charities of choice, up 44 percent from 2015. This year will doubtlessly see them giving even more. People, especially Americans, donate a lot to charity during this time of year.

The simple truth, though, is that Americans donate a lot to charity year-round.

In 2016, Americans gave almost \$400 billion (<https://givingusa.org/giving-usa-2017-total-charitable-donations-rise-to-new-high-of-390-05-billion/>) to U.S. charities, and the rate of charitable giving has been growing faster than inflation. Adjusted for inflation, total giving to U.S. charities is more than twice (<https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/>) what it was in 1975. As a matter of fact, people voluntarily give so much that it is probably time to reconceive America's welfare strategy with private giving in mind.

To understand charity in the United States, one must first realize that this is not a story of large corporations giving for the sake of tax breaks. In 2016, corporate philanthropy totaled less than 5 percent (<https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/>) of all charitable giving in the country. As for the oft-repeated argument that the rich are selfish, more than 90 percent (<https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/>) of high-net-worth households give to charity, with the average rich household donating 10 times what the average U.S. household gives. But this counts only monetary giving. More than 60 million Americans volunteer their time, the combined market value of which is almost \$200 billion (<https://www.independentsector.org/resource/the-value-of-volunteer-time/>) annually. Counting money and time, Americans voluntarily give almost \$600 billion annually. That is more than the governments of all but the top eight nations (<https://www.cia.gov/library/publications/the-world-factbook/fields/2056.html>) of the world collect annually in taxes, and more than three times California's entire state budget. Americans are remarkably generous.

Tax deductibility certainly augments charitable giving, but it by no means causes it. Americans only deduct about half (<http://nccs.urban.org/data-statistics/charitable-giving-america-some-facts-and-figures>) of the money they donate. Tax deductibility doesn't give selfish people a profit motive to be generous; it simply removes a penalty on generosity.

The charities to which people donate are as varied as Americans themselves. Of all U.S. charitable giving (<https://www.charitynavigator.org/index.cfm?bay=content.view&cpid=42>), 32 percent goes to religious groups, 15 percent goes to education charities, 12 percent to human services charities, 8 percent each to health charities and public-society benefit charities, 6 percent to international charities, 5 percent to arts, culture, and humanities charities, 3 percent to environment and animal charities, and 10 percent to foundations. If we deduct the amounts that go to foundations, the arts, the environment and animals, that leaves 82 percent of the total going either in full or part to charities that help the poor. In dollar terms, that's about \$500 billion annually.

How does this compare to what the government spends on welfare? (There is no line item in the budget for "welfare," so there is some room for interpretation regarding what constitutes "welfare spending.") According to the Center for American Progress, the federal government spends more than \$200 billion (https://www.washingtonpost.com/news/wonk/wp/2014/01/12/no-we-dont-spend-1-trillion-on-welfare-each-year/?utm_term=.e907f7625b56) annually on welfare. This ignores Medicaid spending, which is about \$500 billion (https://www.usgovernmentspending.com/year_spending_2017USbn_17bs6n_2030#usgs302), and miscellaneous items like unemployment compensation, job training, and Head Start. Adding these in brings the total to around \$1 trillion (https://www.usgovernmentspending.com/year_spending_2017USbn_17bs6n_2030#usgs302). While it is unclear what should be included in the term *welfare*, it is clear that voluntary charitable giving is somewhere between three times and two-thirds of total government welfare spending.

Americans are more than interested in caring for their fellow citizens. In the Christmas spirit, we should begin exploring ways to empower them to do so further, and in the process recast government as the safety net of last resort instead of the first line of defense against poverty. We are not sure what this would look like, but we are equally sure this is a conversation

we should be having.

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