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Veterans and Disaster Relief: Charity and American Welfare, 1920-1960

Gordon Stearns
Bard College, gs4491@bard.edu

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Veterans and Disaster Relief: Charity and American Welfare, 1920-1960

Senior Project submitted to
The Division of Social Studies
of Bard College

by
Gwen Stearns

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Introduction

“The idea of groups of individually powerless citizens potentially banding together to gain strength in numbers and stand up to powerful interests – the idea, in short, of political action – was now up against a far more seductive approach. That approach was the winners of the world deciding what and how much largesse to give, or concentrating on the Venn diagram overlap of solutions to the underdogs’ problems that also served them – and doing just enough of these things to keep at bay that very explosive impulse of banding together.”

- Anand Giridharadas, *Winners Take All: The Elite Charade of Changing the World*¹

In 2018, reporter Anand Giridharadas made a splash with *Winners Take All*, a book documenting the culture of philanthropy that has arisen among the elites of the 21st century. His core argument is not just that this charity is woefully inadequate to meet the needs of the modern poor, not just that America ought to tax the rich more heavily to curb wealth inequality. His argument goes a step further by saying that charity is actively detrimental to these reforms, that it serves to quell demands for greater government action, by making it seem to people that the problem is being addressed and that government action is unnecessary. This is a common argument among advocates of welfare, wealth redistribution, and other government actions to benefit poor people, particularly in the American context.

However, Shirley May Tillotson, writing about Canada, comes to a different conclusion.

In Contributing Citizens: Modern Charitable Fundraising and the Making of the Welfare State,

¹ Anand Giridharadas, *Winners Take All: The Elite Fantasy of Changing the World* (New York: Alfred A. Knopf, 2018), 68.

1920-1966, she argues that far from quelling demands for government action, charitable fundraising in Canada actually contributed to the calls for welfare in the first half of the 20th century. Focusing on “community chests” or organizations that performed fundraising and advertising on behalf of every charity in a given city or province, she argues that these organizations created the demand for welfare by bringing attention to a problem that they could not solve. It was in the interests of these organizations to bring public attention to the problem of poverty in Canada, but these charities consistently fell short of their goals of helping these impoverished people. From there, both charities and ordinary people had an incentive to support greater welfare in Canada – the charities wanted welfare to ease their own load so that they could deal with a problem they could more easily address, and ordinary people had become more sympathetic to the plight of the poor and wanted to see them helped. Certainly, this is not the only factor that led to the development of Canada’s welfare state in the 1950s and 1960s, but Tilloston’s argument is a persuasive one, and cuts against the idea that there is a direct trade-off between charity and government action.

Tilloston’s account opens up an alternative way of thinking about the role of charity in the development of welfare, not just in Canada but in other countries as well. Whereas Giridharadas proposes that charity can divert attention away from welfare, the historical account in *Contributing Citizens* suggests that charity can actually make the development of welfare programs more likely. This approach, however, presents an interesting problem when applied to the United States. The U.S. is well-known as a welfare laggard, with no other industrialized democracy lacking a program of universal healthcare or having as few programs such as unemployment insurance that benefit poor people. The question of why America lacks welfare is a well-trodden path in academia, with various theories having been put forth. But

Contributing Citizens suggests there must be a part of the story that previous explanations have missed. After all, America is not lacking in philanthropy – in fact, a study of 23 countries by the Charities Aid Foundation found America to be the leader in percentage of GDP given to non-profit organizations, with a percentage almost twice as high as New Zealand, the second-place country.² So why have charitable donations not resulted in increased demands for welfare in America, as they did in Canada?

The answer, I have found, lies firstly in differences between the way that charitable giving operated in America as compared to Canada, and secondly in differences in America's political culture, institutional factors, and degree of working class organization as compared to Canada's that made this route to welfare an unlikely one. Charitable giving in America has been more focused on temporary 'blitzes' of giving, rather than sustained campaigns for donations, setting the precedent for temporary relief programs as seen during the Great Depression rather than welfare. Charitable giving in America was also greatly associated with the First World War, setting a precedent for military benefits that has continued through programs such as the G.I. Bill and the benefits for soldiers that we continue to see today. Finally, charities in America often actively rejected the aid of the government, whereas Canadian charities directly lobbied the government for greater assistance. Meanwhile, there are three factors exogenous to charities that meant that even if charities had shifted public opinion towards wanting to help poor people, it still may not have been enough to trigger greater welfare development. Firstly, due to the effects of the Second Red Scare, America had a political culture that strongly opposed communist ideas. Welfare programs were among the policies that became politically taboo as a result, as welfare

² "Gross Domestic Philanthropy: An International Analysis of GDP, Tax, and Giving." Charities Aid Foundation, January 2016, <https://www.cafonline.org/docs/default-source/about-us-policy-and-campaigns/gross-domestic-philanthropy-feb-2016.pdf>.

programs involve expanding government power in order to help the poor, a means and end that were seen to be in alignment with communism. Secondly, business power in America rose sharply after the end of the Great Depression, and businesses tended to oppose welfare in favor of programs that encouraged full employment, as the former increased the bargaining power of workers against businesses. Finally, commensurate to this increase in business power was a drop in the power of organized labor, due to the application of a variety of new methods by employers to decrease union membership, such as the passage of “right to work” laws and employer-provided benefits that were designed to make unionization seem less necessary. In sum, the argument I will advance in this project is that the combined effect of the different operations of charities and the different surrounding political context in America, compared to Canada, resulted in charities having very little effect on welfare development in America, and in some ways perhaps even resulting in less welfare development.

This research is important because it is suggestive of a new way to understand the relationship between the activities of charities and welfare development. In my research, I found a few arguments, both in and out of academia, that discussed this relationship, but it was always in a binary form, asking the question, ‘Is charity good, or bad for welfare development?’ However, the observation that two countries with high degrees of charity activity had different levels of welfare development prompts a more nuanced way that we might ask this question, one that as far as I can tell, has not yet been seriously explored in academia: *what kind* of charity activity is good for welfare development, and what kind is bad for welfare development? This suggests a new consideration for altruistic people who work for, or donate to, charities, and who want to have a positive impact on the world. Charity activity can be adjusted not just to maximize the positive impact of the charity itself, but can also be adjusted to have a positive

impact on the way that people think about poverty and what the ideal solution to poverty might be. Neither Giridharadas nor Tilloston tell the full story – charities in themselves are neither necessarily good nor bad for welfare. Instead, their contribution varies depending both on how the charities themselves operate, and on their cultural and political context.

Definitions

To provide clarity to the argument that will follow, it will be necessary to define some terms that will be used throughout.

Firstly, a distinction must be made between philanthropy and charity. *Philanthropy* refers to the process of people voluntarily donating their money to an organization, without the expectation of receiving a product or service in return (or perhaps only a symbolic product or service, such as a donor's name appearing on a plaque in a relevant location). *Mass philanthropy* refers specifically to when these donations come from wide swaths of ordinary people; *elite philanthropy*, by contrast, comes from the wealthy. A *philanthropic organization* is any organization that makes significant money through donations. A *charity* is a type of philanthropic organization that specifically aims to help a group of people who are defined as being in need somehow. Such groups include poor people, people afflicted with certain diseases, people who have been affected by a natural disaster or conflict, and veterans, among others. Not all philanthropic organizations are charities. For example, many colleges in America are philanthropic organizations, because a significant percentage of their budget comes from donations from rich people; however, they are not charities, because they use this money to provide a paid service to the most talented students that apply, rather than a group of people considered to be in need. This project will be mainly focused on the activities of charities

engaging in mass philanthropy. This is because Tilloston's argument, that charities spread awareness about a problem of poverty in Canada that they were then unable to solve, applies only to mass philanthropy (since elite philanthropy requires no widely-accessible advertising, and thus has little ability to shape public consciousness), and applies only to charities, not other philanthropic organizations.

Next, *welfare* refers to governmental policies made to assist citizens of a country in providing for their basic needs. Some of these policies, such as state-provided health insurance or government pension programs (such as America's social security program) may apply to all citizens regardless of income level; others, such as America's SNAP program, may apply specifically for poor people. Welfare is distinct from *wealth redistribution*, in that the goal of wealth redistribution is to decrease the level of wealth inequality in society, while the goal of welfare is simply to allow people to meet their basic needs, regardless of any inequality beyond this point. Programs like public education or the construction of public parks or libraries are also generally not considered welfare, as these programs aim to provide services to citizens beyond allowing them to meet their basic needs. *Welfare development*, for the purposes of this project, refers to the process by which policies enacting welfare are passed in a particular country. Generally in this project, I discuss the degree to which welfare development did or did not occur. For example, in America, there was some welfare development in the realm of public healthcare in the mid 20th century in the form of Medicaid and Medicare, as part of Lyndon B. Johnson's Great Society program, but there was a lower degree of welfare development than there was in Canada or the United Kingdom around the same time, both of which enacted programs of universal health insurance for their populations in the mid 20th century.

Outline of Argument

This thesis will contain two sections. In the first section, I will outline the ways that American charity functioned that was different from how Canadian charity functioned. I will describe the “blitz” strategy employed by American community chest campaigners, and I will explain how this approach created a precedent for temporary relief programs, rather than permanent welfare programs, setting the stage for much of the New Deal. I will then explain the importance of World War I to the rise of American mass philanthropy, and draw a link between the precedent that this set for donating to benefit the military and the G.I. Bill as a replacement for many of the welfare programs that Canada put in place after World War II. In the second section, I will highlight various reasons involving America’s political culture that, even to the extent that charities made Americans more aware of poverty, this was not enough to spur Americans to do anything about it. I will talk about the broad (although not universal) consensus after World War II that the government should pursue full employment, rather than welfare, as a means to fix poverty. I will also talk about the environment of the second red scare, during the 50’s, that stifled discussions of welfare programs after the Second World War.

Chapter 1: Literature Review

Before we can answer the question of why America's charities failed to accelerate welfare development in America, a more basic question must first be answered: why did America enact less welfare than Europe in the first place? This question is a subset of the broader question of why any institutional or policy change occurs differently in different countries. This section will outline several approaches for explaining divergent institutional developments across the world that range in generality, with some focusing specifically on welfare and other policies that benefit the poor, and others focusing more broadly on any change that might happen to a government. These approaches are characterized here into three broad approaches - political culture, working class mobilization, and institutional development. In summarizing these theories, I will focus primarily on literature that explains the particular question of why America is a welfare laggard compared to other industrialized democracies. In doing so, I will give particular attention to the period of 1920-1960, as this is the period in which Canada and most of western Europe established many of their largest welfare programs, in particular their programs of universal healthcare. After having offered a discussion of the theories, I provided an account of welfare development in Canada. This account suggests that political culture may best capture the role of charities in the development of welfare, and as such will provide the lense through which to explore the role of charities in the development of welfare in the United States.

Approaches to Explaining Welfare Development

Political culture

One approach to understanding welfare development is to look at a country's unique political culture. A political culture, also called a country's 'national values,' refers to the norms around what sorts of ideas and policies are considered to be worthy of consideration. By limiting the realm of what can be suggested by politicians, a country's political culture narrows the scope of what policies can be passed. This approach tends to be most useful in explaining broad trends in a nation's political development; political culture can be understood as the 'general direction' that a country is likely to head in any particular time. It tends to be less useful in explaining the outcomes of individual policy debates, as there are always confounding variables in any one instance that might push against a country's political culture.

In American political studies, the political culture approach is taken most famously by Louis Hartz in *The Liberal Tradition in America*. His thesis is that American politics can be explained largely by a consensus around "fixed dogmatic liberalism," as America lacks a "genuine revolutionary tradition," in the absence of a feudal order for liberal ideas to respond to.³ Hartz applies this idea to explain the absence of socialism in America by positing that a consensus around liberalism made ideas based in other political philosophies unacceptable, citing McCarthyism as an example of this tyranny of unanimity playing out.⁴ In his chapter about the New Deal, Hartz posits that the New Deal "sought to extend the sphere of the state and at the same time retain the principles of Locke and Bentham."⁵ The suggestion of such a Hartzian approach, is that the result of such dogmatic liberalism was a weaker welfare system than was seen in other industrialized nations.

³ Louis Hartz, *The Liberal Tradition in America*, (New York: Harcourt, Brace and World, 1955), 5-9.

⁴ Ibid, 11-12.

⁵ Ibid, 259.

The conception of American political culture as a ‘liberal consensus’ has been highly contested by numerous scholars writing after Hartz. For example, in “Beyond Tocqueville, Myrdal, and Hartz,” Rogers Smith argues for a ‘multiple traditions’ theory that suggests that the egalitarian values of liberalism compete against a tradition that he calls ‘ascriptive Americanist,’ an ideological tradition that justifies hierarchy.⁶ Under this approach, discrimination in America should be seen not as an aberration from liberal values, but as a powerful ideological approach in its own right. Smith, along with Desmond King, elaborates on this thesis in “Racial Orders in American Political Development,” where the authors analyze this thesis in the specific context of racism in America. They argue that the driver of change in American politics is the alignment of actors in the center of the divide between the liberal and the ascriptive Americanist traditions, who do not fully subscribe to the beliefs of either one but may ally themselves with one camp or the other out of political convenience or necessity. They cite Andrew Johnson’s alliance with southern Democrats after the Civil War and Harry S. Truman’s alliance with northern Democrats over southern Dixiecrats as two examples of times that the actions of moderates not fully aligned with either camp were definitive in American political development.⁷ Although Smith and King do not seek to explain the United States’ constrained welfare state directly, their work can be applied to welfare development, for which egalitarian forces in America tend to advocate. The New Deal, under this conception, can be explained by Franklin Roosevelt taking a compromise position to gain support from both the egalitarian and the ascriptivist orders – on the one

⁶ Rogers M. Smith, “Beyond Tocqueville, Myrdal, and Hartz: The Multiple Traditions in America,” *The American Political Science Review* 87, no. 3 (Sep. 1993): 558.

⁷ Desmond King and Rogers M. Smith, “Racial Orders in American Political Development,” *The American Political Science Review* 99, no. 1 (Feb. 2005): 76

hand, New Deal programs helped the poor, but on the other hand, their locally controlled application allowed southern states to exclude African-Americans from their benefits.

While both of these variations of the approach discuss continuities in American political culture throughout its history, this is not to suggest that political culture cannot change over time. Indeed, political culture is subject to constant small alterations as the consensus surrounding what ideas are acceptable changes over time. These alterations can add up to seismic shifts over time. For example, while there are many continuities in how American political culture views gender, the idea that women can be active participants in American politics is now far less controversial than it was a hundred years ago. This is important, because as we will see later in this chapter, the actions of Canadian charities triggered a shift in Canadian political culture, by making it easier to justify government intervention to help poor people.

Working class mobilization

If charities triggered a shift in Canada's political culture, the next two theories will describe the context in which that shift happened. This is to say, political culture is not the only thing that affects welfare development; other factors, that remain unchanged by the activities of charities, must be taken into account as well. One approach to accounting for these factors is to examine the degree of working class mobilization in society. Michael Shalev outlines this approach in "The Social Democratic Model and Beyond: Two 'Generations' of Comparative Research on the Welfare State." According to Shalev, this model assumes that the primary political divides in governance all along class lines, with left-leaning organizations tending to represent the poorer classes of

society. The model also assumes that left-leaning organizations tend to advocate for and implement welfare programs, as these programs tend to benefit poor people. As a result, the model postulates that the degree of welfare proliferation in society depends on the degree that lower classes can mobilize, through methods such as labor unions and political parties.⁸

This model is useful in explaining America's outlier status in welfare development, because America has a much lower degree of working class organization than other developed nations, as documented by scholars such as Mike Davis. In *Prisoners of the American Dream*, Davis describes a number of historical factors that lead to lower levels of collective identification among America's working class, resulting in lower levels of unionization and the absence of an enduring labor/socialist party. These factors include a history of frontier expansion that stole Native American land and made many poor white Americans landowners, aligning their interests with the upper classes towards the protection of property rights; an elite class who largely did not oppose democracy for poor white men, meaning that poor people in America did not organize against the wealthy to the same degree that poor Europeans did; and racial and ethnic divides, based on anti-Black racism and xenophobia, that made the prospect of a completely unified working class difficult to realize.⁹

In reality, of course, the assumption that the poor universally support welfare and the rich universally oppose it obscures complications. Social classes never uniformly support any particular policy as a bloc, and different countries may see different degrees

⁸ Michael Shalev, "The Social Democratic Model and Beyond: Two 'Generations' of Comparative Research on the Welfare State," *Comparative Social Research* 6, no. 3 (1983): 319-320.

⁹ Mike Davis, *Prisoners of the American Dream: Politics and Economy in the History of the US Working Class* (London: Verso, 1986), 11-17.

of support for welfare among different social classes. Shalev addresses this complication by exploring the motivations that different social classes have for supporting or opposing welfare. He argues that while sometimes the rich oppose welfare due to the increased taxation it requires, rich people sometimes support welfare – so long as it does not significantly disrupt the free market – because it contributes to the reproduction of a stable labor force.¹⁰ As a result, Shalev suggests that, all else being equal, developed nations may have the same degree of welfare, but that nations with high degrees of working class organization may have welfare that is more universally applied, whereas nations with less working class organization may have welfare that is means-tested, thus driving wedges among the working class and limiting the number of people who benefit from the welfare.¹¹ Moreover, Shalev points to the fact that working class parties and organizations do not universally support welfare as a solution to their problems – for example, sometimes the working class supports market interventions that lead to full employment, aiding poor people through creating jobs (whether directly, as in many New Deal programs, or simply by stimulating economic growth that employs more people) rather than through direct provision of money and resources.¹² I would add the observation – ignored by Shalev – that working class organizations also frequently support wealth redistribution and a more substantial overhaul of capitalism, rather than welfare, which more radical working class groups tend to characterize as inadequate to bring about justice. None of this is to say that working class organization cannot cause welfare to come about, but it does complicate an account that posits a straightforward correlation.

¹⁰ Shalev, 325.

¹¹ Ibid, 325-326.

¹² Ibid, 332.

Institutional approach

The final way to explain why some nations have welfare programs and others do not – and the final approach that provides the context in which charities change political culture – is to look at a country’s unique government structures. This approach suggests that the definitive factor to whether or not welfare arises is the form that institutions – in this case, the governments of the various countries in question – take. Under this approach, the enactment of a welfare policy is a change in an institution, and the relevant question is how the organization of the government allows or does not allow for this change to take place. Paul Pierson discusses the institutional approach to understanding government change in *Politics in Time*. In this book, he suggests that institutions may change dramatically, either as a result of ‘triggers’ or as a result of events that make an old state of being untenable for an institution and prompt it to change; or they may change more gradually, due to concerted efforts towards reform from the inside or the outside.¹³ He also identifies several factors that may make institutions resilient to change, such as veto points (or extra steps in a process of enacting a change that allow an actor to block the change, such as Presidential veto power), and the degree to which various actors inside and outside the institution make arrangements contingent on an institution staying the way it is, thereby making change undesirable.¹⁴

Pierson, along with Jacob S. Hacker, apply this approach to welfare in America in “Business Power and Social Policy: Employers and the Formation of the American Welfare State.” They argue that businesses in America have ‘structural power,’ or power

¹³ Paul Pierson, *Politics in Time: History, Institutions, and Social Analysis* (Princeton: Princeton University Press, 2004), 134-139.

¹⁴ *Ibid*, 146,148.

arising from their position of importance in the economy. Specifically, politicians often find it undesirable to enact policies that harm businesses, because businesses downsizing, closing, or moving elsewhere results in constituents losing their jobs and decreased tax revenue.¹⁵ This structural power is greatest over state governments, because it is easier for businesses to move from one state to another than to move out of the U.S. altogether if an unfavorable policy is enacted.¹⁶ Alongside this structural power, businesses might have varying degrees of ‘instrumental power’ over governments, which refers to their ability to directly lobby the government for policies that they support.¹⁷ Pierson and Hacker argue that for the first three decades of the 20th century, businesses held both massive structural power, due to the enormous profits made by large businesses such as Standard Oil and the Carnegie Steel Company, as well as massive instrumental power, due to the high degree of business capture in the Republican Party.¹⁸ Businesses tended to dislike welfare, because it could only be funded by higher taxes and because it made workers less reliant on businesses, thus increasing their bargaining power when demanding higher pay or shorter hours.¹⁹ As a result, welfare policies tended not to pass, unless they were modest in scope (and thus requiring little taxes) and they benefited groups such as elderly people, disabled people, or women, who were not expected to be employed by businesses.²⁰ Hacker and Pierson also highlight the various veto points within the American government structure, especially at the federal level, that made policy extremely difficult to pass without a widespread consensus. These veto points

¹⁵ Jacob S. Hacker and Paul Pierson, “Business Power and Social Policy: Employers and the Formation of the American Welfare State,” *Politics and Society* 30, no. 2 (June 2002): 281.

¹⁶ *Ibid*, 283.

¹⁷ *Ibid*, 283.

¹⁸ *Ibid*, 288.

¹⁹ *Ibid*, 293.

²⁰ *Ibid*, 291.

included the presence of a bicameral legislature – meaning that any bill must be approved twice, by two bodies with a different partisan makeup – a Presidential veto, and the judicial review of the Supreme Court, which before the Great Depression operated under a very narrow and restrictive reading of the Interstate Commerce Clause.²¹

From there, Hacker and Pierson analyze the Great Depression as a trigger for institutional change, greatly decreasing the significance of both business power and veto points. Structural business power decreased because, after so many businesses had already failed or significantly decreased in size, the prospect of further business failure seemed less like a problem.²² Additionally, instrumental business powers decreased because the Democratic Party – especially southern Democrats, who mostly represented rural districts with fewer large businesses – had far fewer business ties than the Republican Party.²³ Finally, the importance of veto points functionally decreased due to the sweeping victories of the Democratic Party in the elections of 1932, 1934, and 1936, where they secured the Presidency and enormous majorities in both houses of Congress, leaving the Supreme Court as the only meaningful veto point in the federal government.²⁴ This unusual set of circumstances allowed Roosevelt to pass far more policy than would otherwise have been possible, and the New Deal, a sudden and dramatic increase in welfare spending by the federal government, was the result. As the Great Depression ended, however, American politics gradually returned to normalcy; the recovering economy increased the structural power of businesses, and Democrats lost their

²¹ Ibid, 288.

²² Ibid, 297.

²³ Ibid, 298.

²⁴ Ibid, 297.

overwhelming majorities.²⁵ This can explain the general lack of further welfare policies enacted after the Great Depression.

The Canadian Case

In order to understand the effects of charity on welfare development in America, it is useful to understand how charity fits into the approaches I have described above. The clearest way to do this is to examine the Canadian case, and see how these theories explain what happened in Canada.

Contributing Citizens by Shirley May Tilloston, suggests that the development of Canadian welfare programs such as the enactment of universal healthcare, the expansion of unemployment relief to able-bodied workers, and the enactment of family allowances to help poorer families with children, was facilitated by a culture of charitable giving that arose during the first half of the twentieth century. She makes this argument by describing the workings of and the discourse around ‘community chests,’ organizations that, although forgotten today outside of the Monopoly square that bears their name, were the primary vehicles of charitable fundraising in the first half of the twentieth century. These organizations took on the task of raising money for all of the charities in a given city, and distributed the money raised to these charities in a somewhat even fashion, with the goal of making fundraising more efficient by centralizing it. Tilloston firstly identifies two aspects of charitable giving that, by becoming an accepted part of Canadian political culture, normalized the concept of a tax-funded welfare system: widespread awareness of societal problems such as poverty, and the idea that giving one’s money to solve these problems is a social obligation. Tilloston then describes the failures of

²⁵ Ibid, 305.

charities to fix the poverty that they had made Canadians aware of, prompting popular support for the government to solve these problems.

The first element of charitable giving that, by becoming part of popular culture, facilitated popular support for welfare, was widespread awareness of societal problems such as poverty.²⁶ Posters and other advertisements by community chests highlighted the suffering of impoverished people, with a particular focus on single mothers and children, as well as sick people, in an attempt to gain the sympathy of middle class and wealthy potential donors.²⁷ This method of appealing to the sympathy of the potential donor gained wide traction in the early-to-mid 1930's, and even in very poor economic conditions, donations rose, suggesting the success of this tactic.²⁸ This was commensurate with another aspect of advertising by community chests, which was to suggest not only that this problem existed, but that it was the obligation of ordinary people to contribute their money to solve this problem. Much of this was focused specifically on the obligations of the rich – for example, some advertisements portrayed rich people as lazy or selfish for not donating enough.²⁹ However, other advertisements suggested that working-class people were obligated to donate as well – Tilloston cites one advertisement that portrayed a poor person donating because she had previously been helped when she was in need.³⁰ A diverse array of ideological bents were used to convince as many Canadians as possible. For example, Christian appeals were used to appeal to the devoutly religious, but these appeals were cross-denominational, and interspersed with secular justifications for donations, often within the same ad.³¹ These central ideas communicated by

²⁶ Shirley Maye Tilloston, *Contributing Citizens: Modern Charitable Fundraising and the Making of the Welfare State, 1920-1966*, (British Columbia: UBC Press, 2008), 5.

²⁷ *Ibid*, 80.

²⁸ *Ibid*, 100.

²⁹ *Ibid*, 71.

³⁰ *Ibid*, 57.

³¹ *Ibid*, 53.

these advertisements – that poverty in Canada was a widespread problem, and that it was one’s obligation to give up some of their money to fix it – translated very easily to taxation, an alternate method by which citizens could fulfill their obligations to solve the pressing problem of poverty.

Next, Tilloston describes the problems that community chests faced after World War II that caused charity to seem like an inadequate solution to the problems that society faced. In order to solve the problems of poverty that charities had described in their marketing, they needed to be able claim to meet the basic needs of the people they served. Unfortunately for these charities, even with increased giving as a result of the end of World War II, community chests consistently fell short of the fundraising goals that they set for themselves throughout the 1950’s.³² Although it was by no means a consensus among the populous, charities faced the widespread perception that a failure to meet their fundraising goals meant a failure to address the basic needs of poor people.³³ As a result of this, two shifts occurred, both of which were part of Canada’s transition into a greater welfare state. The first was that the federal government began to directly assist charities, by covering the shortfall between their goals and the money they were able to raise, through the Canadian Assistance Program. This constituted the government taking on a role that was previously thought to be the purview of civil society, thus legitimating the government addressing these services directly.³⁴ The second shift, even more important, was that many charities began to frame many services, particularly cash assistance to unemployed people, as the responsibility of the government rather than of charities. In the 1940’s, the federal government would only provide unemployment assistance to workers that it considered ‘unemployable’ (i.e. sick, elderly, or disabled), leaving thousands more workers with only

³² Ibid, 157.

³³ Ibid, 158.

³⁴ Ibid, 168.

charity to rely on.³⁵ In response to this situation, organizations such as the Family Welfare Bureau, a private charity, began to take the stance that governments should provide basic necessities such as food and water, and that charities should play only a supplemental role to the government.³⁶ Thus, the chain of events leading to government intervention was complete: charities created public awareness of a problem they were unable to solve, while also ushering in the idea that it was the responsibility of everyday citizens to solve this problem. For both the charities themselves and ordinary citizens, government intervention seemed like the natural conclusion. Thus, charities created awareness of a problem that they couldn't solve, while helping to give the government the tools to solve it themselves.

This account of Canada's welfare development seems to bolster the political culture approach to understanding welfare development. The direct affect of charity activity in Canada was a shift in Canadian political culture; charity advertising helped to usher the plight of poor people into the public consciousness, and suggested that it was the responsibility of ordinary people to solve this problem. As a result, welfare became a more viable government policy; the voices demanding welfare were strengthened by this development, and the voices against welfare were weakened. Of course, this one factor was not the only reason that welfare came about in Canada. For one thing, this shift was just one aspect of Canada's wider political culture, and might not have been enough to accelerate welfare development if Canada's political culture was as a whole less amicable to welfare development. Although Tilloston does not directly address other aspects of political culture, Nancy Christie discusses this topic in *Engendering the State*, where she describes the way that Canada's culture surrounding gender in particular accelerated

³⁵ Ibid, 177.

³⁶ Ibid, 178.

and shaped welfare development, by painting women as vulnerable actors who ought to be protected and supported.

Moreover, this argument does not suggest that political culture is not the only factor that shapes welfare development. Indeed, while the various approaches to understanding welfare development are often framed in opposition to each other, with one particular factor claimed to be the primary reason for welfare development and all others secondary in their explanatory power, it seems more probable to me that each of these approaches tells part of a broader story. After all, this shift in political culture may have strengthened the voices in favor of welfare and weakened the voices against it, but this would have been meaningless without voices in favor of welfare in the first place, and may not have been enough if Canada's institutions had made the passage of welfare more difficult. All of these approaches explain different parts of the process of the passage of welfare, and while the absence any one of these factors (a favorable political culture, strong working class organization, and favorable institutions) may be enough to interrupt welfare development, no one is enough to trigger welfare development on its own where it would be completely absent otherwise. As we will see later, America's drop in working class organization after World War II muted the voices pushing for welfare in America, making the passage of welfare policies less likely. Likewise, as mentioned above, the increase in business power that occurred after World War II, as well as the federal government's numerous veto points, also hindered welfare development in America. It seems likely that if these factors were present in Canada, welfare development might have been similarly muted, even with charity operating the way it did. This is not to say that this shift in political culture had no impact, just that it would be misleading to suggest it was the only factor that mattered.

In sum, the argument that will follow in the next two chapters of this project is an argument about political culture. In these chapters, I identify the differences between the operation of charities in America and in Canada, and I analyze how these differences resulted in divergent affects of charity on political culture in America as compared to Canada. Chapter 4 will then contextualize this shift in political culture within America's broader political culture, as well as the institutions and levels of working class organization in America, to explain how this shift in political culture fits in with a broader story.

Chapter 2: The Mission of Charities

In order for programs such as government-provided health insurance, unemployment insurance, and family allowances to gain popular support, the populus needs to believe that helping the poor on an ongoing basis is a worthwhile mission. This is a highly controversial premise – for as long as there have been proposals for government welfare, there have also been conservative movements who have argued that the poor are unworthy of government aid. In Canada, welfare came about because both of this belief overcome, in part because philanthropic organizations spread the message that society ought to help the poor. One of the fundamental reasons, however, that American charities had a different effect on welfare development than Canadian charities is that American charities frequently failed to spread this crucial message. This chapter will highlight two areas where this failure can be seen. Firstly, American charities tended to help soldiers, veterans, and their families, rather than all poor people. Secondly, American charities tended to provide relief to people in the aftermath of disasters, rather than supporting people on an ongoing basis. As a result of these two factors, American charities tended not to suggest that all poor people were worthy of help, thus failing to accelerate welfare development as a result.

Veterans and Their Families as ‘Worthy Poor’

The concept of the ‘worthy’ or the ‘deserving’ poor, who are poor at no fault of their own and thus deserve government aid, hardly began with mass philanthropy. In *Protecting Soldiers and Mothers*, Theda Skocpol describes the philosophical justification behind pensions for Union Civil War veterans, as well as assistance for their wives and children, which was in place from

the 1880's until around World War I. According to Skocpol, whereas European welfare systems were enacted around the same time to provide modest amounts to people who were economically disadvantaged, America gave out pensions to veterans because they had “by their own choices and efforts as young men *earned aid* – for themselves their dependents” (emphasis in original). The concept of having earned aid was important to justify giving out these pensions – “No matter how materially needy, the morally undeserving or less deserving were not the nation’s responsibility.”³⁷

I want to argue that, to the extent that philanthropy shapes people’s values about who deserves help and thus acts as a model for state welfare, American mass philanthropy reinforced the idea of soldiers and their families as ‘deserving poor’ (despite the fact that these veterans were not always necessarily poor), causing welfare to be oriented around veterans’ benefits, seen most clearly in the G.I. Bill. This may be counterintuitive, because some charities did in fact serve all poor people; as Skocpol notes, the Civil War pensions were designed “to keep these deserving men and those connected to them from the degrading fates of private charity or the public poorhouse,” indicating that charities served others besides these veterans.³⁸ However, there is a distinction to be made between philanthropy supported by the wealthy and by religious organizations – which has existed in America for as long as there have been European settlements of significant size, which is to say since at least the mid-17th century – and the much more recent phenomenon of mass philanthropy, which is funded by soliciting small donations from ordinary individuals from the middle and even working classes. In *Contributing Citizens*, Shirley Mae Tilloston focuses on mass philanthropy as the engine that drove ordinary Canadians to support welfare, and for good reason. Only mass philanthropy involves advertising that

³⁷ Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*, (Cambridge: Harvard University Press, 1992), 151.

³⁸ *Ibid*, 150.

reaches and shapes the values of broader society, as elite-driven philanthropy requires changing the minds of only a few wealthy donors, rather than the public at large. This means that the activities of mass philanthropy can influence the popular mandates of politicians, in a way that philanthropy funded by religious institutions and wealthy people cannot. Therefore, even though charities in America were often seen as taking the role of helping the ‘undeserving’ poor who were unworthy of government help, this does not necessarily speak to the perceived role of *mass* philanthropy, and thus to the ways that ordinary Americans thought about poverty.

According to *Philanthropy in America* by Oliver Zunz, mass philanthropy in America was virtually non-existent before the 20th century. In the late 19th century, Americans generally donated no more than 2% of their income to philanthropic organizations, and most of these donations went to ethnic, religious or fraternal organizations that they belonged to; since people were expected to receive benefits from their donations, these donations were questionably charitable.³⁹ This began to change in 1908 with a highly successful program to sell stamps to benefit tuberculosis research.⁴⁰ However, while this program and a few others gained some traction in the next several years, it was not until World War I that mass philanthropy became a widespread phenomenon. During this period, donations to philanthropic organizations by ordinary Americans are estimated to have increased elevenfold, and although the Red Cross was founded during the Civil War, it was only during this period that it assumed its role as the most prominent philanthropic organization in America, a position it would occupy for several decades.⁴¹ This period also saw the ‘professionalization’ of fundraising, or the development of specialized firms for fundraising that sold their services to organizations such as charities,

³⁹ Olivier Zunz, *Philanthropy in America: A History*, (Princeton: Princeton University Press, 2011), 45.

⁴⁰ *Ibid*, 48.

⁴¹ *Ibid*, 56-59.

colleges, and churches.⁴² Finally, World War I saw the development of numerous tactics that became staples of future fundraising, such as the ‘blitz campaign’, which will be described in more detail later in the chapter. Not all of the money raised during this time supported soldiers directly – some of the money raised went to providing aid to civilians affected by the war. However, providing support to soldiers, especially in the form of setting up hospitals for the wounded, was also a central goal.⁴³ As a result, an association was created in the minds of many Americans between donations to charity and supporting soldiers and the military.

The centrality of war to charity can be demonstrated by the precipitous drop in charitable donations in America after World War I. To be sure, mass philanthropy was still a much bigger phenomenon in the 1920’s than it had been before World War I. But the fact that the Red Cross and many community chests began having more trouble meeting their fundraising goals in this era is indicative of some association in the minds of Americans between philanthropy and support of war efforts. This association continued for the next several decades, with the predictable result being that World War II saw the next major spike in donations. Throughout most of the period of 1920-1961, community chests expanded at a modest rate; the average across America was that each year, they typically raised 105-115% of what they had raised the previous year, with the worst years of the Great Depression actually seeing a decline in donations. The only positive outlier in this period was 1943, which saw a 156% increase in revenue.⁴⁴ Once again, not all of the donations went directly to benefit soldiers – quite a bit of money also went to aiding civilians affected by the war.⁴⁵ However, a breakdown of the Red Cross’ budget during 1942 shows that fully half of the money raised did go to providing soldiers

⁴² Ibid, 66.

⁴³ Ibid, 58.

⁴⁴ Scott M. Cutlip, *Fund Raising in the United States: Its Role in America’s Philanthropy*, (New Brunswick: Rutgers University Press, 1965), 213.

⁴⁵ Ibid, 398.

with services such as food, hospitals, and even wholesome recreation (so as to help them avoid ‘sinful temptations’).⁴⁶ While it is of course unsurprising that, in the year 1942, much of the money raised by the Red Cross would go towards efforts shaped by the ongoing conflict, the Red Cross could have easily spent more of this money on aiding civilians who, unlike American soldiers, often lacked a functional government to assist them during the tumult of war. Moreover, the rhetoric in the advertising campaigns asking for donations was oriented around soldiers – slogans included “Don’t forget our own soldiers and sailors,” and “The USO [United Service Organizations for National Defense] is behind the soldiers and sailors of the USA.”⁴⁷ These slogans not only suggested that soldiers are honorable people worth helping, they also did so in a way that was frequently explicitly nationalist. For example, in Scott Cutlip’s *Fund Raising in the United States: Its Role in America’s Philanthropy*, often considered the definitive account of charity fundraising in the first half of the 20th century, Cutlip puts great emphasis on a radio broadcast by Kate Smith that, in a single day, raised over \$39 million for the Red Cross. Cutlip suggests that Smith, a popular singer best known for her rendition of Irving Berlin’s “God Bless America,” was appealing to the American public in part because of her image as a “sincere, selfless patriot.”⁴⁸

All of this is to suggest that in the minds of Americans, charity was directly associated with helping soldiers. Moreover, the nationalist rhetoric of the World War II campaigns suggests that helping soldiers was, through charities, linked to patriotism, an ideal that is difficult to challenge in American political discourse. The wide reach and, in many cases, enormous success of these campaigns suggests approval by the general American populace; if they were not receptive to the messages of these organizations, they probably would not have donated in such

⁴⁶ Ibid, 415.

⁴⁷ Ibid, 398-399.

⁴⁸ Ibid, 426.

high numbers. Moreover, these messages, at least to some degree, came instead of – rather than alongside – messages about the importance of helping the poor through charity, since soldiers were not usually explicitly said to be poor. This is not to say that American charities did not work towards poverty alleviation; they certainly did, and this even featured in some of their advertisements. However, as we will see later, charities often avoided taking full responsibility for poverty alleviation, and the fact that the fundraising success of charities rose enormously with each World War suggests that poverty alleviation was likely a side function of charities in the minds of most Americans, rather than their primary purpose. In this way, charities served to reinforce the image of soldiers – along with their families – as the ‘deserving poor,’ and others as less deserving; it did not invent this conception of soldiers, but it did maintain this image in the public conscious, making it more resistant to efforts by American progressives to expand concepts of who was deserving of help.

This framing of social responsibilities culminated after World War II with the Servicemen’s Readjustment Act, popularly known as the G.I. Bill, which specifically helped veterans and their families, rather than any other group of people. The G.I. Bill was a series of programs – including government-subsidized housing and college education – designed to deal with the high unemployment that many commentators foresaw after the end of World War II. This bill’s link to the idea of veterans as deserving poor can be seen clearly upon examination of the historical context behind how the G.I. Bill was passed. The 1942 midterm Congressional elections swept forty-two new Republicans into the House of Representatives and seven into the Senate; this allowed southern Democrats, who tended to be less pro-welfare than their northern counterparts, to coalition with Republicans to create a majority, giving northern Democrats little hope of instituting welfare by decree. Despite this, according to *The G.I. Bill: A New Deal for*

Veterans by Glen C. Altschuler and Stuart M. Blumin, “A bipartisan consensus existed to do something for the GIs.”⁴⁹ This consensus, of course, did not arise entirely because of the conception of veterans as deserving poor. Indeed, Altschuler and Blumin do not mention this conception at all, instead crediting concern over post-war unemployment and a concerted public campaign by the American Legion, at the time America’s largest veterans’ organization.⁵⁰ While these were certainly the most direct causal factors for the bill’s popularity, this explanation cannot tell the full story. To the argument of unemployment, this could have been dealt with through job programs for all Americans, rather than just veterans; and to the argument of the American Legion’s campaign, this story lacks an explanation for why this campaign was so resonant with the American people. A program for veterans might not have been the outcome of these forces if not for the elevation of veterans as a “special group,” as one member of the Interstate Conference of Employment Security Agencies put it; they had done something special to earn special treatment.⁵¹

This seems especially likely when one considers the great hostility among many of the supporters of the G.I. Bill to any other kind of welfare program. Altschuler and Blumin describe in detail the attitudes of the more conservative crafters of the bill, both southern Democrat and Republican, whose support was necessary for the bill to be passed. These conservatives wanted to avoid “perverting” the bill into “a pension system or extended furlough pay system,” to avoid the influence of “crackpots, long-haired professors, and radicals” over the bill, and to avoid “turning loose on this country a swarm of bureaucrats that would almost equal the locusts of Egypt,” to quote just some of the colorful ways that Congresspeople and members of the

⁴⁹ Glenn C. Altschuler and Stuart M. Blumin, *The GI Bill: A New Deal for Veterans*, (New York: Oxford University Press, 2009), 52.

⁵⁰ *Ibid*, 52-54.

⁵¹ *Ibid*, 58.

American Legion described their fears. In short, the idea of welfare in America was unpopular at this point, and the narrative of veterans as a special group was required to overcome this unpopularity. This is consistent with Theda Skocpol and Edwin Amenta's description of the politics of this era, where they note that many of the G.I. Bill's provisions were based on slimming down benefits that were originally proposed by the National Resources Planning Board to apply to all Americans.⁵² This again demonstrates that benefits for veterans were popular at a time when no other welfare was, an outcome that would be unlikely if not for the perception of veterans as a special class.

The story of why Canada does not have the same associations of soldiers as deserving poor that America does is beyond the scope of this paper. However, it is worth briefly noting why philanthropic organizations did not create a similar association between donation and the military in Canada. The reason seems to relate largely to a few coincidences of historical development. Firstly, mass philanthropy came to Canada later than it did to the U.S. Most notably, according to Shirley Mae Tilloston, the first community chest, a major component of mass philanthropy in its early history, did not come to Canada until after World War I, whereas they already existed in America before it entered the war.⁵³ Moreover, Canada had a much more limited involvement in World War II than America did. 38% of Canadian men aged 18-45 served in the war; while the war was certainly impactful on Canada, this pales compared to the 53% of American men in this age range who served.⁵⁴ The result of this was a lower degree of mobilization by philanthropic organizations in service of soldiers – this mobilization happened to some degree, but not to the extent that it happened in America. Because of all of this, Canadian

⁵² Edwin Amenta and Theda Skocpol, "Redefining the New Deal: World War II and the Development of Social Provision in the United States," in *The Politics of Social Policy in the United States*, ed. Ann Shola Orloff, Theda Skocpol, and Margaret Weir (Princeton: Princeton University Press, 1988), 94.

⁵³ Tilloston, 1.

⁵⁴ David Card and Thomas Lemieux, "Education, Earnings, and the Canadian G.I. Bill," *The Canadian Journal of Economics* 34, no. 2 (May 2001): 316.

philanthropy had no reason to orient itself around soldiers as deserving poor. Instead, Canadian community chests tended to advertise that they helped the poor in general. This universalist stance, of course, had limitations; Tilloston notes that advertisements had a persistent tendency to display white, attractive single mothers as the image of the poor, an image that certainly does not accurately represent most poor people.⁵⁵ However, despite this advertising, philanthropic organizations found themselves supporting racial minorities in Canada to a greater and greater degree over time, partially as a result of White people in the community chests who opposed racism, and partially because of a desire not to contribute to racial tensions in Canadian cities.⁵⁶ The result was that philanthropic organizations served a wide swath of the Canadian poor – imperfectly, to be sure, but completely enough to serve as a precedent for a broad welfare state.

In sum, charities helped to shape American welfare by reinforcing the image of veterans as the deserving poor, while failing to elevate other poor people as deserving of help in the same way, thus creating a situation where the G.I. Bill served as a replacement for more comprehensive welfare that might have come about otherwise in the same time period.

Emergency Relief

A recurring feature of American charity, which was present to a much lesser degree in Canada, was that American charity was often framed around emergency relief. In contrast to Canadian charities, which opened and maintained orphanages and homeless shelters, and which enacted ongoing programs of food and cash assistance to the poor, American charities frequently did not support people on an ongoing basis. Instead, they tended to provide assistance during various emergencies, particularly war or disasters such as tornadoes. This made American

⁵⁵ Tilloston, 79.

⁵⁶ Ibid, 114.

philanthropy a poor analogy to government welfare programs such as social security or government-provided health insurance, which help the poor not just during emergencies but on an ongoing basis. Similarly to the above case of American charities focusing on soldiers rather than the poor, this orientation around emergency relief served to distance charities from welfare, meaning that their advertising did not tend to make welfare more popular with the general public, and welfare programs could not be initiated by the government taking over the tasks of charities.

Just like the focus of American charities on soldiers, this focus on emergency relief also has its origins in the beginning of American mass philanthropy at the beginning of the 20th century. As noted above, efforts to raise money to benefit soldiers and civilians during the war were profoundly formative to mass philanthropy in America; this is the era in which donations became widespread for the first time, fundraising became professionalized, and many important tactics of modern fundraising were invented. This origin of mass philanthropy resulted in advertising campaigns that framed the mission of charity as emergency relief, rather than sustained aid. World War I was, after all, a temporary event, where all involved knew that the need for this aid would go away with time. This can be seen in the tactic that Cutlip, in *Fund Raising in America*, highlights as the most widely-used and transformative innovation in fundraising techniques during this era: the ‘blitz campaign,’ or the ‘whirlwind campaign.’ First pioneered by the YMCA and a standard tool of other organizations such as the Red Cross and the United War Work Campaign, a blitz campaign involves charities focusing on mobilizing donations and volunteers for a very short amount of time, hoping to raise a lot of money rapidly, as an alternative to sustained campaigns over time.⁵⁷ The blitz campaign reflected the temporary nature of charity support; the reason that a sustained campaign for fundraising was unnecessary

⁵⁷ Zunz, 62.

was that the goal was not to generate a steady stream of money for an ongoing cause, but to quickly raise money to combat an urgent emergency.

Developments in philanthropy after the end of WWI show the consequences of this framing. As noted in the previous section, in the early 1920s, the Red Cross saw a precipitous drop in funding, with the emergency of the war over.⁵⁸ Importantly, while the Red Cross continued to have some success in raising money in major drives following big disasters, the biggest area where revenues fell was annual membership fees, with subscribers disappearing rapidly in the period of 1919-1922; without WWI, there was no reason to make contributions regular.⁵⁹

Even during the Great Depression, when the needs of poor and unemployed people became significantly more pressing, the Red Cross kept its orientation around emergency relief. This manifested itself in two major ways. Firstly, the Red Cross was reticent to provide aid to people simply because they were poor; instead, the Red Cross focused much of its early efforts on helping farmers in the dust bowl, which was easier to frame as disaster relief due to the presence of a drought.⁶⁰ Secondly, when the Red Cross did provide aid to people simply on the basis of their being unemployed or poor – such as when local chapters were instructed to distribute government-owned wheat and cotton to provide food and clothing for the poor – it was framed as a temporary measure. Indeed, Chairman John Payne worked actively to ensure that nothing more permanent would arise from this activity, saying that such commodity distribution was only justified because it could be handled “without creating a precedent” for future work of this kind.⁶¹

⁵⁸ Cutlip, 209.

⁵⁹ Ibid, 210.

⁶⁰ Ibid, 298.

⁶¹ Ibid, 302.

The result of all of this is that neither of the aforementioned ways that charity facilitated the development of welfare were applicable in America. Philanthropic organizations did not launch public campaigns that would normalize lasting institutions that existed for the benefit of the poor; instead, they launched campaigns that normalized temporary emergency relief. This also meant that unlike in Canada, the government could not establish welfare institutions by taking over tasks already done by private charity; as we will see in Chapter 3, even in the relief and welfare that did occur in America, the government had to start from scratch, rather than overtaking previous institutions. Arguably, this interacts with the concept of the ‘deserving poor,’ that was outlined in the previous section, crafting victims of disasters into the deserving poor, as they are suffering through no perceived fault of their own. However, as we will see shortly, even many of the interventions that helped soldiers directly were temporary as well, suggesting that even the deserving poor might not be deserving of more than short-term relief. Regardless of where one stands on this issue, the effects of this precedent can be seen in the two major incidences of government intervention in the economy for the benefit of ordinary citizens in the early to mid 20th century: the New Deal and the G.I. Bill.

In discussing how the New Deal was influenced by the precedent of temporary relief programs, it is important to acknowledge the enormous diversity of New Deal programs, and the various ideological influences that shaped them. It is true that programs such as Social Security did continue to provide support to Americans long after the end of the Great Depression, and other modern programs, such as unemployment insurance, have their origins in the New Deal. It is even to some extent true that, as scholars such as Ronald Edsforth have argued, the New Deal was motivated by “a commitment to make federally guaranteed economic security a political right for every American citizen.”⁶² However, numerous qualifications need to be made to this

⁶² Ronald Edsforth, *The New Deal: America's Response to the Great Depression*, (Malden: Blackwell, 2000), 2.

assessment. Beyond the scope of this paper are the various groups of Americans citizens that were not given much economic security by the New Deal, and continue to lack it today, such as African-Americans and Native Americans living on reservations. But to reconcile Edsforth's assessment of the New Deal with the precedent I have described of temporary relief programs, two things should be noted. Firstly, a large number of New Deal programs, especially the early ones, were in fact framed as providing only temporary relief or employment, and were phased out after the end of the Depression. The form of this relief varied, and was often focused on employment rather than food or monetary aid (through programs such as the Civilian Conservation Corps or the Works Progress Administration), but the temporary nature of these programs was a common thread.⁶³ One of these programs was even called the Federal Emergency Relief Administration, a name evocative of the emergency campaigns waged by the Red Cross.⁶⁴ Secondly, as I will describe in more detail in Chapter 3, to the extent that the New Deal had ambitions to make economic security a reality for every American citizen, it fell far short of this goal, especially in creating lasting change during and immediately after World War II. During this period, proposals to continue aid programs and to create a national health insurance program failed to pass Congress, and Congress approved massive tax cuts even over vetoes from both Roosevelt and Truman.⁶⁵ In sum, while there were certainly forces pushing the New Deal to include more long-lasting and substantial reforms, and these forces even won out on many occasions, the effect of precedents for temporary relief programs were also influential in its development, and the New Deal may have focused more on lasting reform and less on temporary reforms otherwise.

⁶³ Ibid, 137.

⁶⁴ Ibid, 139.

⁶⁵ Amenta and Skocpol, 91-92, 102.

In the previous section, I discussed the ways that the G.I. Bill can be understood as an outgrowth of the focus of American charities on helping soldiers. Equally relevant, however, is the influence of charities in creating a precedent for temporary interventions rather than ongoing ones. Although the subsidized housing and college degrees of the G.I. Bill had some lasting effects on the development of American universities and suburbs, they were meant to deal with the unemployment crisis and not to be a lasting regime of benefits for veterans or for broader society. This is demonstrated by the substantially skimpier benefits given to veterans of the Korean War less than a decade later.⁶⁶ It is worth recalling, as well, that the G.I. Bill has its origins in a 1943 report by the National Resources Planning Board, a New Deal agency that was dissolved by Congress shortly after releasing its report, which recommended that the government should grant Americans benefits such as subsidized housing and health insurance. The G.I. Bill applied many of these recommendations, but instead of granting them to all Americans in a sustained fashion, it applied these benefits only to veterans of WWII; not to any other Americans, nor to any future veterans.⁶⁷ This again demonstrates not just the popularity of veterans as the recipients of help, but also the difficulty in creating long-lasting welfare programs, compared to the relative ease with which government programs could be created on a temporary basis to respond to emergencies.

In short, the mission of charities is one of the primary factors that determines whether charity activity accelerates or hinders welfare development. Charities shape public opinion who is worthy of help, and in what way that help should be executed; this has influence over what sorts of welfare policies people support. The government also sometimes takes over the operations of charities, providing another way that charities can shape government actions.

⁶⁶ Altschuler and Blumin, 207.

⁶⁷ Amenta and Skocpol, 94.

Therefore, by suggesting that it was the role of charities to help veterans and disaster victims, rather than the poor as a whole, charities lessened welfare development.

Chapter 3: Charities and the Government

For as long as there have been proposals for government-provided welfare, there have also been Conservative movements claiming that services such as housing and cash transfers to the poor are a function of private philanthropy rather than the state. Like the belief that the poor are underserving of help, this is another belief that must be overcome in order for substantial welfare to be enacted. In Canada, this belief was overcome through the activities of charities, who lobbied for the government to enact more welfare policies, and who allowed the government to take over their operations. This chapter will describe the divergent activities of American charities, which actively encouraged the idea that their operations should remain separate from the government, and in doing so, did little to combat the perception that the government should not help the poor.

In *Contributing Citizens*, Shirley Mae Tilloston describes how Canadian community chests found themselves, from the 1930's onward, overwhelmed with the task of providing housing and food to unemployed Canadians. The chests were consistently getting large numbers of donations, but not large enough to meet their goals, which was becoming a source of public embarrassment.⁶⁸ As a result, the community chests began to take the public stance that governments should take greater responsibility for taking care of the poor. For example, George Hart, the director of the Halifax community chest, framed inadequate public assistance as one of the most pressing problems facing the poor, and lobbied both publicly and privately for the expansion of government assistance programs. Scholars such as James Struthers and Gale Wills have credited these pressures from Canada's fundraising community with the passage of

⁶⁸ Tilloston, 157.

Canada's 1956 Unemployment Assistance Act, considered an important turning point in Canada's federal government taking a greater direct role in providing for the poor.⁶⁹ In this way, governments took over activities previously done by charities, even sometimes using the same tools and infrastructure that charities had used. Moreover, also in response to this lobbying, the federal government began to provide direct monetary assistance charities.⁷⁰ These developments constituted the government taking on a role that was previously thought to be the purview of civil society, thus legitimating the government addressing these services directly.

In order for this to happen, two factors had to come about in congruence with each other. Firstly, charities needed to believe that they were struggling with funding, and that they were failing to meet goals that they had set for themselves. Secondly, charities needed to frame the government as an organization that could solve this problem of funding, meaning that a turn to government assistance was the natural move in response to this crisis. As we will see below, neither of these factors came about in America, meaning that America lacked the crucial push for welfare programs that helped to nudge Canada towards greater government assistance.

Firstly, philanthropic organizations in America never entered a period of difficulty in reaching their fundraising goals the way that Canadian ones did. The United Community Funds and Councils of America (UCFCA), a council that served to loosely centralize American community chests, recorded the aggregate funds raised by all campaigns by all community chests in the U.S. each year from 1920 to 1961, as well as whether these campaigns, on average, met their fundraising goals. In this 42-year period, there were only four years in which American community chests raised less than 90% of their goals – 1933-1935, during the depths of the Great Depression, and 1946, after the end of World War II.⁷¹ Particularly noteworthy is the quick

⁶⁹ Ibid, 173.

⁷⁰ Ibid, 168.

⁷¹ Cutlip, 213.

recovery that American community chests made in the decade after World War II; although there was a brief period of crisis in which numerous community chests failed to meet their goals, they were able to solve this crisis and thrive throughout the 1950's due to greater national consolidation of local community chests and greater support from business leaders such as Henry Ford II.⁷² As noted above, this period corresponds with a much more protracted crisis in funding among Canadian community chests, prompting them to begin lobbying the federal government for assistance. Even after World War I, when charities in America faced a fall in fundraising (not captured in the UCFCA data, which starts in 1920), this did not constitute a crisis, because this fall in fundraising coincided with the end of a major mandate, that being to help soldiers and civilians harmed by World War I.

Why did Canadian community chests face difficulties after WWII while American ones did not? One reason might be that wealthy capitalists were a less prominent feature of the Canadian economic landscape, meaning that Canadian community chests could not resolve their crisis by turning to these capitalists for financial support. More substantially, however, is the fact that the charities supported by Canadian community chests took on the task of addressing poverty in Canada in a sustained manner, something that American community chests did not do. As noted above, American philanthropic organizations often oriented themselves around addressing emergencies, rather than ongoing issues in society. This was a task for which it proved much easier to raise funds, because it only required a short burst of revenue, rather than a sustained flow. The blitz campaigns were effective in raising this money, for which no equivalent exists for an organization that needs money on an ongoing basis. Moreover, even when American community chests did take on the role of poverty alleviation, they did so in a much more limited capacity than the Canadian ones did. In *Fund Raising in America*, Scott

⁷² Ibid, 494-500.

Cutlip lists the demands facing community chests in this era: “increased numbers of family breakdowns, a rise in juvenile delinquency, racial problems, and a greatly increased demand for more recreational facilities.”⁷³ While Cutlip does not elaborate on the solutions that charities found to all of these problems, it is hard to imagine that they were as costly or ambitious as providing basic necessities to all of the poor that the Canadian government considered ‘employable,’ which was the task facing Canadian charities around the same time. The result is that American philanthropic organizations faced a much shorter and more moderate drop in fundraising after the end of World War II, whereas Canadian organizations faced a sustained crisis. As a result, American philanthropic organizations had little need to reach out to the government for help; the process that helped to accelerate welfare development in Canada never occurred in America.

Even more important, however, is that charities did not just neglect to reach out to the government for help – at multiple points in their history, they have actively rejected help from the government when it was offered. In examining the aforementioned data from the UCFCA about when community chests succeeded and failed at meeting their fundraising goals, one might expect the Great Depression, rather than the post-war period, to be the the period when American community chests reached out to the government for help, as the early-to-mid 1930’s was the only protracted period during which community chests fell significantly short of their goals.⁷⁴ Instead, the exact reverse happened. In 1931, Congressional Democrats, apparently unprompted by anyone within the philanthropic sector, proposed an appropriation of \$25 million to the Red Cross, “for the purpose of supplying food, medicine, medical aid, and other essentials to afford adequate relief in the present national emergency to persons otherwise unable to procure the

⁷³ Ibid, 495.

⁷⁴ Ibid, 213.

same.”⁷⁵ The Red Cross immediately stated that it would refuse this money, even though it would have meant exceeding their fundraising goal for the entire year of 1931 by 250%. This is consistent with the longstanding stance of the Red Cross of separating private and public funding. During World War I, Henry P. Davison, chairman of the Red Cross War Council, warned against government support of philanthropic organizations, believing that for the Red Cross to become dependent on government funding would result in the government having an inordinate degree of control as to how the Red Cross operated. This stance continued into the Great Depression, even when the need for funding was more dire than ever, with the Red Cross stating that accepting government funding would “involve the Red Cross in work duplicating that of other agencies, impose responsibilities that could not be adequately met, and completely destroy the voluntary character of Red Cross activity.”⁷⁶

This serves as another reason that, unlike in Canada, philanthropic organizations in America never reached out to the government for help, meaning that part of the process that made welfare into a legitimate task of the government never occurred in America. Indeed, when the government did begin to engage in welfare in a more serious fashion, under the New Deal, the government had to take steps to establish welfare as the role of the government rather than charities. In May 1933, Harry Hopkins, Franklin D. Roosevelt’s Secretary of Commerce, announced that all public relief funds would be administered by public agencies, which according to Cutlip served as a symbolic rejoinder to private philanthropic organizations who might try to provide relief of their own.⁷⁷ Instead of philanthropic organizations providing space and legitimacy for the government to aid poor people, the government had to actively carve out this role for itself.

⁷⁵ Ibid, 298-299.

⁷⁶ Ibid, 299.

⁷⁷ Ibid, 302.

In short, in order for charities to accelerate welfare development, they must foster a relationship with the government that is amicable to such development. The charities must ask for, or at least be willing to accept, help from the government, in order to legitimize government action in the realm of helping the poor. If charities lobby the government to enact welfare, and accept government help, then they can help to combat the narrative that helping the poor is the exclusive purview of charities. If, instead, they reject government help and do not lobby the government to enact welfare, they can fail to change, or even reinforce, this narrative.

Chapter 4: The Wider Context

As I argued in Chapter 1, charity activities – specifically, their advertising and their interactions with the government – result in a shift in a country’s political culture. In order to fully understand how that shift in political culture will affect policy outcomes, it is necessary to analyze the context surrounding this shift in political culture. As a result, I will analyze two things in this chapter. I will talk firstly about the wider aspects of American political culture that did not change as a result of charity activity. Then, I will talk about the other factors I identified in Chapter 1 that affect welfare development: a country’s level of working class organization, and the way that its institutions shape which policies are passed. As we will see, all of these additional factors were also not amicable to welfare development. As a result of these differing circumstances, I will argue that even to the extent that charities in America made Americans aware of poverty at the same time that Canadians were made aware of poverty largely through charity (which is to say, in the 1930’s-1950’s), this was not enough to spur middle-class Americans into supporting welfare. This was due to a variety of circumstances that made economic growth, in service of full employment, seem to most Americans to be a more attractive goal, both for the purpose of promoting general prosperity, and for the purpose of helping the poor in particular.

Political Culture: The Second Red Scare

Obviously, any response by the U.S. government to poverty needs to be formulated and executed by people working for the government; this is to say, legislators and civil servants. These people may be under certain pressures from the electorate, but they are in control of how

they formulate that response. The context of the second red scare, and the resulting purge of communists and other leftists from the federal government, is therefore crucial in understanding the federal government's actions in the 40's and 50's. The second red scare (taking place after World War II, and in contrast to the first red scare, taking place after World War I) is most commonly associated with Joseph McCarthy and the investigations that he oversaw. However, according to *The Second Red Scare and the Unmaking of the New Deal Left* by Landon R.Y. Storrs, the attempt to purge the federal government of communist influence predates McCarthy's fame and cult of personality; it can be traced back to the 1940's, and was formalized and accelerated in 1947 when Truman founded a 'loyalty program' to identify and weed out communists in the federal government.⁷⁸ In total, this program caused almost 15,000 people to leave federal employment, whether through direct dismissal or through pressuring suspected employees into resignation, in the decade of 1947-1956.⁷⁹ Most of them were likely not affiliated with the Communist Party, but were instead a wider amalgamation of people, including socialists, social democrats, and other leftists, as well as people who may not have held any exceptionally left-wing views, but were instead targeted simply for being women or for being (presumed) gay.⁸⁰ According to Storrs, the effect that this program had on the makeup of the federal government was dramatic, and in my opinion, is often understated. Not only were many of the voices that were instrumental in the crafting of the New Deal removed from the government, but even those who remained were almost certainly deterred from expressing left-wing ideas, lest they be accused of being communists.⁸¹ Storrs notes that numerous people who began working for the federal government in the 1930's and expressed support for ideas

⁷⁸ Landon R.Y. Storrs, *The Second Red Scare and the Unmaking of the New Deal Left*, (Princeton: Princeton University Press, 2012), 1-2.

⁷⁹ *Ibid*, 2.

⁸⁰ *Ibid*, 3-6.

⁸¹ *Ibid*, 12.

such as feminism, racial equality, wealth redistribution, and most relevantly to this paper, expanded welfare programs such as a national healthcare system, stopped publicly expressing support for these ideas during the loyalty program, and phrased their ambitions in more centrist terms even during the less hostile Kennedy and Johnson administrations.⁸²

The implications of this development on responses to poverty by the federal government are obvious. In the context of the curtailment of civil liberties targeted at leftists, for a civil servant to suggest a welfare program as a solution to poverty was dangerous throughout much of the 1940's and 50's. As is evidenced by the fact that most of the leftists who remained in the government continued to support more moderate policies even after the end of the loyalty program, these investigations created a lasting stigma on proposals for welfare. This may have some explanatory power over the limited ambitions of some of the Great Society programs, such as the fact that Medicare provided only for poor Americans, at a time when other industrialized democracies were instituting universal healthcare programs. More directly, however, it suggests that to the extent that Americans were aware of poverty in the 1940's and 1950's, and to the extent that the government was interested in addressing these concerns, other solutions had to be found, due to this shift in political culture that made welfare a much less tenable idea.

The Decline of Working Class Organization

The 1940's and 50's saw a decline in the membership and structural power of labor unions. This is part of a larger arc in the history of organized labor in America, whose power has been declining since it peaked with the passage of the Wagner Act in 1935. In the 1940's and 1950's, however, several specific developments occurred that proved turning points for organized labor. In *Prisoners of the American Dream*, Mike Davis documents the rise of a new

⁸² Ibid, 10.

order, consisting of individually negotiated employee contracts containing employer-provided benefits, as a replacement for organized bargaining.⁸³ This era saw the first ‘right to work’ laws, implemented mostly in sun-belt states such as Georgia, Arkansas, and Arizona, that prevented deals requiring every worker in a company to be part of a union.⁸⁴ Companies also took advantage of the numerous categories of workers that were not allowed to unionize by categorizing workers as management or sales staff, rather than ordinary workers, as often as possible; as a result, as much as 50% of the workforce was not allowed to unionize by the late 1950’s.⁸⁵ Throughout this decade, IBM innovated new methods of controlling and placating a non-unionized workforce. On the one hand, they adopted individualistic replacements for collective bargaining, such as their ‘open door policy’, which allowed any employee to speak to upper-level management about complaints; on the other hand, they controlled information stringently, not allowing employees to post their own fliers on company billboards, while regularly publishing company fliers and magazines to innandate company loyalty. This approach, known as ‘Boulwarism,’ became widely taught in business schools and was quickly adopted by other major companies such as GE and Chrysler.⁸⁶

The cumulative effect of these developments was a decrease in union membership throughout this decade. This did not always translate to fewer benefits for workers, as many companies adopted policies such as employment-provided pensions and health insurance that were meant to preempt the need for collective bargaining (although it certainly resulted in less control by employees over the benefits they received).⁸⁷ What it did result in, however, was a decrease in the power of unions as organizations. This is important because, as Michael Shalev

⁸³ Davis, 117.

⁸⁴ Ibid, 122.

⁸⁵ Ibid, 123.

⁸⁶ Ibid, 124.

⁸⁷ Ibid, 125.

notes in “The Social Democratic Model and Beyond,” labor unions often function beyond simply negotiating with employers, but also act as a source of left-wing activism on behalf of the working class.⁸⁸ As a result of this, a decline in union membership can be credited with a weakened push for welfare during this era.

Institutional Factors: Capital Reasserts Itself

Another factor making welfare less feasible as a solution to poverty, to the extent that Americans were aware of it, was the return of business power after the Great Depression. In “Business Power and Social Policy: Employers and the Formation of the American Welfare State,” Jacob S. Hacker and Paul Pierson analyze the effect of business power on American welfare development. They note that businesses, as a group, generally oppose welfare, because welfare increases the bargaining power of workers (by giving them a safety net to fall back on if their employer does not give them ideal pay and conditions) and because the cost of welfare is generally borne by businesses in the form of higher taxes. As a result of this, to the extent that businesses have power, they are likely to use it against the provision of welfare, suggesting that even if Americans were aware of poverty, if businesses are able to enact their interests, there will be an institutional barrier to welfare as a solution to this problem.

Hacker and Pierson identify two types of business power: ‘structural’ power (or the importance of businesses in the economy in providing jobs, goods, and tax revenue, thus making it unappealing for politicians to cause businesses to suffer), and ‘instrumental’ power (or the power of businesses to directly influence government, through methods such as lobbying or more direct corruption such as bribery).⁸⁹ As noted in Chapter 1, during the Great Depression, both

⁸⁸ Shalev, 319-320.

⁸⁹ Hacker and Pierson, 280-281.

types of power were at an unusually low point. The structural power of businesses was diminished by their plummeting fortunes; with so many unemployed, and with businesses already investing so much less than usual in the economy, the cost of further harming businesses was much smaller than usual.⁹⁰ At the same time, the instrumental power of businesses also fell, due to the election of the Democrats, who were less susceptible to business pressure than Republicans. This was what allowed the Great Depression to be a unique turning point for American welfare policy, with the creation of social security and many other more temporary programs to help poor Americans.

However, this moment proved fleeting. After the Great Depression, the power of businesses rose again, meaning that in the 1940's and 50's, when Canada was implementing welfare policies, businesses were able to oppose them in America. Firstly, the structural power of businesses rose to their previous heights as a natural consequence of the economy recovering – once they were again employing people, and once they were again providing significant tax revenue, it again became dangerous to harm business interests, meaning that politicians began to once more shy away from doing so. Likewise, while the Republican party of the post-Depression was not as corrupt and openly representative of business interests as the party before the Depression, businesses did regain much of their instrumental power through the aforementioned decline of labor power, giving businesses less competition for the ears of politicians.⁹¹

Full Employment as an Alternative Goal

The previous three sections have argued that various factors made welfare programs generally untenable as a solution to poverty in the 1940's and 50's, even to the extent that the

⁹⁰ Ibid, 297.

⁹¹ Ibid, 305.

public was aware of poverty in America and desired to see a solution to it. This prompts the question of what served as the alternate solution. This alternate solution came in the form of a government striving for full employment which, by the 1950's, could be achieved by stimulating business growth, and allowing the private sector to serve roles such as the provision of pensions and health insurance. It is worth noting that full employment did not necessarily serve to address poverty specifically, in the minds of many voters and policy makers, but rather served the broader goal of benefiting all Americans by strengthening the economy. Despite this, it is certainly the case that these policies were framed in the name of class mobility to some extent, making them relevant to the discussion of how America decided to address poverty.

The roots of a 'full employment' orientation of government policy can be found in the New Deal. According to Edwin Amenta and Theda Skocpol, after spending most of 1933 focused on passing relief policies, Roosevelt began to focus more on public employment from 1934 on, shifting the provision of relief efforts to the states.⁹² This orientation around employment was a feature of many New Deal programs, such as the National Youth Administration, the Civilian Conservation Corps, and the Works Progress Administration, which employed a combined total of almost 3.5 million Americans by 1939.⁹³ This set a precedent of full employment as a legitimate and necessary government aim. However, public employment as a means to this end became less popular with the American public after the employment crisis of the Great Depression ended, and the industrial mobilization of World War II created skyrocketing employment throughout the U.S. In this context, surveys conducted at the time found that ordinary Americans saw little point to government-sponsored employment programs.⁹⁴ As a result, American policy shifted to preserving a situation where full employment was guaranteed

⁹² Amenta and Skocpol, 84.

⁹³ Ibid, 83.

⁹⁴ Ibid, 106.

by private businesses, fueling the post-war boom in America.⁹⁵ Sometimes, this took the form of subsidies to private companies to directly provide employment, such as Truman's policy of subsidizing the private development of housing in lieu of a public housing program, with the dual aim of providing more housing and creating employment in the meantime.⁹⁶ Just as often, however, this approach simply meant a U.S. government less active in social policy, with the onus shifted to businesses to provide to the American people.

Nowhere is this more clear than in the private provision through employment benefits of services that, in other countries, were offered as government entitlements, such as social security, health insurance, and even unemployment insurance. This system arose after World War II, explicitly framed by businesses as an alternative to government-provided programs.⁹⁷ Notably, these systems were almost always put in place without negotiation or even consultation with unions; rather, they were done as unilateral moves by corporations to attract workers and to increase the reliance of workers on the company.⁹⁸ These systems, while put in place partially as a result of the employment-focused strategy of the American government (since this strategy left a gap in areas such as health insurance that employment on its own does not provide), also compounded the government's focus on employment, by making employment more important to the average American, while supplanting the need for government-provided welfare programs.⁹⁹ Thus, by giving workers a wage and the programs that might otherwise have been provided by governments, full employment replaced welfare as the favored solution to poverty, even to the extent that philanthropic organizations might have made Americans aware of poverty as a problem.

⁹⁵ Davis, 119-120.

⁹⁶ Amenta and Skocpol, 93.

⁹⁷ Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State*, (Princeton: Princeton University Press, 2010), 5.

⁹⁸ *Ibid*, 6.

⁹⁹ *Ibid*, 14.

Chapter 5: Summary and Conclusions

The comparison between the U.S. and Canada with regard to the influence of mass philanthropy on the development of welfare suggests that mass philanthropy can make welfare more likely to come about, but it does not inevitably cause more welfare development. Rather, three things are significant in whether mass philanthropy causes welfare and what kind of welfare results: how charities frame the problem in their advertising; whether they suggest that the government is legitimate in solving this problem; and the broader political cultural, institutional, and labor organizational factors present.

The first consideration is how charities frame the problem they are trying to solve in their public campaigning. This is important because when charities advertise with the goal of attracting donations from a wide swath of society in order to solve a particular problem, they make the public aware of that problem, and suggest that it is legitimate that people ought to give up some of their money in order for this problem to be solved. Therefore, government action to solve that problem becomes more acceptable, perhaps even actively desired by the electorate. There are numerous ways that charities can choose to frame the problem that they are trying to address. For example, do they frame themselves as aiding the poor on an ongoing basis, as the Canadian charities did, or do they frame themselves as helping only in an emergency capacity, as American charities did? This affects both the likelihood and the form of welfare development that results from the influence of mass philanthropy. Ongoing poverty is seen by most people to be a more pressing problem than a temporary crisis, meaning that this framing by charities is more likely to accelerate welfare development. But even when welfare development does result from charities that fix temporary crises, the welfare will be different in form. Temporary

programs, such as one-time cash transfers or short-term job programs – perhaps justified in the name of ‘stimulus’ – are the likely result of this framing, rather than more steady programs to provide things such as health insurance or cash. Another way that charities can frame the problem they are trying to solve is to make choices about who they focus on as the recipients of aid in their advertising. If they advertise that they are helping poor people generally, as Canadian charities did, they can spread awareness of and sympathy towards the plight of poor people in society, making welfare more likely; on the other hand, if they advertise that they are helping specific groups, such as soldiers and veterans, they can instead nudge society to replace welfare for all citizens with programs designed to help veterans and their families in specific.

The second consideration is the relationship that charities foster with the government. Philanthropic organizations are frequently seen as competitors with the government for providing aid to impoverished people. This need not be the case, however. In Canada, community chests actively reached out to the government for assistance, prompting the government to respond to their increasingly vocal and public demands for action by taking over many tasks previously left to charities, such as providing long-term housing for the poor. In the case of Canada, this was due to the high mandate that charities took upon themselves, of providing homeless shelters, food aid, and even some healthcare for poor people. However, in theory, this high mandate is not necessary; all that is required is for the philanthropic organization to use its influence and credibility to push the government to providing similar tasks to itself. But charities can instead take the opposite approach, leaning into the common conception that it would be illegitimate for the government to do the work that the charity is doing. This was the case in America, where organizations such as the Red Cross rejected massive sums of money from the government, even though such money would have allowed the

organization to massively expand its work, on the basis that charities should be independent of the government. This activity makes it less legitimate for the government to perform welfare functions, rather than more legitimate, decreasing the push for such policies in society.

The third consideration is the political culture, institutional conditions, and level of working class organization of the society in which the charity operates. As discussed in Chapter 3, all three of these factors were hostile to the development of welfare during the 1950s, the time period in which Canada enacted a host of welfare programs. America's political culture was dominated by the politics of the Red Scare, in which left-leaning ideas were stigmatized, and even dangerous to express. Institutionally, America saw the structural power of businesses rise after the end of the Great Depression, and these businesses tended to oppose welfare, making it difficult to implement new welfare policies. Finally, corresponding with these trends, labor power in the U.S. fell during the 1940's and '50's, with the passage of 'right to work' laws and the adoption of new legal and rhetorical tactics by corporations to prevent their workers from unionizing. These factors cannot be ascertained by looking directly at how charities operate; rather, understanding them requires looking at the context in which these charities exist. This suggests the explanatory power of the methods by which charities operate has limits; they are only one of many elements that affect the development of welfare. It is unclear, from this comparison, that a charity that frames the problem in a way that is helpful to welfare development and suggests that the government should solve this problem would be able to overcome operating within a society that was not amenable to welfare development for other reasons, and it seems unlikely that charity is a necessary prerequisite for welfare development. Charity makes welfare development more likely, when it operates in the ideal ways, but it does not make or break welfare development.

Chapter 6: Final Remarks

Over the past decade or so, a movement called Effective Altruism has grown in popularity. Its adherents aim to spend time and money in a way that maximizes efficiency in improving the world, as measured by a strictly utilitarian metric. For example, GiveWell is an organization that identifies and researches charities that produce the most utility per dollar donated, and 80,000 Hours provides advice on how young people can shape their careers in such a way that does the most good (such as earning high salaries in order to donate much of their income, or entering fields such as medical research that directly benefit the world). This movement has attracted many dedicated supporters, but has also attracted its share of criticism, especially from socialists. For example, “Against Charity,” A Jacobin article by Matthew Snow, argues that such philanthropy must work through the mechanisms of the very capitalist systems that oppress the poor in the first place – to give food to a poor person, after all, you must first purchase that food, almost certainly from one of the multinational corporations whose actions contributed to global poverty arising in the first place. As a result, Snow argues, charity exacerbates the very problem it aims to solve, because working to improve the world under capital’s terms only strengthens said capital.¹⁰⁰

This is emblematic of a larger debate about the role of charity in making the world a better place. There is, on the one hand, a desire to help people in need as directly as possible. For this goal, charity seems like the obvious solution – if people lack housing, it’s a lot easier to simply build a homeless shelter than to identify which government policies and corporate activities have caused them to lack housing and dedicate years of activism towards changing this

¹⁰⁰ Matthew Snow, “Against Charity,” *Jacobin*, August 25, 2015, <https://www.jacobinmag.com/2015/08/peter-singer-charity-effective-altruism/>.

situation. As one Canadian 1933 community chest advertisement put it, “Shall we stop to argue about the rights and wrongs of why suffering should exist? Shall we quibble about other possible – or impossible – ways of meeting it? No! Let’s act as our hearts dictate!”¹⁰¹ On the other hand, it seems like a more desirable goal to redistribute wealth, in order to remove the structural factors that cause people to lack their basic rights and require charity in the first place. If corporations and governments are causing people to be poor – by perpetuating or failing to address the racism, sexism, ableism, and so on that cause marginalized groups to suffer disproportionately, or by paying too low and charging extortionate prices for basic necessities, to name just two examples – it seems that any solution that works through these structures rather than altering or abolishing them can only mitigate the problem.

It is hardly a revelation that it is a false dichotomy to say, ‘we must either make people’s lives better now or focus on structural change.’ Organizations from the Black Panthers to Food Not Bombs have focused on both providing services to their community and pushing for structural change through various means. But what is revelatory about *Contributing Citizens* is the argument that charity – making people’s lives better in the short-term – can potentially contribute to structural change even when this is not a primary aim of the organization in question, even when the organization is working within capitalist structures, even when the organization is run not by marginalized people aiming to help their own community but by wealthy people. Tilloston points to the power these organizations can have in shaping the agendas of governments, both directly through their lobbying and indirectly through shaping public thought. It is true that the change it has brought about is moderate – Canada still has inequality, discrimination, and a host of other problems. But public healthcare programs, unemployment insurance, and family allowances in Canada have been, for many people, the

¹⁰¹ Tilloston, 83.

difference between life and death. Moreover, it is not necessarily outside of the realm of possibility for awareness of poverty to be harnessed for more radical ends – middle class awareness of poverty can only be a boon to movements that seek to alleviate that poverty. This makes the way that mass philanthropy interacts with welfare development specifically, and government change more broadly, worth understanding. Tilloston suggests a greater nuance to the debate of whether charity should or should not be prioritized over structural change, making more plausible that even when the charities we are talking about are large organizations run by the wealthy, we need not assume that we must choose one or the other.

However, my project suggests that it would be a vast overstatement to say that these elite-run charities are an unmitigated good. In the American context, it seems reasonable to believe that they did harm welfare development, by supplanting the perceived need for government assistance, by actively refusing government assistance that could have been a step in legitimizing the government taking an active role in helping the poor, and by shaping images of who is deserving of help such that welfare for the general populous became less likely. Charity *can* help – but it would be wrong to therefore dismiss the socialist concern that it does harm.

Moreover, I agree with the socialist stance that ultimately, the ideal world is one in which charities would be unnecessary. It is worth acknowledging here that mass philanthropy in America was inspired by the philanthropic activities of capitalists such as Carnegie and Rockefeller. Carnegie’s “Gospel of the Wealth,” his famous treatise on why and how philanthropy should be done, actively opposes wealth redistribution, and suggests that money should not be given directly to poor people because they are likely to spend it badly.¹⁰² This is a fundamentally undemocratic way of helping the poor, denying their agency and ignoring their

¹⁰² Andrew Carnegie, *The Gospel of Wealth and Other Timely Essays*, edited by Andrew C. Kirkland, (Cambridge: Harvard University Press, 1962).

wishes in actions supposedly taken for their benefit. Nor does it create a just world when a poor person's ability to feed themselves and their family depends on the whims of rich donors, or when they are forced to work for another person's profit just to survive. While Carnegie himself never spearheaded any organizations that engaged in mass philanthropy, instead preferring to donate his own money directly, the mass philanthropy that arose in the early 20th century was inspired by Carnegie and the other capitalists of the Gilded Age, both in their attitudes and their activities. Organizations such as the Red Cross and the various local community chests throughout America were typically run by rich people, and they tended to lack any way for poor people to direct the aid that they were receiving. In these ways, even when these charities are instrumental in bringing about structural change, they also operate in unjust ways.

What does all of this mean for people who wish to bring about a more just and equitable society? My answer is this: charities have the potential to bring about structural change through their ability to shape public thought and their ability to lobby governments. While this does sometimes happen 'organically' (i.e. without the interference of people who want to utilize charities for this aim), there is potential for leftists to actively push charities in this direction, by either working for these charities and nudging them in this direction from the inside, or by demanding from the outside that these charities take on higher mandates and alter their advertising so that they use their power for good. Because of the various problems with charities that I have outlined above, this is not an ideal tactic to be used, and protests, electoral movements, and other such tactics should be used instead when they are effective. But influencing charities has the crucial advantage of being effective when these other tactics would be difficult – for example, in times or places where organized labor is repressed, or when marginalized people do not flip elections and thus go ignored by politicians. This tactic does not

require a high level of organization among the working class, it does not require political circumstances to be such that marginalized people flip elections, and it can be done even when government repression might make protesting dangerous. Moreover, charities often actively try to avoid politicization – while that often makes them ill-suited to bringing about radical change, it also means that a particularly anti-welfare public may be receptive to their messaging when they would not be receptive to other, more openly partisan messaging. This means that charities may be able to make people aware of and sympathetic towards poor people when openly liberal or socialist organizations would not be able to. When radical change is beyond the realm of achievement, aiming for more moderate change that will vastly improve people's lives is far better than nothing, even though there will be more work to be done afterward. While there is reason to be sympathetic to the socialist critique of charities, and such pragmatic concerns are often dissatisfying to those wanting to make the world into a just place, it seems to me that to reject this tactic as a result would be to make the perfect the enemy of the good.

In applying the observations of my project to modern activism, one final consideration is the ways that mass philanthropy has changed since the era I have described. While there are numerous continuities and changes, the change that strikes me as most significant is that today, many charities in the West benefit people in the global South, something almost unheard of in the time period my project covers. Indeed, effective altruism, the movement mentioned at the beginning of this chapter, orients itself entirely around charities that benefit the global South (usually in the fields of either disease reduction or education), and organizations such as Doctors Without Borders and the Bill and Melinda Gates Foundation that work extensively in the global south are among the charities that have received the most donations in the last decade.¹⁰³ This

¹⁰³ “10 Most Followed Charities,” Charity Navigator, accessed May 5, 2021, <https://www.charitynavigator.org/index.cfm?bay=topten.detail&listid=148>.

offers the potential for a new way in which the reform triggered by charities need not be restricted to welfare development; foreign aid is another reform that could be made more likely by the activities of charities. Indeed, contemporaneously with the rise of charities that serve the global South, the foreign aid budgets of many developed nations grew. Further research is needed to determine whether charities had any causal relationship to this increase in governmental foreign aid, or if these trends merely share a common cause. Nonetheless, for any activists interested in using charity to advance reform, this appears to be an important area of interest. Indeed, these charities demonstrate both the strengths and drawbacks of this method of activism. On the one hand, both these charities and the foreign aid they may have helped to trigger have in fact done good, by providing food, infrastructure, public health programs, and disaster relief to parts of the world that may never have developed these things otherwise. However, they also largely deny the people of the global south agency in how this aid is administered, and these charities frequently portray the global south inaccurately, caricaturing people of the global south as uniformly poor, underdeveloped, and passive victims of their circumstances.

Despite this drawback, this shift in the operations of charity should give us hope that the bad aspects of charity can in fact be reformed. I highlighted earlier that mass philanthropy retains much of the orientation of the philanthropy spearheaded by Carnegie and other capitalists. However, this should not be taken to mean that path-dependency will prevent charities from evolving. Indeed, while the effective altruists are hardly socialists, their influence over the direction of charity – with malaria nets in particular being a much more common intervention in recent years due to their research and influence – demonstrates the power that an organized movement can have over how charities operate. Creating a global order that is more equal, in

which charity is unnecessary, is certainly a desirable goal. But reforming charity, and perhaps even strengthening its best aspects, whether from the inside or the outside, can help bring us closer to that world.

Winners Take All by Anand Giridharadas, the book that provides the epigraph to this project, writes about a situation that I identify with. He describes privileged college students immersing themselves, during their formative years, in a culture that suggests that it is their obligation to make the world a better place. These college students often graduate unsure as to how to do this, and find themselves in careers as consultants, programmers for tech startups, or financial executives for hedge funds. These organizations promise that their employees can do good for the world through various means – by investing in green companies, or by creating apps that help the poor – but this is most often a fiction created so that these companies can attract the most qualified employees. While Giridharadas eloquently exposes this scam for what it is, he regrettably does not provide alternative paths for privileged college students who sincerely want to make the world better. I hope that my project can, in some small way, lead to an answer to this question. Charity is often written off as a band-aid solution to the world's problems, and not without reason. But my project suggests that doing charity right – doing it with awareness to how it shapes public thought and government action – is a genuinely important endeavor that can help or harm communities far more than the services these charities directly provide. This is far from the only path to improving the world with one's career – and I confess, not my path of choice – but it is regrettable that this path has been ignored.

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