

# Privatize Our Social Welfare System

by

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## Community Based Charity

One hundred years ago, there was no national "safety net" for the impoverished and the disabled to rely on. Yet contrary to the revised histories that are published by social(ist) historians, people were not abandoned to the streets. The working poor, in many cases, were able to obtain quality medical care. To those who have been raised in our cradle to grave welfare state, this may come as a surprise. The question will be raised, "Who supported the poor and sick if the government didn't do it"?

The answer is that many groups served as sources of respite and of charity for the impoverished.

Nowadays relegated to a minor role of fund raising for agencies and forced by government decree to running little league sports, the Fraternal Societies were among the largest providers of community based charity. Several organizations provided low cost health insurance to the working poor and in the event of catastrophic injury or death, would provide a small pension and provide food stuffs and even respite care for the family.

Many of the organizations were church based and served the needs of both the parish members and the community in general. Charity and aid to the poor was, at that time, considered to be an act of virtue and morally correct behaviour.

These days, the churches are still active, although their main activity seems to be directed to demanding that the government take over their own traditional role. Perhaps the churches and the modern parishioner feel that if government takes over their traditional role of ministering to the poor, they will have more time to devote to spiritual matters like barbecues and social functions.

Nowadays, we are faced with governments overburdened with debt that are forced to cut back the amount of money that flows into the social welfare system. Agencies and poverty groups complain about these cutbacks and urge protests in an attempt to persuade the government to resume funding. Perhaps all this energy would be better off spent in persuading the community to voluntarily support their agencies. If the community is willing it will find a way. Many of the functions of these agencies do not need to be staffed by professionals. The role of the volunteer will become far more important as the amount of government

funding shrinks.

What better way to serve the community than to take an active role in a charitable agency. If the service groups and benevolent fraternal societies are willing, they can shoulder once again, their traditional role of ministering to the poor and the sick.

There is no moral virtue to asking the government to force your neighbour to provide for the poor. The act of charity must be voluntary.

*"We appear to be virtuous when we really are rather lazy "do-gooders" content to let the welfare bureaucrats handle all that "poverty unpleasantness" for us. We say, "Ah, but at least we feel good about ourselves." More frequently than we care to admit, our poverty programs are thinly veiled efforts to enhance our self-esteem and to assuage our consciences by means of state programs. To imagine that by such shallow and self-gratifying efforts we can eliminate human poverty is shameless hubris, not charity and grace. The size of the federal budget is by no means an indicator of Christian compassion." (1)*

#### The Unskilled Worker

Throwing money at social problems has never been a solution. It has been tried for decades and has yet to be shown to be effective. The training programs that were supposed to bring skills to untrained people and ready them for the job market are failures. A better solution might be to repeal the minimum wage law and allow the unskilled worker an opportunity to work, albeit at a low wage, and gain the experience needed to remain in the ranks of the employed.

An example of minimum wage keeps the unskilled worker from gaining employment follows.

*"Consider, for example, a grocer. Suppose he decides that a clean parking lot will attract more customers, and that this will increase his sales by \$10 per day. Of course, the grocer will pay no more than \$10 a day to have his parking lot cleaned. He then investigates how best to get the job done. Suppose there are two options available to him. One way is to hire a fairly skilled worker who can clean the parking lot in one hour, while the second way is to hire two unskilled workers who, working together, will get the job done in the same time. Other things being equal, the grocer will make his decision based upon the relative cost of skilled versus unskilled labour. Let's assume the skilled worker will charge \$6 an hour, while each of the unskilled workers will charge \$2.50 an hour. In a free labour market, the grocer will hire the two unskilled workers because, in total, it costs him \$5 per hour for the unskilled workers whereas it would cost \$6 for the one skilled worker. But what will the grocer do if a minimum wage of \$4 per hour is imposed? To hire the two unskilled workers will now cost him a total of \$8 an hour. The skilled worker now becomes the better bargain at \$6 an hour. Minimum-wage legislation strips unskilled workers of their one bargaining chip: the willingness to work at a lower wage than that charged by workers with more skills. The result is unemployment of the unskilled workers."(2)*

Instead of government subsidizing employers through the tax dollars taken from the employees, why not allow the company to hire these unskilled workers and teach them the skills. If the unions are concerned about the unskilled poor, they could always run workshops where volunteer master craftsmen from the trades could teach the unskilled worker the skills needed for his trade.

#### Government Handouts hurt the Kids

*"When I read statistics about the growing numbers of hungry three-year-olds, I can't help wondering what their parents were thinking of three years and nine months before. That's not a long time to plan ahead. If they knew they were poor when they were conceiving the baby, what made them expect to be not-poor after the baby was born? If child in poverty, why should they expect the rest of us to come to the rescue?" (3)*

While may seem harsh and unfair, the author is clearly pointing out that our national safety net allows people to escape the responsibility for their actions.

Many years ago, many couples would agree to wait until they were established before raising a family. Nowadays, there is no need to wait. If you wish to have children, you can. Safe in the knowledge that the state will provide for them even if you can't. Some may view this as a forcing a moral judgement on others...but, how moral is it to bring a child into the world and then demand that the state steal from your neighbour to feed and shelter your child?

*".A case in point: I acted in a divorce for a woman about two years ago. She ended up with custody of her two kids and a modest support order. Although both kids were in school full time, she chose to go on welfare rather than get a job. A year later, she was back to see me again. She had just had another child, by a different man, and he was disputing paternity. I asked what form of birth control they had used. None. Why not? "It was okay by me if I got pregnant. I thought it would settle him down."*

*Even if this woman had no life experiences of her own to draw on, an occasional reading of Ann Landers should have been enough to clue her in that this strategy would be--shall we say?-- problematical. Do I feel sorry for that baby? Yes. Will handing his mother more money improve his life? Possibly, marginally, in the short run. In the long run, however, all it will do is convince the mother (and eventually, all three children) that there are no negative consequences to behaving irresponsibly."(3)*

Why should every citizen be forced to pay for someone else? If a person wishes to contribute money, food, or even the time to aid the poverty-stricken family, that is their own choice. That choice should never be forced upon them. Forced charity is another word for theft.

No one is suggesting a return to the days of the "butter box babies" or homes for "unwed mothers". What could be done is have community based organizations, funded through voluntary contributions and relying

strongly on volunteers, aid the poor or single parent family by providing life skills training, respite services, foodstuffs and either helping financially toward the rent or by providing subsidized housing.

To be sure, this would require changes in community bylaws to permit easier and faster development of residences within the community. As it stands, the process to have a lot rezoned for a residence is exceedingly long and costly. If an organization purchases a lot, they should be able to convert it to a residence wherever they are located. They own the land and as long as they don't infringe on the property rights of those who live beside them, it should be no one else's business what they do with the property.

This would also enable hospices to be constructed at a great saving of both time and money. Which in turn would ease the strain on our overburdened health care system. In many cases, there is no point in tying up expensive beds in hospitals with terminally ill patients. The AIDS patient, who needs constant attendance in his last days would be better served in the supportive environment of a hospice, as would the terminally ill cancer patient who in many cases needs only supportive therapy and pain suppression. These can be provided at a lower cost to the health care system by hospices. Hospices could be owned and operated by community organizations or churches or fraternal societies.

One only has to look at the Shrine hospitals in the states to realize that there is a role for the private care provider.

#### Why UIC is another form of Welfare

UIC goes under the title Unemployment Insurance. However, it is not insurance. Insurance is based on actuarial science and the costs vary according to risk and the chance of collecting. UIC does not.

An illustration of this point is made by Karen Selick in the following paragraphs concerning maternal leave under UIC. (although legislation has changed since her article was written in 1990, the basis for her argument remains)

*"Why does our unemployment insurance system make employers suffer the financial consequences of their employees' decisions to have children? The employee doesn't lose much: while honeymooning with her newborn, she gets UI benefits equal to 60 per cent of her ordinary wage. And thanks to provincial employment laws, her job must be saved for her.*

*It's the employer who has to cope with the headache of finding and training temporary help, as well as the financial loss from those unproductive hours.*

*I'm not blaming our secretaries for taking advantage of benefits that have been handed to them on a silver platter. It would be irrational for them not to.*

*But the system stinks. I'd like to see maternity UI benefits and leaves of absence eliminated entirely, rather than extended. Then we wouldn't*

have to introduce these silly new paternity benefits, either, since the sexes would already be getting equal treatment.

If an employee is good enough, the boss will endure her absence, swallow the financial loss and save the job for her. However, if she can be easily replaced by someone just as good, why should the employer be dislocated twice--once when she leaves, then again when she exercises her prerogative of returning?

Why should the unlucky "temp" be precluded from the possibility of a permanent job? In other words, why should everybody but the employee bear the cost of her decision to procreate?

And who ever dreamed up the name "unemployment insurance" for this system? That's almost as amusing as calling no-fault insurance the "Motorist Protection Act."

Our unemployment insurance system--both as it now stands and as it will be after the proposed amendments--has nothing to do with insurance. No-one sells insurance against an event which the insured can voluntarily bring about.

Can you imagine a homeowner's insurance policy which allows you to collect if you burn your own house down? Not a chance. Not even if you wait six weeks before you try to collect. Yet UI allows employees to collect even if they deliberately quit their jobs or become pregnant.

And have you ever heard of an insurance policy where there is no experience rating? If your house burns down repeatedly, your premiums are going to rise--that is, if you can find anyone who will insure you at all.

Yet no matter how many times a person claims UI benefits, his premiums always remain the same, and the Commission never refuses to cover him. In fact, seasonal workers remain covered even though it is known with absolute certainty that they will be making claims year after year, and that the benefits they receive will exceed the premiums they pay.

Furthermore, who ever heard of an insurance scheme which runs at a loss year after year? That's what the UI program has been doing. General tax revenues cover a significant portion of the cost which isn't being met by premiums. The percentage has been estimated variously at between 18.5 per cent and 25 per cent."(4)

This, as Karen Selick points out, is another example of an out of control social welfare system. There is no incentive to personal responsibility and the employer and the other workers and potential workers all pay the cost of one persons decision to bear a child. No one should be expected to pay for your decisions. That flies in the face of any conceivable idea of responsibility and is a major cause in the declining economic state of our country.

The conclusions that can be drawn from this essay are many but the main points are easily summed up.

Private sector whether in the form of "for profit" or community based organizations relying on voluntary contributions must be allowed to replace the public employees in the social/health services field. Make no mistake about it...whether the worker is employed directly by the government or works for a social service agency, they are a "de facto" public servant. They are paid from government funding and work under government regulations.

Personal responsibility must be re-introduced back into the system. The practise of forcing your neighbours to bear the costs of your actions must end.

Trade unions must give up their government enforce monopoly on jobs by allowing the unskilled worker into the workforce. To this end, the repressive minimum wage act must be repealed.

The rights of the property owner must be respected and the mountain of red tape and bureaucracy must be levelled to enable organizations the chance to develop shelters and hospices without consuming the majority of their budget fighting the Ontario Municipal Board and other regulatory boards.

- (1) "The Dangerous Samaritans: How We Unintentionally Injure the Poor"  
By Michael Bauman

Michael Bauman is a professor of theology and culture and director of Christian Studies at Hillsdale College. He is also a lecturer and tutor in Renaissance literature and theology as well as associate dean at the Center for Medieval and Renaissance Studies in Oxford. He has been book review editor for "The Journal of the Evangelical Theological Society." for seven years.

- (2) "The Minimum Wage: An Unfair Advantage for Employers"  
by Donald J. Boudreaux

Professor Boudreaux teaches economics at George Mason University in Fairfax, Virginia. A longer version of this article will appear in The Freeman, published by The Foundation for Economic Education, Irvington-on-Hudson, New York.

- (3) If the Poor Don't Care, Why Should We? (C) 1990, by Karen Selick

(Karen Selick is a lawyer in private practice in Belleville, Ontario, Canada and the vice-president of the John Locke Institute of Canada. She is the author of many articles and columns which have appeared in legal magazines and mainstream newspapers.

- (4) Unemployment Insurance -- A Welfare Scheme with a Fancy Name (C)  
1990, by Karen Selick