

## **Rethinking Welfare: The LDS Welfare Program vs Public Welfare**

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### *Abstract:*

In his libertarian manifesto, *For a New Liberty*, Murray Rothbard [15] points to the Church of Jesus Christ of Latter-day Saints as an excellent model for what a private welfare program would look like in a free society. In analyzing this same organization, we can see that nearly 50 years later Rothbard's analysis is truer than ever. Unlike the public welfare programs in the U.S., the LDS church has successfully helped lift countless individuals out of poverty and off the welfare rolls by increasing their level of productivity – a point that Henry Hazlitt [7] made in his book, *The Conquest of Poverty*. Public welfare, on the other hand, has continuously failed to increase the standard of living or even lift those it ostensibly seeks to help out of poverty; on the contrary, it is a system that prevents economic independence. The analysis in the present paper seeks to revive, amplify and bring up to date Rothbard's observation and provide further insight on key factors that other private organizations can take from the Church's model. Ultimately, it reveals that the successful journey out of poverty is not a public but rather a private endeavor.

*Keywords:* welfare, poverty, libertarian, charity, capitalism.

### **1. Welfare or Charity?**

Welfare has various commonly used definitions. One refers to the well-being of an individual, another denotes a form of financial or material aid that an individual receives, and a third depicts an organization or program that works to provide aid. More often than not, welfare is tied to assistance provided by the government. In contrast, what is charity? Merriam-Webster defines it as “generosity and helpfulness especially toward the needy or suffering also: aid given to those in need.”

1

Both concepts have strikingly similar meanings that touch on the provision of assistance to those in need. An important difference is that one is often thought of as a disinterested act of goodwill; the other an entitlement – a “right”. We have yet to hear a politician claim that everybody has a right to

receive charity. Leaving aside such political connotations, welfare and charity are almost synonymous. If one is an entitlement while the other is not, it would be difficult to explain where these terms differ so that one becomes a “right” to the individual and the other does not.

Compare the activities of the Church of Jesus Christ of Latter-Day Saints and–government welfare programs. Both organizations refer to their activities as welfare, but only one can be considered charitable, as charity is a *voluntary action*.<sup>2</sup> Charity ceases to be charity once it is only through coercion, i.e., the threat of violence, that one party is able to receive benefits from the other. This is how the public welfare program operates. It is imperative to distinguish between charitable welfare — welfare that is done through voluntary action — and the type that operates through the confiscation of the donor’s income in order to be redistributed to another individual.

## 2. The Solution to Poverty

How can poverty be eradicated? American journalist and author Henry Hazlitt addressed this in his book, *The Conquest of Poverty*:

It is fashionable to say today that ‘society’ must solve the problem of poverty. But basically each individual – or at least each family – must solve its own problem of poverty. The overwhelming majority of families must produce more than enough for their own support if there is to be any surplus available for the remaining families that cannot or do not provide enough for their own support [7, p. 230].

The escape from poverty begins on the individual level; nobody can solve somebody else’s poverty until they themselves have met their own needs. How is this achieved at the individual level? Hazlitt [7, p. 232] answers “Work and Saving”. It is through work that we are able to obtain the means for subsistence, and it is through saving – that portion which is withheld from immediate consumption – that allows for either future consumption, or more importantly, investment. The level of productivity in the labor expended is what permits for greater overall consumption and saving.

Woods [35, p. 61] demonstrates the indispensable role of productivity in man’s struggle against poverty: “How can goods be provided in greater abundance? By increasing the productivity of labor...And that can be done by means of technological innovation and investment in capital goods.” If insufficiency is a condition of poverty then abundance would be its antithesis. Hence, in order for the individual to escape his own poverty, he must be productive! It is for that reason it must be recognized that welfare “voluntary or coerced, is never the true solution of poverty, but at best a makeshift, which may mask the disease and mitigate the pain, but provides no basic cure” [7, p. 230].

Let us compare the welfare programs of the Latter-day Saint church and the U.S. government. The main difference is that the former increases the level of productivity of the recipients while the latter simply provides them with the means of subsistence.<sup>3</sup>

## 3. Latter-day Saint Welfare

Rothbard [15, p. 180] avers, “The ‘classical’ view of the social worker was to help people to help themselves...to help them get off the welfare rolls as quickly as possible.” This perspective is based on the importance of individual productivity. The welfare program of the LDS church is based on this fundamental principle, and Rothbard [15, p. 183-187] acknowledged the exemplary fashion in which the Church of Jesus Christ of Latter-day Saints applied this in its welfare program.

Since its inception in 1830, many of the principles upon which the Church was founded were based on the importance of hard work and productivity. This can be seen in some of the Church’s early

writings cautioning members against the problem of idleness and encouraging them to work.<sup>4</sup> Through its nearly 190 years of growth, this message has continued to be promulgated ever more firmly [3], [21], [22], [30]. Even within the structure of its leadership and auxiliaries one can see the emphasis placed on members to be actively engaged in activities such as speaking to a congregation, teaching classes, administering religious services, attending the needs of other LDS members, organizing events, cleaning church facilities, and even devoting one-and-a-half to two years of an individual's life to missionary work. Hard work and self-reliance have always been a backbone of this organization.

That the Church's welfare programs make these teachings their central tenets explain why it has been able to achieve such large-scale success. Russell M. Nelson, the current president of the Mormon Church, recently spoke on some of its more recent accomplishments, "In the year 2018 alone, the Church provided emergency supplies to refugees in 56 countries." In addition to this, "the Church provided vision care for more than 300,000 people in 35 countries, newborn care for thousands of mothers and infants in 39 countries, and wheelchairs for more than 50,000 people living in dozens of countries" [13].

Every dollar and every service or resource that the Church utilizes comes without the use of coercion over its contributors [26]. Besides donations made by its members, this organization also owns farms, orchards, and ranches that all help stock Church run warehouses that are part of its welfare program [22].

Critics of private initiatives claim that efforts like these are still not good enough in the fight against poverty and, therefore, it is necessary that there be a public program to make up for the insufficiency [1], [14]. Such critiques fail to adequately define what counts as poverty or at what point someone should be entitled to benefits. The Heritage Foundation released a report that looked at the living conditions of Americans living in poverty as reported by the Census Bureau [17]; they highlighted that many of those in poorer conditions had commodities like microwaves, air-conditioned houses or apartments, and cable television; compare that to the living conditions of the average person in the U.S. even one hundred years ago.

Williams [33] made a similar observation and went as far as to redefine poverty in the U.S., "What we have in our nation is not material poverty but dependency and poverty of the spirit, with people making unwise choices and leading pathological lives, aided and abetted by the welfare state." With this new image of what it means to be poor by today's standards, a new reflection must be made as to what is "good enough" for welfare.

As important as these questions and points of reflection are, they overlook the more important distinction between LDS and public welfare: production and self-reliance. Economic prosperity – which leads to the overall reduction in levels of those living in poverty – is driven by capital, productivity, and savings; practices that only one of the two welfare systems encourage.

#### **4. Self-Reliance and Productivity**

While many of the principles and practices of its welfare program were already being carried out since the religion's founding in the year 1830, the LDS welfare program was officially announced in 1936 under David O. McKay, the president of the Church at that time [36]. Leaders of the faith formally organized their program as a response to the widely-felt effects of the Great Depression, an event that led to large concerns over a "growing disposition among the people to try to get something from the government of the United States with little hope of ever paying it back." [25, p. 5] It was their fear that LDS members (as well as society in general) would become idle and cease to be self-reliant. This led them to develop a new system that sought to "help people to help themselves...to aid them to become independent...rather than to have to depend upon the Church for assistance" [24, p. 103].

Since then, the Church's ability to provide assistance to those in need has grown dramatically. One of the newer initiatives that has been included are the "Self-Reliance Services".<sup>5</sup> Participants of the initiative take classes that focus on four different areas: employment, education, personal finances, or starting and growing a business [27]. To illustrate the effectiveness of the program, the Church released the following data [29]:

Using a survey to track the progress of graduates six months after they completed a course between January 2016 and June 2018, the Church learned:

- 41 percent improved their ability to provide for the necessities of life for themselves and their families.
- 40 percent increased their income.
- 38 percent increased their savings.
- 59 percent decreased their outstanding consumer debt.

In tracking group-specific results six months after the end of a course between January 2016 and June 2018, the Church found:

- 61 percent started or grew their own business.
- 47 percent got a new or better job.
- 52 percent started a new school or education program.

Another program that the Church utilizes in its efforts to raise people out of poverty is Deseret Industries, a nonprofit enterprise that operates as a thrift store, donation center, vocational rehabilitation and employment center. From felons and recovering addicts to refugees and veterans [28], D.I. offers disadvantaged workers employment opportunities, on-the-job experience, technical training, and business partnerships that provide internships [4], [5]. Furthermore, all employees are assigned a mentor who aids them in accomplishing their goals and reaching milestones.

Although they may have never read Rothbard, Hazlitt or Woods – or any Austrian economist for that matter – the leaders of the LDS church are continually implementing policies that such writers have made about the important link between productivity and man's struggle against poverty. They also recognize that families and individuals who are developing productive skills may still need temporary assistance until they are fully capable of supporting themselves; that is why they address those immediate needs by encouraging followers of the faith to donate any supplies or money to local leaders so that they can ensure it gets into the hands of those in greater need of such aid.

What is important to realize about this privately operated welfare system is that the organization itself must find a way to fund all these endeavors without bankrupting itself. Unlike the government, the Church cannot simply take money away from whomever it decides, nor can it print money or create credit out of thin air through a central banking system; lacking such tools, it cannot engage in the same reckless behavior providing limitless handouts to the disadvantaged. This economic reality forces the organization to develop programs that are effective in getting recipients off welfare and back into the workforce. Because the government's almost limitless source of funding provides no real incentive to operate within its own budget, no real economic calculation can occur which leads to inefficient and ineffective programs. While the Church must carefully decide where to direct its funds, the State simply expands the size of its programs by funneling even more money into them regardless of the possibility that it is inefficiency, rather than funding, that is the problem.

## **5. The Inefficient State**

Contrast the system of the LDS Church to that of the government funded programs in the United States and it becomes apparent that only one truly provides participants an opportunity for escaping poverty. Even the Council of Economic Advisers [32] recognized that federal job training programs "frequently failed to track metrics that allow researchers to evaluate program returns to taxpayer dollars expended.

Many public training programs have not undergone rigorous evaluation...”; the programs that can provide enough data for evaluation are still considered “not effective at securing higher paying jobs for participants.” This 2019 report concludes that “Government job training programs (with the exception of apprenticeships) appear to be largely ineffective.”<sup>6</sup> Such results have forced them to ask if these programs are worth their costs. Keep in mind that \$18.9 billion was spent on these programs in just 2019. Such large spending on programs that the government itself cannot even confidently verify as effective should serve as a sign that there is a major problem with the public system.

In 2018, the Department of Labor’s own Inspector General made similar conclusions about the failure of federal job training, “Job Corps could not demonstrate the extent to which its training programs helped participants enter meaningful jobs appropriate to their training.” The Inspector General’s report provides a clear example of what this failure looks like:

...one participant worked as a cashier at a retail store before attending Job Corps in 2011, spent 310 days in bricklaying training, and then returned to work at the same retail store as a stock clerk after graduating. Job Corps also reported this as a successful graduation and placement. In 2016, this former participant trained in bricklaying was working for a bottling company [31].

Federal job training programs have proven time and time again that they are simply incapable of responsibly using the money that the government coercively took from the taxpayers. These are lost dollars that would have been put to more productive uses in the economy had they not been funneled into the costly government programs that are repeatedly deemed as ineffective and wasteful. In contrast, the private programs of the Church would be forced to either improve their programs or go bankrupt because they could not continue to operate such expensive programs that didn’t work.

The welfare program run by the government also fails to provide a system that aids individuals in the escape from poverty. On the contrary, it incentivizes its recipients to remain in this abject state. Sowell [20] elaborated on this point:

Even when they have the potential to become productive members of society, the loss of welfare state benefits if they try to do so is an implicit ‘tax’ on what they would earn that often exceeds the explicit tax on a millionaire. If increasing your income by \$10,000 would cause you to lose \$15,000 in government benefits, would you do it?

The logic behind the public welfare system simply does not hold. Failing to adequately train laborers while providing a system that punishes those who seek to improve their situation only succeeds in keeping the vulnerable at a disadvantage. It is a system that discourages productivity while encouraging more consumption. These government programs are counterproductive.

## **6. Conclusion**

The question about how a nation or a society is to escape poverty is really a question about how the individual can escape poverty. This condition, which is the starting point for every economy, can only be addressed through increasing levels of productivity. Such productivity does not come about through handouts and welfare traps, but rather through savings, investment, capital, innovation, and the division of labor. As Rothbard [15] so correctly pointed out, the Church of Jesus Christ of Latter-day Saints is a private organization that has continually showed how an effective welfare program focuses on getting the recipients off welfare rolls through programs that help them to be more productive and self-sufficient. The government run public welfare programs only incentivize consumption and fail to

adequately increase anybody's productivity. On the contrary, they waste countless taxpayer dollars that were forcibly diverted from the marketplace, decreasing the amount of wealth and jobs that would have otherwise been produced, and reinvested into wasteful programs that keep participants trapped in poverty. The solution to reduce those living in poverty is to abolish wasteful government programs as well as taxes or any other policy that discourage productivity<sup>7</sup>, and encourage more programs like the LDS welfare system to be undertaken privately.<sup>8</sup>

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## Notes

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1. See <https://www.merriam-webster.com/dictionary/charity> for further definitions of the word.
2. Rothbard [14, p. 1319] expounds on this point, “The appeal to ‘charity’ is a truly ironic one. First, it is hardly ‘charity’ to take wealth by force and hand it over to someone else. Indeed, this is the direct opposite of charity, which can only be an unbought, voluntary act of grace. Compulsory confiscation can only deaden charitable desires completely, as the wealthier grumble that there is no point in giving to charity when the State has already taken on the task.”; See also [8]
3. Even worse, all too often it *decreases* their productivity [2], [6], [9], [10], [11], [12], [18].
4. See *Doctrine & Covenants* 42:42; 56:17; 58:27; 60:13; 75:3; 75:29; 88:124.
5. For more information on these services, see <https://www.churchofjesuschrist.org/self-reliance>.
6. They also go as far as to admit that private programs have done a better job than the government. The report suggests that federal initiatives look at these private operations as a way to measure their own efficiency, or work to subsidize or assist private training programs so they can further their reach.
7. This would also include policies like minimum wage laws, rent controls, and price controls, that lead to more shortages, discourage productivity, and simply waste resources on creating more barriers for those trying to get out of poverty.
8. Such a calls for privatization of welfare are often unpopular because they would now require that those who yell the loudest about needing to care for the poor to put their money where their mouth is, rather than simply using the state to coercively take from those who they think the burden should be placed on.