

BRITAIN NEEDS TO RETURN THE VICTORIAN TRADITION OF PHILANTHROPY

By John Nickson. Financial Times, Monday 8th July 2013

In 1894, after admiring the work of Gustav Eiffel in Paris, my family funded and built the Blackpool Tower, and the town became the world's most popular holiday resort. My family and Blackpool prospered until the 1960's when our fortunes diverged because of cheap air travel. This year, Blackpool endures the biggest benefit cuts in Britain whilst our household becomes richer because of reduced top rate tax. Inequality is returning to the levels last seen when the Tower was first illuminated.

Over the past 30 years, the share of national income going to the lower half of earners has fallen by 25% whilst the slice going to the top 1% has increased by 50%. 25 years ago, 9 billionaires were based in Britain. Now there are 84. There is scant evidence that increased personal wealth has led to more philanthropy – in fact the National Council For Voluntary Organisations reported a 20% fall in charitable giving last year. HMRC records suggest that only 27% of higher and top rate tax payers are claiming tax relief on donations compared with 98% in the US.

Why does this matter? Research shows that more unequal societies are the most dysfunctional with the highest rates of violent crime, teenage pregnancy and ill health. Inequality has a cost.

One could increase taxes but capital is free to roam, and income can be converted into capital gains. Another solution would be to encourage the wealthy to follow the example of our Victorian forbears and support projects in the public interest. Philanthropy will never compensate for reduced public spending. But giving demonstrates leadership, responsibility and commitment to the common good, values that are needed now more than ever.

How do we persuade people to give more? Humans are programmed to share and give as well as compete. Where we have built civil societies and encouraged philanthropy, we have prospered. Now, by not giving and avoiding tax, some of the rich are generating a culture of cynicism in which they are despised. This is the view of many who give and who are the fiercest critics of those who don't.

Our current problems provide an opportunity. The public and private sectors have both hit the buffers. Now is the time to redefine the role of the individual, society and the state and to draw up a new social contract. Every donor I consulted agrees that philanthropy should be taken out of politics and that we need a long- term strategy to develop charitable giving backed by all the main political parties.

Government could do far more by encouraging top rate tax payers with a reduction in the rate for a long term commitment to one charity or project. Tax relief could be extended to include a wider range of assets and investments and apply equally to lifetime gifts and legacies. Honours should not be given to those

who do not pay UK tax or to business leaders who cannot prove they have been philanthropic . Government and Whitehall must stop suggesting that people give only to avoid tax and for personal gain as happened after the attempt to limit tax relief in the 2012 budget.

More tax relief means more public spending so charities must be more accountable, demonstrating that their work justifies tax relief by achieving measurable objectives and fulfilling public benefit. They must establish on qualitative and quantitative grounds the value added by investment in the voluntary compared with the public sector if the Treasury is to be convinced.

We will not, however, succeed in becoming a more prosperous and generous nation until we create a culture of giving (and gratitude) in which the young are taught to value our civil society and to be responsible for sustaining it. Some schools are brilliant at mobilizing the idealism of the young but not all. Citizenship and volunteering should be part of the curriculum and the young should strive to earn a new national diploma demonstrating commitment to others and which would be valued by employers. Education for attainment without values is pointless. On this point, philanthropists are unanimous.

We should not tell people what to do with their money but we can encourage them to follow the exemplary leadership of those who are charitable. Giving makes you feel good and is good for all of us.

(The writer is the author of Giving Is Good For You: Why Britain Should Be Bothered and Give More)