

Speech delivered to a plenary session of The UK Community Foundations conference, Belfast, Friday, 24th September 2015

By John Nickson

COMMUNITY FOUNDATIONS AND OUR NEED TO INVEST IN THE COMMON GOOD

Thank you for inviting me to talk to you. I must start by confessing that I did not know about Community Foundations before I wrote my book *GIVING IS GOOD FOR YOU* in 2012. I now know better. I enjoyed writing about the Tyne, Wear and Northumberland Foundation and hope to include more of you in my next book.

However, my belated discovery has convinced me that YOU are part of the solution to a significant problem facing our country: the decline of community and commitment to the Common Good.

Why does that matter? I believe the health of civil society depends upon the strength of commitment to the common good.

Our socio-economic problems will not be overcome unless we think again about what Community and the Common Good should mean in the twenty first century.

As a fundraiser, I have to be an optimist but I am pessimistic about the future unless we change.

Your movement has been working to strengthen communities in the UK for 40 years. You have much to offer in terms of knowledge and experience. I hope I may also contribute with 40 years in the voluntary sector, as a fundraiser, a trustee and a donor.

I must warn you that the first part of my speech will look like a glass that is almost empty. Please bear with me as the glass may be overflowing by the time I finish. I am proposing an ambitious agenda because that is what is required in these challenging times.

Firstly, I should define what I mean by civil society. Some equate civil society with the third sector but that would suggest Scandinavians or Germans, whose voluntary sectors are smaller than ours, don't live in a civil society. I prefer a broader definition, one that encompasses the essence of liberal democracy in which all citizens have the right to enjoy freedom and the opportunity to live and work in a culture of transparency and accountability within the law. I define the Common Good as all the essential ingredients that go to make up our civil society.

Some believe that globalisation, automation, the financial crisis of 2007/2008 and its aftermath are a threat to civil society.

What happens to civil society when the state is in retreat? Is the voluntary sector able to compensate whilst charitable giving remains stagnant and only a minority of the wealthy is philanthropic?

Is civil society and liberal democracy, sustainable given current trends towards global inequality, limited economic growth, continuing high levels of debt, high youth unemployment, the threat to jobs posed by automation, the escalating cost of looking after an ageing population, fragmenting support for mainstream political parties and a lack of trust in authority?

How do we persuade people to invest in the common good? What should be the balance in the conflict of interest between the individual and society?

How do we persuade everyone that they have a responsibility to sustain civil society and that rights come with duties.

How must charities adapt and change to meet increasing and changing demand?

How do we revive the energy and spirit of both enterprise and philanthropy that was endemic in Victorian times without returning to the hypocrisy, repression, poverty and squalor that blighted the nineteenth century?

Are we sure that we will be able to bequeath the civil society we enjoy to future generations, bearing in mind that the young of today are likely to be less well off than we are and to live in an increasingly unequal world where liberal democracy might not prevail?

We are unlikely to answer all these questions this morning but we can focus on the need to strengthen the voluntary sector as the state retreats and how we go about doing that.

This would be timely given George Osborne's announcement of a new settlement in the July budget: that a smaller and more financially sustainable state will enable a stronger private sector to provide more employment and prosperity.

There is something significant missing from Osborne's settlement. He refers to the strengthening of the first and second sectors, but what about the third?

Let's be candid, the third or voluntary sector is the weakest of the three. Is it possible for the third sector to take the strain as the state becomes smaller? Is it possible for the third sector to look after itself or do we believe that each sector is interdependent?

Whilst we are being candid, let us confront two uncomfortable truths: few are interested in the need to strengthen the voluntary sector, least of all politicians and the media. We must also acknowledge that what we are discussing is inherently political.

I believe that the sustenance and strengthening of the voluntary or third sector should not be a matter for party politics. Party politics are hard to avoid in our adversarial system but we must rise above them if we are to be successful.

The Big Society was an opportunity lost because an idea that could have commanded wide support became politicised. What I am proposing ought to enjoy the support of

most mainstream political persuasions. The Common Good should belong to Left, Right and Centre.

Before proposing how we should solve our problems by strengthening our commitment to the Common Good, we need to be clear about context.

We live in a paradox. Mankind has never been so prosperous. However, although globalization and technology have lifted millions out of poverty and the income gap between nations is narrowing, inequality has grown within some countries. Since the 1980's, more wealth has been generated for the few rather than the many in the US and parts of Europe.

Although the British economy has recovered after the recession and we have been particularly successful in generating employment, it is not yet clear whether all will benefit from recovery. Many new jobs are low paid and low skilled, limiting tax revenues and adding to the welfare bill.

Youth unemployment remains high at around 15%. Finding a home is also a problem for the young. We are told that automation threatens future employment prospects, particularly for the middle class. If the trend towards more inequality and decreased opportunities for the young continues, more people will feel excluded from society. Inequality of power, as well as wealth, could undermine democracy and lead to plutocracy.

Inequality is a hot topic. Concern is not confined to the Left. Although income inequality has not grown significantly amongst the 90% for some time, there has been a transformational shift in terms of assets as well as increases in top pay that have made the top 1% much richer in the US and the UK during the past 30 years and the top 0.1 % has become so immensely rich that they no longer inhabit the same universe as the rest of us

There is another factor that should concern us. Whilst the world is better connected, there is a disconnection between people and institutions in Britain, leading to a lack of trust in politicians, the police, business, the banks and financial services, social services, the health service, care homes, the media and religious leaders.

Unethical behavior and abuses of power and privilege undermine trust. Both leadership and accountability are lacking. Lack of trust is bad for the health of our civil society. Fewer people vote. 63% of the adult population did not vote for the government in this year's general election.

Belief in the Common Good is being compromised in an era of fragmentation.

Am I being too pessimistic? I must tell you that I am reflecting the concern of some philanthropists about where current trends are leading. Philanthropists encouraged me to write *Giving is Good For You* because they worry that only a minority of their peers is philanthropic. Philanthropists are encouraging me to write a second book to make the case for more giving in the context of threats to civil society.

The key fact that should concern us is that despite a colossal growth in personal wealth in Britain, charitable giving has not increased in real terms for 30 years.

In 1989, there were 9 billionaires in the UK and now there are 117. I confess to being shocked that giving has not increased. This matters when government is committed to a smaller state.

We think we are a generous nation and we are good at responding to natural disasters but we are less good at regular commitment. According to a parliamentary report in 2014, there has been a long-term decline in the number of households giving regularly from 32% in 1978 down to 27% in 2010. And only 9% of us are responsible for two thirds of all charitable donations. Moreover, the share of donations received from the under 30's is falling.

Coutts bank reports that only 10% of those selling their businesses are engaged in significant philanthropy. New Philanthropy Capital reports that almost half of top rate tax -payers feel they have no obligation to give to charity.

That is the bad news. What are we going to do about it?

The first thing is to understand why charitable giving is not growing despite a huge increase in personal wealth. At this point, you may be thinking about the progress Community Foundations have made in recruiting donors and growing your endowments. This is encouraging but, unfortunately, your growth is not yet feeding into the national statistics.

I regret to say that part of the problem is the welfare state. I believe in a strong welfare state. However, the high taxes levied on the better off between the 1940's and 1970's dissipated the obligation the prosperous felt towards those poorer than themselves. Moreover most people believed that the state would provide.

In Victorian times, community was everything. Anyone could be a philanthropist and almost everyone was. You had to be really poor not to give.

We do not want to return to the bad old days but there are some lessons we can learn from the Victorians who had a culture of giving that we lack.

Victorian philanthropists were canny. They understood the link between commerce and community and saw the potential for maximizing the value of their wealth. They transformed our cities by philanthropic investments that benefited both them and their communities.

We keep coming back to that word: Community. We will not create a new culture of giving in our country until we have thought about what community and the Common Good should mean in the twenty first century.

We also have a problem with the word 'philanthropy'. Philanthropy is something the Victorians did or other people do. For most people, philanthropy is nothing to do with them.

WE need to take responsibility for the fact that philanthropy is misunderstood. WE need to invest philanthropy with new meaning. No one else will.

WE need to make the argument for more philanthropy. In fundraising parlance, we need to make the case for support. But some people will ask why should we even bother.

Here is why. There is no answer to the question “ Who is responsible for ensuring the future of civil society and that future generations will inherit one”?

We can rely upon the government to guarantee our national sovereignty and security but who is responsible for the voluntary sector?

We face the future in a political and moral vacuum. Religious imperatives to give are diminished. With the exception of a generous minority, those in business do not lead by example and there is no leadership from politicians. Most politicians, with a few honourable exceptions, do not understand philanthropy. Some Treasury civil servants think philanthropists seek to avoid tax in the pursuit of personal interests and social advancement. A former civil society minister told charity lobbyists to keep quiet and go back to their knitting.

There is no long- term vision. None of the political parties has a policy to strengthen the voluntary sector and to encourage more charitable giving that is needed to enable it to take on more. Expecting the current voluntary sector to compensate for a retreating state is not a sustainable option.

The case for support in favour of philanthropy can be made in 10 points:

1. Giving is good for us because it is what we supposed to do.

The history of the human species tells us we have evolved successfully by developing a biological need to help others because this is the best way to sustain and prolong life.

2. History tells us that the most successful societies encouraged commitment to the Common Good.

3. Philanthropy laid the foundations of the civil society we enjoy: education and our universities, hospitals and hospices, social welfare and social housing, libraries, theatres, museums and galleries, parks, gardens and the National Trust.

WE know this but many people do not.

4. The amount of public money available to support civil society is limited because the British people are not prepared to pay more tax.

5. There have always been limits to what the state can do and we must expect the state to do less in future.

6. There are also limits to what the voluntary sector and charities can deliver. We shall always need an enabling state and those who believe that philanthropy can compensate for a smaller state are deluding themselves.
7. Although the top rate of income tax has halved since the 1970's, the majority of those who have benefited are not charitable. Trickle-down has not happened.
8. Whilst more charitable giving and volunteering cannot be the only solution to our financial and social problems, we need to say clearly and loudly that philanthropy can make a significant contribution because it does what the state cannot do and it can generate positive social change.
9. Philanthropy is not only for the rich and has the power to connect people to society and to their communities.
10. Philanthropy is a moral force for good. More philanthropy is needed not simply because the voluntary and the public sectors need more money. Philanthropy represents a commitment to the Common Good.

That is the case for support but it will not be understood and accepted until there has been a radical change of culture. This will take time.

The long-term solution lies in educating our children. Whilst there are excellent initiatives in some schools, nothing can substitute for placing citizenship at the heart of the curriculum. We are failing our children if we do not teach them how to be a good citizen. All young people should be taught what it means to take personal responsibility for others as well as themselves and what it means to live in and be a contributing member of civil society. They should be encouraged to achieve a new national qualification that demonstrates commitment to others and to the community, one that would be valued by employers.

All the donors I interviewed for Giving Is Good For You agreed with this, including the President of the CBI and the Coalition Government's most senior non-exec advisor (one of Britain's leading businessmen) who told me last year that it was impossible to have a rational discussion about education with anyone in Whitehall.

It is time to think again.

What can we do in the short term?

Government should listen to those who are being generous. Our politicians could start by changing their tone and taming the hostility of the Treasury. They could encourage more philanthropy by refusing to give national honours to business leaders and public figures unless they can demonstrate they have paid UK tax and are charitable and by giving more honours to those who give and volunteer.

We do need government to give a lead. Some argue that the state should keep out of philanthropy. I understand this point of view but it is unrealistic. Tax relief on

charitable donations costs £5 billion so the government has a stake in what we are doing whether we like it or not. Moreover, we know that matched funding by government works even when the conditions attached are irksome.

We also need government to act as a guarantor that projects will happen because they are backing it, directly or indirectly. Philanthropists like that and they also like matched funding.

This leads us to motivation. What will convince people to give philanthropically and to make social investments?

I recently interviewed a philanthropist whilst conducting a feasibility study on behalf of the Mayor of London to assess the potential for philanthropic funding for the creation of a new £800m education and cultural centre in the Olympic park in East London. The philanthropist, an investment banker, said this:

“ I will only consider supporting an Olympic legacy idea when it evolves from being a political bricks and mortar project into a thought through programme to transform the lives of the people in the area. I need to know in 10 years time that there will be evidence to prove it. I will then regard my gift as a social investment upon which I will not expect any financial return. Moreover, I will only invest in partnership with a range of fellow investors who support the same objective.

For the truth is that we need to find a new way of doing things in this country and that will require new partnerships between the state, local government, the private sector, community and other foundations and private individuals. If we can achieve that in east London, then we will be providing a template for other projects in other parts of the country”.

The need to find new ways of doing things and for new partnerships must be the key point, particularly now that a tide to be appears in running in favour of localism.

Commitment to the community is a less powerful motivator than it was in Victorian times but that could change if government is serious about devolving power to regions and local authorities. If so, I expect the revival of local government and the importance of local communities as being a motivating force for donors.

This is YOUR moment. Community Foundations must now take centre stage, building on decades of forging partnerships between donors and the needs of the local community.

A more dynamic sense of local community should appeal to every donor, however modest, and whilst you should be aiming to capture the charitable support of as many local people as possible, the case for major donors to commit to your endowments should become more compelling. Endowment fundraising is always a challenge when money is needed for today rather than tomorrow but the case for long- term investment in the future becomes more attractive when people believe that their generosity will make a lasting impact locally.

New ways of doing things will require new ways of thinking about the meaning of community. Some Foundations may wish to work with communities elsewhere as well as focusing on their own parish. Some of you will wish to embrace the concept and practice of Asset Based Community Development that says a greater sense of community responsibility and ownership can be achieved by drawing upon existing community strengths.

New communities may need to be built to include the excluded and community foundations will have to think about how to support them. I am confident that these kind of “bottom up” creative solutions will appeal to those philanthropists who think of themselves as social investors.

New kinds of partnerships will have to be forged with national and local government based on mutual respect and mutual interest. This will not be easy. Indeed, it will be difficult but it must be done. Moreover, Community Foundations and charities must beware of becoming public service providers for that way leads to nationalization. The point of charities is that they should be independent and pioneers. You need to be partners with the public sector, not its clients.

A new culture of giving, based on partnerships at a local level would enable us to strengthen local communities as well as society as a whole and also, by serving others, we will rediscover our humanity and find new purpose in life.

We may even find that by bringing people together, we can start to tackle some of the most appalling problems afflicting young people in our towns and cities.

We shall need more local initiative, enterprise, responsibility, accountability and loyalty if we are to secure civil society for future generations. In an era of globalization, when national governments are becoming increasingly subordinate to international and corporate interests, it is vital that we build and sustain strong local communities.

William Beveridge, the founder of the welfare state, reminded us in the 1940's that: “The happiness or unhappiness of the society in which we live depends upon ourselves as citizens, not only the instruments of political power we call the state”.

In the twenty first century, we need a new narrative, to find new heroes to succeed the robber baron philanthropists of the past and to help create a broad, popular, and optimistic social movement with a vision that inspires the many as well as the rich. We need people to believe that their participation matters and will make a difference to their own lives as well as those who live in their locality.

The political message has to be that voluntary redistribution via philanthropy is as important as tax in sustaining civil society.

We all know that nothing happens without leadership. For many reasons, our country lacks inspirational political leadership. I realise Corbyn may have broken the mould but it is far from clear that he speaks for the country. Our politicians follow rather than lead. People should look elsewhere for inspiration.

This is your moment. The time is right for Community Foundations to inspire by taking a leading role, by working with all who are committed to their community, by creating a local culture of giving and by embodying commitment to the common good. Tell national and local government that is your role and invite them to be your partners and to invest with you.

Remind everyone what Beveridge said about the role of the citizen as well as the state in determining the happiness of societies.

Moreover, bearing in mind Beveridge's reference to happiness, we should not be shy of proclaiming that philanthropy can be fun. The message that Giving is Fun as well Good For You can only make you and your foundations even more attractive than you already are.

Thank you.

John Nickson is one of Britain's most experienced fundraisers. He directed fundraising at The British Council, English National Opera, The Royal Academy of Arts and Tate. He has also been a trustee, donor, advisor and mentor during a 40 year career. His first book GIVING IS GOOD FOR YOU (Biteback Publishing) was published in 2013. His second book, examining threats to civil society and the role philanthropy plays in sustaining it, will be published in the autumn of 2016.