

# Welcome to the April 2024 Newsletter!

Hello philanthropoids,

I hope you are all well. If you have managed to have a break of any kind for Easter, Ramadan, Passover or any other reason, I hope it has left you feeling refreshed and recharged. I very much enjoyed walking up some hills in the Lake District and the Peak District in barely tolerable weather with my family, although I'm not sure I managed to switch off as much as I should have. Whoops.

On the plus side, I have been enjoying the longer days and belated signs of spring - although that is somewhat counterbalanced by my shock at the realisation that we are already a third of the way through the year. How is that a thing?

Anyway, despite being away on holiday for part of this month I find when coming to write up this newsletter that there are still plenty of WPM updates, thanks to various things I already had in the pipeline. There's also lots of news and nuggets from the philanthro-sphere to share (with some added comment, and potentially even insight, from me). So with further ado: Let's Newsletter.

## PHILANTHROPY IN THE NEWS

### **New Radicals: You Give What You Get?**

The FT's coverage of philanthropy these days is right up with the best IMHO, and as a special treat for philanthro-nerds (guilty as charged) the paper's Wealth section this month was something of a philanthropy special issue. This contained a range of interesting articles about trends and developments in philanthropy (more of which are highlighted later on in the newsletter), but the one that really caught my eye was a piece looking at "the new (radical) rich who can't wait to give away their fortunes". This offered up a fascinating range of examples of wealthy heirs who are engaged in philanthropy aimed at structural reform, and who are aiming to give away the vast majority of their wealth, as a result of concerns about inequality, injustice and the climate crisis.



(Image created using Microsoft Copilot)

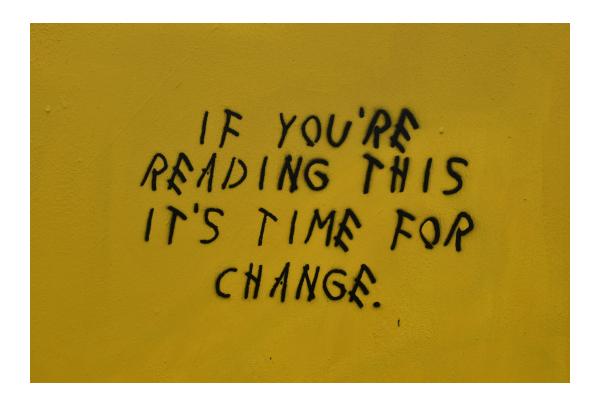
Like a lot of other people interested in philanthropy reform, I sometimes feel as though I spend a disproportionate amount of time talking about a small number of examples of "progressive" or "radical" philanthropy as a way of pointing to potential models that could be used to make philanthropy more just and equitable in the future. My worry is always that in doing so, I fall into the trap of thinking that these kinds of approaches are now the norm in philanthropy and lose sight of the fact that they are in fact still edge cases in the overall context of philanthropy. The FT article acknowledges this point, admitting that "this new breed of anti-wealth inheritor remains small", but the article argues that the numbers of wealthy people who hold such views are growing.

The only bit of the article I would take some issue with (as you will be entirely unsurprised to hear if you know me at all) is the idea that all of

this is "new". In fact you can find examples (especially in the US) of inheritors taking a similarly radical approach to disavowing their wealth and giving it away with the aim of driving structural reform throughout at least the last 100 years. (To find out more about some of those historical examples, check out <a href="this previous WPM">this previous WPM</a> article on radical <a href="philanthropy">philanthropy</a>). However, it definitely does feel as though there is more activity coalescing behind this kind of approach now (perhaps, as the article suggests, due to the sense of urgency driven by climate breakdown), so it is starting to look less like a series isolated fringe cases (as most of the historical examples do tbh) and more like a signifier of a real shift in philanthropy that might tell us something about the future direction of travel.

## Cost of Giving Adjustments – calls for US charity reform

The focus of most recent radical philanthropy efforts has been either to campaign for more progressive taxation of wealth or to demonstrate more equitable models of giving that shift power to recipients. But now a group of philanthropists in the US calling themselves The Donor Revolt for Charity Reform is turning their attention to broader reform of the way that philanthropy works (and particularly how it is treated in the tax system). This is piggybacking on the existing "Stop Hoarding Charity <u>Dollars</u>" initiative led by the Institute for Policy Studies, which has broadly the same list of policy demands. These demands focus on reform of the rules governing foundations e.g. increasing the mandatory payout rate from 5% to 7%, whilst removing some of the current loopholes – such as the ability to count management expenses and Donor Advised Funds (DAFs) as qualifying contributions when calculating the current 5% requirement. There is also a particular focus on DAFs which (as previously covered in this newsletter) have become something of a lightning rod for criticism in recent years in the US, due to the suspicion that wealthy donors are getting tax breaks by putting money into DAFs, but little is finding its way out to actual charities.



The <u>list of current signatories to the Donor Revolt for Charity Reform</u> is, as you might expect, a veritable Who's Who of progressive (and radical) philanthropy in the US. It includes Disney heiress Abigail Disney (who has long been involved in the Patriotic Millionaires movement), oil heiress Leah Hunt-Hendrix (whose <u>philanthropy we have previously covered on WPM</u>) and *Decolonizing Wealth* author and campaigner Edgar Villanueva (a <u>former Philanthropisms podcast guest</u>, no less).

The Institute for Policy Studies argues that their proposed reforms (and, by extension, those of Donor Revolt for Charity Reform) are in tune with public opinion, citing a recent poll they commissioned from IPSOS which suggested not only broad support for reforms such as the proposed changes to the foundation DAF rules, but also for more radical reforms, including a lifetime cap on the total amount wealthy individuals can claim in tax deductions for their giving. (And to add further weight to their argument that there is support for these ideas across the political spectrum, the poll was in fact jointly commissioned with the right-leaning Giving Review, which one wouldn't necessarily expect to agree on much with the Institute for Policy Studies!)

So is the rest of the nonprofit and philanthropy sector in the US also behind these calls for reform? Weeeeeeell, no, not so much. As the

Donor Revolt for Charity Reform (and the IFPS) are keen to point out, various sector bodies (such as the Council on Foundations and the Philanthropy Roundtable, who get called out by name) are putting plenty of resources into fighting calls for reform. These organisations may well be doing this because they have genuine concerns about the unintended consequences of changes to the way donations are treated in the tax system, but the problem they face is that it is easy for this kind of campaigning to come across as merely self-interested defence of the status quo. (And that is certainly how the Donor Revolt for Charity Reform frames it). Whichever way this ends up going, the one thing that seems certain is that it isn't likely to reduce the challenges of polarisation within the US nonprofit sector.

### **Tax Correction: Reforming Gift Aid?**

Clearly not wanting to be left out of the charity tax reform party, the UK government is apparently "considering" tax reforms to boost giving. It was reported in the FT this month that UK culture secretary Lucy Frazer is lobbying HM Treasury to implement changes to the Gift Aid system of tax relief on individual donations, in order to increase uptake and thereby boost the overall value of donations.



Image by Daniel Moberhaus, CC BY 2.0 DEED

For anyone not familiar with the minutiae of the UK charity tax system - firstly, I envy you; and secondly just to explain a bit: Gift Aid is an odd hybrid system, in which the basic rate of income tax paid by an individual donor can be reclaimed by the charity directly from the Treasury, but the additional higher marginal rates of tax paid by those earning more can be reclaimed as a personal tax deduction through the self-assessment system. Still vaguely with me? Good.

Gift Aid is fundamentally a very generous system – one of the most generous in the world, in fact, as it is fairly unusual in there being no cap on the proportion of income on which tax relief can be claimed. It is, however, quite complicated - so it is perhaps not surprising that the proportion of eligible donors who make use of the higher-rate reclaim remains stubbornly low. Given that, the calls for reform being made by Lucy Frazer centre on the idea of using technology to automate the process of reclaim of both the basic and higher rate tax through Gift Aid. This echoes proposals made by the centre-right think tank Onward a little while ago (as reported in a previous edition of this newsletter), and also similar proposals made by others (including yours truly in a previous role) going back more than a decade.

I should say that in broad terms I think that government putting effort into encouraging and supporting philanthropy is a good thing and is to be welcomed. But with that positive caveat out of the way, I'm now going to indulge in a bit of scepticism. So here are a few thoughts on why we perhaps shouldn't be popping the champagne corks just yet:

- Any governmental effort to boost philanthropy needs to decide whether its policy aim is to get more people giving, to get those already giving to give more, or to get people giving "better" (in some sense). It is unclear to me that the proposed changes to gift aid would incentivize people to give if they weren't already, or that it would make them give more effectively, so the policy aim must be to increase the quantity of donations? But even here I'm not sure that the changes would prompt people to increase the amount they give; it is just that the *value* of their donations would be increased as a result of making use of tax relief that might otherwise have gone unclaimed. From the point of view of charities, at a time when many are struggling, this would obviously still be very welcome, but I suspect that the Treasury might question whether this is a sufficient policy rationale.
- Pushing for reforms to tax relief on charitable donations obviously requires the involvement of the Treasury. However, when it comes to changes that would result in more money being claimed in charitable tax relief the Treasury isn't really interested in making this happen. Oh sure, they won't say this out loud, and will toe the government line on wanting to support philanthropy etc etc, but my experience of working in philanthropy policy for more than a decade here in the UK is that it becomes clear fairly quickly in meetings with Treasury officials that they are a lot less keen on this sort of thing in practice. (On at least one occasion a Treasury official told me in person that their goal was to minimise loss of revenue to the Exchequer, and as such they didn't see it as their job to make it easier for people to claim Gift Aid).
- A more fundamental point is that I'm not sure these days whether
  the tax system is even the right place to look when it comes to
  government efforts to boost giving. It is tempting to focus on it if
  you are a policy wonk, as it lends itself to concrete policy proposals

- when a lot of other aspects of philanthropy policy tend to be more nebulous and hand-waving, but there is a fair amount of evidence that the effect of increasing tax relief on donations is pretty limited.
- I would also offer the perspective of someone who has spent quite a bit of time working on proposals to "revolutionise Gift Aid using technology" over the years that these quite quickly get very messy and complicated. (For evidence of my past crimes in this area, here is me being quoted in an article back in 2013 about a proposed govt consultation on digital Gift Aid, and here is the actual <u>CAF</u> submission I wrote for that consultation). In part this is because the system was designed in an era of paper forms and cheques, so it faces the challenge of all legacy systems when it comes to modernisation. And it is also in part because (in my experience) an absolute red line for Treasury and HMRC was that the link between a donor getting tax relief and them making a declaration that they were eligible needs to be maintained, and many of the proposals for reform run the risk of severing this link.
- The other small niggle I will just get off my chest relates to the bit in the FT article where "someone familiar with the discussions" is quoted as saying "the exam question is 'how do we become more like the US?"' I have lost count of the number of times I have heard this idea in one form or another, and increasingly I just find it unhelpful and annoying. Yes, obviously the US offers an example in terms of higher levels of giving, but the assumption that this is solely down to the different way in which they offer tax relief on donations is fatuous in my opinion. As a younger, less tired, version of me argued in a CAF discussion paper a decade ago, there are much more fundamental cultural and historical differences between the UK and the US that we need to take into account when comparing charitable giving in the two countries. And whilst there might be things we could usefully learn from the US, there are plenty of things that don't translate (or that we should avoid copying even if we could).

Anyway, rant over.

## **Eastern Promise: The Rise of Philanthropy in Asia**

At the risk of this edition of the newsletter becoming just an FT scrapbook, there was another good article in the FT this month about the rise of philanthropy in Asia. The piece makes a point that although philanthropy is growing in many countries in the region, it is not necessarily doing so in a way that simply apes the models of philanthropy we have developed in the West, but is instead developing in ways that reflect local cultural and historical context. This is something I have long suspected would be the case as Asia becomes an increasingly important global centre of philanthropy, so it was good to see some evidence to back up my hunch!



### **Effectively Over? New challenges for EA**

There were a few bits of news this month which suggest that the Effective Altruism movement continues to face challenges in the wake of a difficult couple of years. Firstly, it was reported that the <u>UK charity</u> Effective Ventures Foundation <u>UK</u>, which received significant backing

from the now-disgraced crypto billionaire Sam Bankman-Fried, is to close. What's more as part of its winding down process EVF is selling the £20 million Oxfordshire mansion it purchased in 2022 (Wytham Abbey). Many critics of EA (and, tbh, plenty of people within the EA movement as well) saw this purchase at the time as symbolic of the hubris of the EA movement, so there was definitely a fair old bit of schadenfreude sloshing about in the wake of the announcement.



<u>Image by Dave Price</u>, <u>CC BY-SA 2.0 License</u>

To add further to the woes of at least one bit of the EA world, it was also reported this week that the Future of Humanity Institute at Oxford University is to close down. FHI is the brainchild of controversial philosopher Nick Bostrom, who is one of the intellectual fathers of Longtermism – the ideology that has become increasingly influential within the EA movement in recent years, and has led to its focus shift from promoting low-cost interventions in the developing world to arguing for the need to address global "X Risks" such as the threat of AI superintelligence emerging. Whether Oxford University's decision to close down FHI was driven by a desire to distance themselves from some of the increasingly controversial aspects of its work and some of the figures involved, or simply by concerns that it no longer fit very well

within the confines of the university, we don't really know. It is unclear at this point what will happen next: I strongly suspect that some version of the FHI will re-emerge elsewhere in short order, given the popularity and influence its work had with many wealthy tech types. It is possible that might happen in another university, although given that Bostrom bemoaned a "death by bureaucracy", I suspect it is more likely that it will be in the form of a new nonprofit or similar.

### Who's the donor?

We've covered stories about tainted donations many times before in this newsletter. Keen readers may remember, in particular, the news from last year (covered in <u>November's edition</u>) about the Charity Commission for England and Wales seemingly toughening up its stance when it comes to charities returning or refusing gifts. So I was fascinated to read a story on the BBC this month about <u>a foodbank in the town of Bedford which is now being investigated by the Charity Commission for its decision to turn down more than £17,000 in donations raised by a Doctor Who convention.</u>



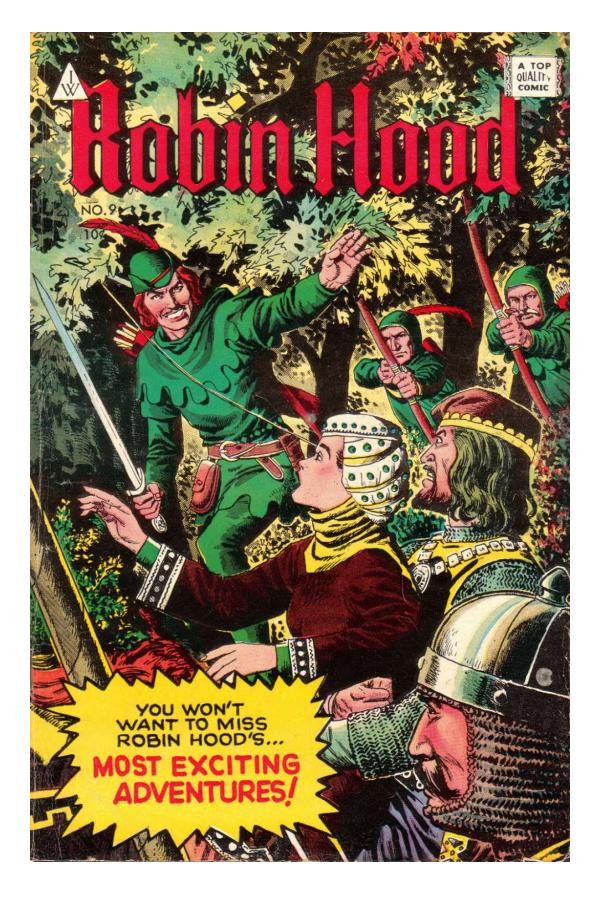
Image by Gage Skidmore, CC BY-SA 2.0 License

This was apparently not, as one might assume, due to a strict policy of divestment from the proceeds of Cybermen. According to the article, the food bank's decision to refuse the donations was down to the fact that the Doctor Who convention had previously made a donation to them in the form of food vouchers, which they claimed caused "logistical challenges", so in order to avoid the same thing happening again they had contacted the convention to suggest they give elsewhere. The convention has pushed back on this idea, disputing that there is any problem with giving food vouchers, and pointing out that in any case this year's donation was to be made in the form of food.

I clearly don't know the ins and out of this case, so I have no idea what the Charity Commission will conclude. It does strike me, however, that all of this could have been avoided if the Doctor Who convention just gave the foodbank donations in the form of money, and that conversely perhaps the foodbank's first response should have been to point this out. (Which for all I know, of course, they already have). Direct donations of goods are often less helpful for charities than being given the resources to purchase things themselves, and similarly turning donations of money into food vouchers would seem to suggest a lack of trust in the food bank to spend the money wisely – so it is hard to see how a straightforward gift of cash wouldn't have been better for everyone.

## Robin Food, Robin Food, Riding through the glen...

Sticking with foodbanks, there was an amazing story in the *Metro* this month about a group of activists in Manchester who have taken to shoplifting food from big name supermarkets and donating it to a local foodbank. Some of the activists apparently dressed in Robin Hood costumes, so there was clearly an intent to position this as an effort to correct an injustice by taking the law into their own hands.



To me, this story raises all kinds of interesting ethical and legal questions. For instance:

-If you think access to food is a matter of justice rather than charity, and that the existing system is failing to meet the requirements of justice, is

it therefore morally justified to take action even when it contravenes the law?

- -Even if this act is well-intentioned, does it put the foodbank in a difficult ethical and legal situation? (Especially if, as suggested in the article, they know that the food is stolen?)
- -Is this sort of action designed primarily to meet need (i.e. to provide people with food) or is it more of a campaigning tool? (i.e. is the point to attract controversy as a way of highlighting the underlying structural issue?)

I certainly feel as though I am going to be referencing this one quite a lot in future work, in any case!

## WHAT WE'VE BEEN UP TO

Here's a little update on what we have been up to at WPM over the last month.

### On the Philanthropisms podcast

It was another busy month on the podcast, with more great guests. First up (right at the end of March) we had the fifth instalment in our series in partnership with ERNOP in which we talk to philanthropy academics from around Europe about their work. In this edition, I spoke to Arthur Gautier, Isabel de Bruin and Janis Petzinger. Next up was a great conversation with Amy Schiller about her new book *The Price of Humanity: How philanthropy went wrong and how to fix it*, and last (but by no means least) was a conversation with Anelise Hanson Shrout about her new book *Aiding Ireland: The Great Famine and the rise of transnational philanthropy.* So get listening!



### **Philanthropisms**

ERNOP: Connecting Philanthropy
Academia & Practice #5





### **Philanthropisms**

Amy Schiller: Reimagining the role of philanthropy





### **Philanthropisms**

Anelise Hanson Shrout: The Great Irish Famine and the origins of transnational philanthropy



#### Third Sector 'End of Charity' series

If you simply can't get enough of my dulcet podcasting tones, then you were really in luck this month, as the last three episodes of Third Sector's excellent podcast documentary series "The End of Charity" were released. I have been acting as a talking head across the series, and in these episodes you can hear me offering my ten pence worth on charities and politics, power dynamics and what a world without charity would look like.



## Third Sector - The End of Charity

The political chokehold





## Third Sector - The End of Charity



Power in the wrong hands



## Third Sector - The End of Charity



What is a world without charity?

### **Charity Hall of Fame blog**

I also wrote a guest blog this month for the newly-launched Charity Hall of Fame, asking whether – as they start to look for nominations of charity workers and community activists to induct - there is an argument for seeing funders as changemakers too (in at least some cases)?



Read the article

#### **Understanding Philanthropy conference**

I spent a very pleasant day this month at the Understanding Philanthropy conference hosted by the Centre for Philanthropy at the University of Kent (where I also work part-time as a Research Fellow, although I can absolutely no credit whatsoever for this conference!) We heard from some great speakers (Fozia Irfan, Tom Steinberg and Mark Phillips) and I had the chance to catch up with lots of familiar faces from the philanthropy world, as well as meeting a few people for the first time IRL that I somehow had never met before (which in some case I still refuse to believe).

The only dampener on my day was that I had to make a nearly 8 hour round trip from Liverpool to Kent, but on the plus side this did give me the opportunity to do some writing *and* watch the last 4 episodes of season 1 of *Fallout*. So I think we can all agree it was time well spent.





## OTHER GOOD STUFF

This is the section where I share with you other interesting bits and bobs about philanthropy that I have come across recently. And like most other months, that turns out to be a lot!

#### Philanthro-speak:

A new report from the Council on Foundations and the Center for Public Interest Communications found what many people in the philanthropy world might have already suspected: that the language foundations use when talking about their work is bewildering and off putting for the vast majority of people. In an article on *The Conversation US*, two of the authors of the report highlight some of the key findings, including the wide-spread use of "philanthro-speak": sector-specific jargon that sounds technical but is more often than not is vague or devoid of meaning, and just leaves people confused. This is a topic close to my own heart – in fact the very first WPM article I ever did was about the technocratic, dry language we use in philanthropy and why it is a problem – but I was also reminded of a brilliant quote from Ben Whitaker's 1974 book "The Foundations", which suggests that this is far from a new concern:

"It should be remembered, when writing to them, that foundations, like the UN, command a rhetoric all of their own. It is a tongue of unrelieved solemnity. Dwight Macdonald described "foundationese" as "a dead language, like Latin, written rather than spoken, designed for ceremony rather than utility, its function magical and incantatory, not to give information or communicate ideas or express feelings, but to reassure the reader that the situation is well in hand". Nevertheless, the dutiful applicant must take it seriously, despite its appearance to the contrary, and show a proper concern with "flexible relevances", "changing fluxes", "germinal responses", "ongoing interfaces", "self-liquidating leverages" and the "built-in self-programming thinking through". As one foundation officer puts it, "In our world, you have to have leverage even to get out of bed in the morning."

Read the Report

Read the Conversation US article

#### Local crime and charitable giving:

An intriguing paper was published by economists at the University of Warwick's CAGE research Centre this month, which found that individual

charitable donations appear to increase significantly in areas where crime rates are higher. The researchers used crime data from the UK Home Office and donation data from customers of the Charities Aid Foundation (CAF – my former home), both of which could be broken down to postcode level to allow highly granular analysis. They found that there was a strong gender factor, with women being far more likely to respond to local crime by engaging in prosocial behaviour, and that the type of crime is also important- with crimes against the person producing a strong charitable response. There are various suggestions in the paper as to what might explain the findings, which I will leave you to read for yourself. My only hope is that some enterprising fundraiser doesn't conclude that the best way to solicit more donations is to go on a local crime spree...



Image by Lydia, CC BY-SA 2.0

Read the paper

Read the blog about the research

**Rich enclaves:** 

Sticking on the theme of locality, an opinion piece in the FT mused this month on whether "it is a good thing for the very affluent to live in rich enclaves", and concluded that it probably isn't. The article argued that this is partly because it is bad for society:

"It can also lead to a lack of empathy and is not a recipe for social cohesion. Surrounded by the rich, you not only believe six-figure incomes are the norm, you can end up believing that wealth is deserved, the poor are lazy, and taxes are theft. This echo chamber effect is at its most acute in Silicon Valley, where billionaire tech-bro libertarians blithely state that the world's problems can be solved by the simple application of their genius."

But it is also, the author argued, bad for wealthy people themselves, as it often leads them to compare themselves unfavourably against even richer people and therefore makes them less happy and reduces their wellbeing.



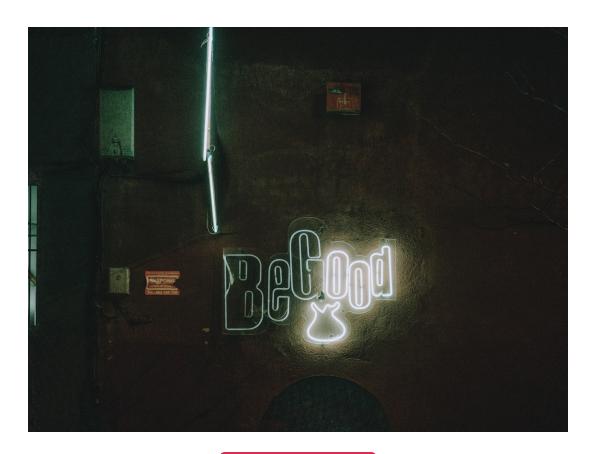
Read the article

#### **Moral Billionaires?**

An essay on the tech blog/newsletter *Every.to* this month from former VC Evan Armstrong asked the question of whether there are any truly

morally good billionaires in the world. It makes for an interesting read, not least because Armstrong clearly moves in the right circles to have met quite a few billionaires in person, and also because he is pretty even-handed in his assessment. He is clearly willing to be critical, but is also not starting out with the assumption that it is necessarily impossible be a billionaire and be good. In the end he decides, as many people seem to have done, that Chuck Feeney is about as close as you can find to the ideal of a morally good billionaire – which I found really interesting, given that it is largely Feeney's philanthropy that has led people to this conclusion (and to overlook some of his slightly more problematic views on the merits of paying tax...)

If you want more musings on philanthropy and moral character BTW, check out our WPM article asking "<u>Does Philanthropy Make You a Good Person?</u>"



Read the article

A piece in the FT (yes, another one...) introduced me to the concept of "child-lens investing" this month. This is an approach being pioneered by a number of nonprofit impact investing organisations which, as the name suggests, encourages investors to consider the needs and priorities of children when making investment decisions. In part this is obviously another way of trying to address the many challenges facing children around the world today, but it also makes sense as a way of bringing a longer-term time horizon into investment, since these children will obviously be the adults of tomorrow. When it comes to issues such as climate, this perspective might help to shift away from short-term thinking and get investors to think more effectively about the longer-term risks of failing to deal with climate breakdown. Here's hoping, anyway.



Read the article

### Thinking about future lives

On a related note, an article in *Anthropocene* this month highlighted a new study by a group of behavioural economists which suggests that a potentially effective way to promote more "intergenerational altruism" (i.e. actions done primarily for the benefit of people in the future) is to

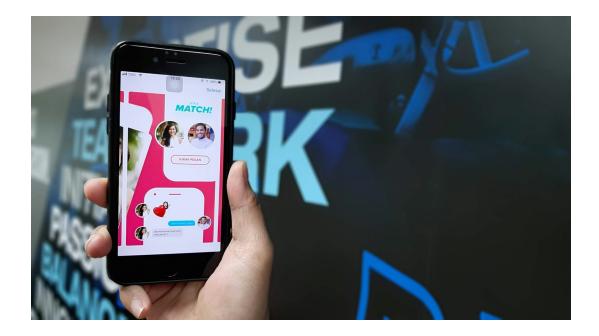
prime people to think about their own descendants. In an experiment where people were asked to allocate resources across current and future generations, it was found that the group of participants who had taken part in a prior task that made them think about their descendants were more likely to allocate resources to future generations. (Though it should be said that the overall effect was almost entirely due to women and non-binary people responding to the priming, and it had no real effect on men).

Read the article

Read the original paper

### **Tinder for grantmaking?**

If, like me, you are interested in the potential application of AI to shape how people and institutions make decisions about allocating philanthropic resources, then I would recommend a piece in *Devex* this month. It highlights a new project called <u>Ocean Matcher</u>, which was launched at a recent conference in Barcelona and aims to connect philanthropic funders with ocean science projects. The project will "[use] a natural language model to extract and understand information about a project, then an algorithm to filter, generate, and learn from matches, [and] will work in a similar way to Tinder and data-driven platforms such as Spotify and Netflix". This is obviously a project with a fairly narrowly-defined scope, but it will be fascinating to see how it fares and whether it leads to any efforts to apply the same kind of approach to a broader range of cause areas.



Read the article

#### **AND FINALLY: Wrestling the Octopus**

There was a real treat for fans of charity history in the *Guardian* this month, in the form of an absolutely fascinating article about "Ferguson's Gang" – a secretive society of affluent female "guerilla conservationists" who, between the 1920s and 1940s raised large sums of money for the National Trust from their wealthy circles and then delivered them to the NT's offices via a series of outlandish and theatrical stunts (one of which included a metallic pineapple that was briefly mistaken for an IRA bomb). I thoroughly recommend reading the article, (which was all new to me), and there is also an episode of the National Trust's podcast with more on the story of Feguson's Gang as well.



©National Trust Images/John Hammond

Read the article



### **National Trust podcast**

The Mysterious Tale of Ferguson's Gang



Well, that's all for this month. I'll be back at the end of next month with some more dispatches from the philanthro-sphere, but until then adieu.

Rhodri



Why Philanthropy Matters Haskell House 152 West End Lane, London United Kingdom







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