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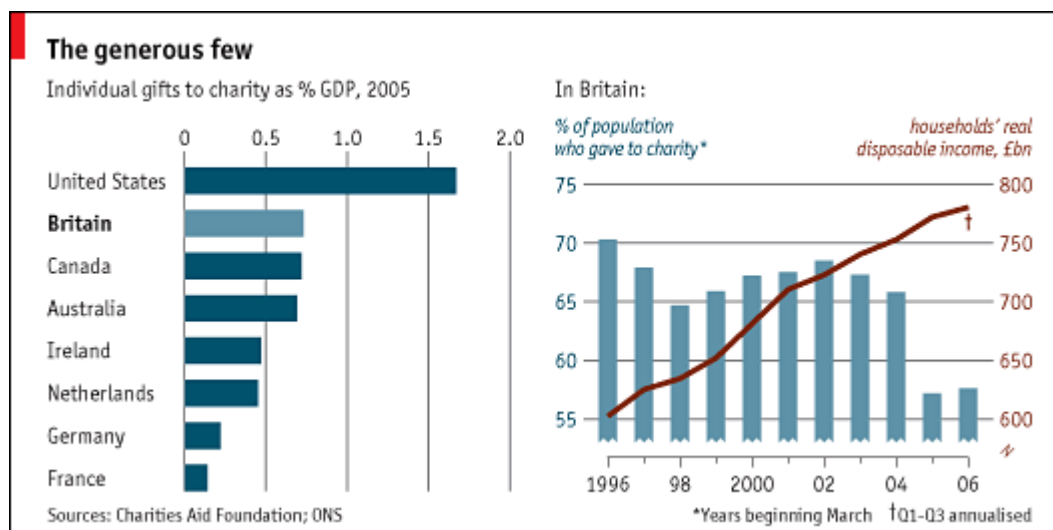
**Britons are generous. But given the amount of wealth created over the past 15 years they should be even more so**

FOR an era still associated with jingoism, stifling morality laced with hypocrisy and a fondness for stuffing exotic animals, Victorian Britain is a surprisingly fertile source of inspiration for the country's politicians. When pondering how to improve local government they look wistfully at the great Victorian town halls. When trying to get charities to do the work of welfare bureaucracies they remember that Victorian do-gooders managed poorhouses and hospitals. On February 15th the government announced a scheme to match private donations to universities with taxpayers' money, in the hope of stimulating an era of endowments not seen since, well, Victorian industrialists used their fortunes to found new colleges for higher education.

The details of the proposal, which will involve £200m (\$390m) of government money over three years, are not so imperial, alas. Each institution's share will be capped, preventing Oxford or Cambridge from scooping the pot. And not all alumni donations will be treated equally: universities which are already good fundraisers (in British terms) will receive less government money for every pound donated, which may sound fair but will also penalise success. This will not make up much of the £10-billion gap between the endowments of Harvard and Cambridge, the richest universities in America and Britain, and is unlikely to inspire British alumni to become as munificent as America's.

When called upon to assist other causes, though, Britons are generous: they come near the top of philanthropic league tables (see chart). America is out in front, but the extra percentage point of its

GDP that individuals deposit in rattling tins hardly reflects the much lighter taxes they pay. Most in Europe already show solidarity by financing reasonably comprehensive welfare states; and Britons give more than people in countries with similar overall tax burdens, such as Germany. Medical-research charities consistently come top of the list of favoured causes, along with almost anything to do with animals.



If the question is switched to who gives, rather than how much, however, the picture looks less good. Britain has some philanthropists who are magnificently generous: Sir Tom Hunter, a Scottish entrepreneur who founded a chain of sportswear shops, Robert Edmiston, who made a fortune importing Japanese cars, and Sir Elton John, patron saint of the white piano, all recently parted with over 10% of their recorded wealth, according to the *Sunday Times* rich list. But surveys, which are the only way of collecting numbers in a country where much of the giving does not leave a paper trail with the taxman, show that giving is actually inversely correlated with income. This leads to odd findings, such as that Sunderland, Blackpool and Motherwell, in Britain's relatively straitened north, are the most generous towns in Britain, measured by the proportion of people who give, and Croydon, Ilford and Kingston-upon-Thames in the prosperous south are among the meanest.

"Charities are increasingly reliant on a small core of givers," says Karl Wilding, of the National Council for Voluntary Organisations (NCVO). His organisation reckons that just over 1.5m people give 42p of every pound that is donated. A separate study, by the Institute for Philanthropy, a lobbying group, shows that the bulk of all giving is done by a discrete group who go to church, identify with one of the main political parties and read a broadsheet (quality) newspaper, all of which have become minority pursuits. Those who do give have to donate more to make up for the decline in their numbers.

This is odd, for Britain has most of the conditions needed to prise open wallets. The first is a tax system that provides incentives to givers. Gift Aid allows charities to claim back the basic rate of tax on donations from taxpayers, and richer taxpayers who give to charities to reclaim the difference between the higher and the basic marginal tax rates. "Payroll giving" allows people to deduct donations from their salaries before tax, so a gift of £100 costs a higher-rate taxpayer £60 and a basic-rate taxpayer £78. Neither of these schemes has had the desired effect. Charities forgo about £700m a year because their donors do not sign up for Gift Aid. And take-up of payroll giving has been poor: more money was raised by raffles last year than was given this way.

Second, Britain has plenty of wealthy potential donors. According to the most recent version of the Boston Consulting Group's annual wealth report, Britain has some 440,000 households with more than \$1m in financial assets. America and Japan have more swells, but they also have larger populations. Britain comes third on this international rich list, with 33% more millionaire households than bigger Germany and 69% more than France.

It is hard to know how much of their wealth these super-rich, not all of them British citizens, are giving away. The American-style conspicuous charity that fundraisers for British good causes long for has made a limited appearance. Once a year, for example, Arpad Busson, a French financier based in

London, gives a ball at which rich folk outbid each other for donated extravagances. But this has not been enough to transform the overall level of giving, which has just about kept pace with the rate of wealth creation during a 15-year economic boom, but no more than that. The men with bushy whiskers and purposeful stares who founded so many British institutions are not coming back any time soon.

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