

Chapter 10: Charity

The free market rewards those the most who can satisfy others' wants and needs the most. So where does this leave those who have the least marketable talents, or who are incapable of supporting themselves in a market economy due to mental or physical handicaps?

Again, this is where the free market has the most to offer. If we use the United States as an example, Americans are extremely charitable. Even after paying taxes, a portion of which already goes to support the poor through government spending, Americans still gave over \$300 billion to charity in 2008.

If the market was allowed to operate more freely, with less taxation and government regulation, then the increase in wealth would naturally allow charitable donations to increase.

Rather than increasing taxes to help the poor, as politicians routinely call for, we should actually be *reducing* taxes to help the poor. As the graphs in Chapter 2 showed, those countries with the greatest economic freedom for individuals and businesses tend to have the greatest overall well being of their citizens.

Does this mean we should not allow government to coordinate spending on the poor? Not necessarily. What matters is how efficiently government can do it compared to private organizations. Right now, there is no risk of the government "going out of business" if they waste the public's money through a bloated bureaucracy and giving money away to those who could be working. There are no market forces preventing waste because no one is allowed to compete against government.

Allowing private charities to take over coordinating support for the poor would surely lead to more wealth for the poor, not less. Charities are competitive businesses, too, and donors will choose charities partly based upon their track record of keeping their operating costs down. The more accountable a