

WEEKLY ECONOMIC COMMENTARY

This Week: The Spirit of the Season

A colleague and I were commiserating recently about the hectic nature of the holiday season. We lamented that there are too many gifts to buy, too many gatherings to attend and too much food to eat. The most wonderful time of the year almost sounded like a burden.

Before we went too far, I offered an observation. “There are people in the world who would be very happy to have your problems,” I noted. The conversation quickly turned, benefitting from the perspective.

The economic news this year could scarcely have been better. Strong growth, low inflation and rising asset prices in major markets will make 2017 one of the most successful years in recent memory. But these broad measures mask some less than uplifting trends beneath the surface. 2017 was also a notable year for natural and humanitarian disasters that challenged communities across the globe.

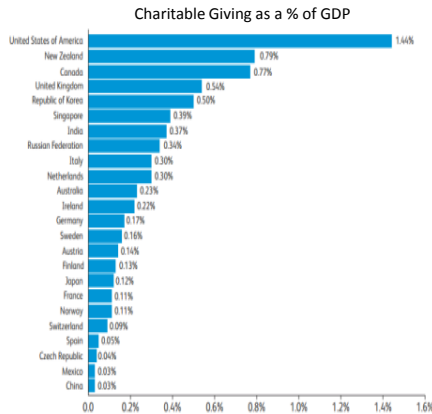
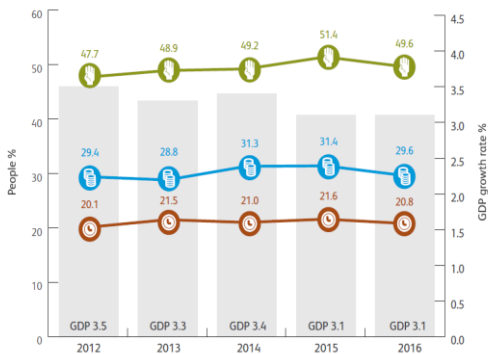
Fortunately, the world has a lot of kind hearted people who want to help. According to the [annual report](#) from the Charities Aid Foundation, nearly half of the world’s population volunteers time and/or money to help others.

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Figure 1. Global gross domestic product (GDP) growth rate and global participation in donating money, volunteering time and helping a stranger.



Source: Charities Aid Foundation

U.S. citizens give the largest share of national income to charity, more than double the rate of the next-closest country. Some have hypothesized that the relatively narrow social support system in America raises the need for giving, but international studies have shown no correlation between the scale of state support and the level of private contributions.

Giving is a form of investing... in a community. Funds are used to feed and shelter those less fortunate, many of whom face challenges most can only imagine. Funds are used to reinforce education for children and adults and give them access to health care services. Funds are used to support arts, music, and the dissemination of information that enriches our lives.

Charities help address the inevitable imbalances that arise from economic outcomes, putting floors under the fortunes of those who do less well. With inequality of income and opportunity a growing global focus, charity helps to narrow gaps and sustain support for markets and democratic institutions.

And when tragedy strikes, charities are among the first to move in. The list of climatic and man-made disasters that have affected populations this year is a long one, and millions of people around the world have been displaced from their homes (in some cases, permanently). Without the support of volunteers and resources provided by good causes, the human cost of these episodes would have been even worse.

Whether it's keeping people alive and healthy or deepening human capital, the work of charitable organizations is critical to our present and to our future. So as we approach the end of the year, a season of the spirit for many, the opportunity to provide support to those in need is one worth accepting. The returns on investments of this kind are immeasurable.

We'll be taking a break from publication next week, returning on January 5 with our economic outlook for 2018. Please accept our warm wishes for a happy holiday season and a prosperous new year.

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