

SSHA 2019 Extended Abstract  
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### Crowdfunding for Healthcare and Education: Old Wine in New Bottles?

In the latter decades of the 19<sup>th</sup> century, the pressures of urbanization, industrialization, and the vicissitudes of the market made life increasingly hard for Americans and Canadians. Neither the United States nor Canada had a comprehensive social safety net that provided for basic wellness or education beyond primary school; rather, both nations hosted a patchwork of charity organizations, churches, and limited public relief programs. Most of the help that was provided was conditional. Given such limited provisions, those in need asked others for help, often by knocking on doors or standing on street corners, hat in hand. The crowd, whether comprised of a group of strangers in a city square, the congregation of a church, the employees of a charity organization, or the residents of a particular neighborhood, was asked to take action. The rise of the welfare state in the mid-20<sup>th</sup> century was in large part a response to the results of this effort in the 19<sup>th</sup> century--a haphazard and inequitable attempt at charity, where the social worth of each person was determined by the crowd on an ad hoc basis and largely tied to one's ability to do manual, physical labor. The practice of directly asking strangers for money or other help grew less common as the United States and Canada implemented a modern welfare state in the wake of the Great Depression. Basic supports for the health and education of most citizens became part of the foundation of Canadian *and* American society.

It is a commonplace that the current social welfare systems *still* do not work for every American and Canadian in need, despite Obamacare and the generous healthcare benefits Canada is commonly thought to provide its citizens.

Canada, following trends in other wealthy democracies like the United Kingdom, has since the 1980s seen severe challenges to the welfare state and its supports, including substantial cuts to social assistance spending. Retrenchment of the Canadian welfare state has been reflected in diminishing supports in the education and healthcare sectors in particular, which are shifting cost burdens in these key areas from the state to individuals, thereby limiting access especially for low-income households. Although the United States is characterized by relatively limited welfare provisions, even existing supports, including Medicaid and those provided by the Obama-era Affordable Care Act (ACA), have been jeopardized under the Trump administration and a Republican Congress. Recent comprehensive changes to fiscal legislation, for example, which eliminate the mandate for individual Americans to purchase health insurance, have especially imperiled the ACA. The future of this key healthcare support appears as uncertain as ever in 2018. Medicaid, the nation's largest health insurance program, is likewise encountering reform efforts seeking to impose additional work conditions on program eligibility. These legislative developments have also sought to threaten access to higher education, for instance, by seeking to eliminate tax exemptions for students with graduate scholarships (faced with resistance, however, these exemptions have remained for the time being). For Americans relying on these state supports, which moderate existing inequalities and help them compete in the labor market, the present is a period of great uncertainty and cause for pessimism.

Even without additional cutbacks, many people fall through cracks in the welfare state system in today's United States and Canada, particularly when it comes to health care and education needs. This book is about those people and what they do. Specifically, it is about a recent practice in which people use the Internet to ask others, often total strangers, for help in the form of financial support. This practice, called *crowdfunding*, began as a way for entrepreneurs to get support for new and innovative commercial projects. But it has also become a way to try to get help for those who have not been caught by the social safety net. The crowdfunding system, however, does not help everyone—there are winners and losers, and the crowd determines the worth of individual causes.

And what is perhaps most significant about this practice is its similarity to the process by which people in need asked for help from the crowd in the 19th century. Then it was done on the street or at a church, and now it is on the Internet, but the core elements are the same: supplication, a measurement of worth, and either the rejection of or the provision of financial help. We moved away from such a system in the 19th century in part because the neediest were often left behind as elites judged only particular types of people (based on race, nationality, and perceived work ethic) worthy of support. As a society we found such practices lacking and turned to the welfare state for a more equitable and just system of providing basic supports. And yet we seem to be celebrating a return of these practices as if it was something new, rather than simply old wine in new bottles.

The paper is organized as follows: We begin with a discussion of how the social sciences have theorized the crowd, with a particular focus on 20<sup>th</sup> century theorists including Park and Burgess, Smelser, and Tilly. The goal in this section is to establish the crowd as a central concept and show its historical continuity. We argue against contemporary portrayals, especially in mainstream technology publications like *Wired*, that treat the crowd as if it were a distinctly contemporary, Internet Age phenomenon that can now be sourced in ways previously unimaginable. From this, we use historical evidence to show that *crowdfunding* and the determination of individual worth are not ultimately unique either, but a contemporary form of an enduring practice. We anchor the paper in the mid-19<sup>th</sup> century, laying out in a few pages how charity worked, with a particular focus on how individuals asked strangers for help with education and health needs, and how the measurement of individual worth mattered in the process. We present the rise of charity organization and social work as efforts to develop a more equitable and efficient public assistance system in the late 19<sup>th</sup> century. We then turn to the rise (and eventual decline) of the welfare state in both countries. We will argue that although there are differences between the two nations, they are fairly similar in their historical trajectories across the social welfare spectrum. We finish the paper by engaging with the present, drawing on original quantitative data to show how crowdfunding, while a new form, is more of the same when it comes to charity.