



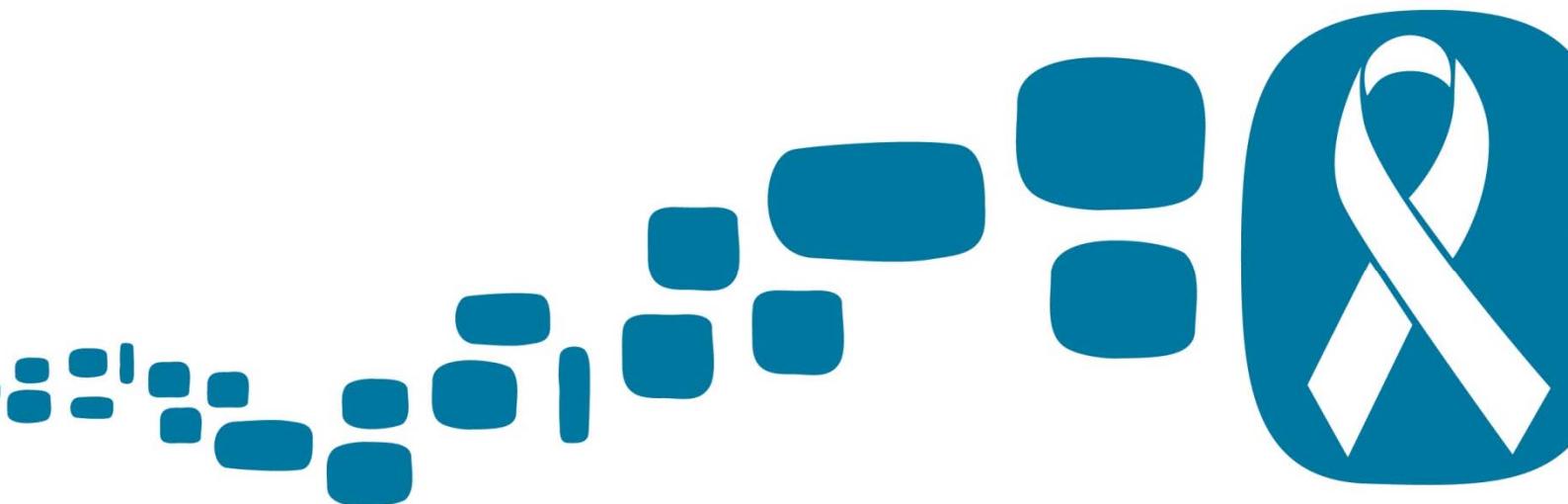
Cass Business School  
CITY UNIVERSITY LONDON



# Philanthropists as Change-makers

Seminar Report: Summary and Speakers' Notes

2013 ESRC Festival of Social Science Seminar in  
the Philanthropy: The City Story Programme



4 November 2013, at the Charterhouse, London

Centre for Charity Effectiveness

Intellectual leadership: developing talent, enhancing performance



## Introduction

**Robert Dufton**, moderator of the seminar and Senior Fellow at Cass Business School, welcomed everybody to the event. The seminar forms part of 'Philanthropy: The City Story', a City Philanthropy initiative which aims to promote and encourage a culture of philanthropy in London, and is also part of the Economic and Social Research Council's festival to engage the public with social science.

### Summary of panellists' talks:

**Dr Cathy Ross**, curator of the exhibition and former Director of Collections and Learning at the Museum of London, gave the first talk which focused on two key themes: that philanthropy and charity are embedded in the city of London; and that philanthropy can be seen as the other side of the coin for business. She went on to share how it can be difficult to distinguish between social change philanthropy and entrepreneurial business, and that in London the focus is on social improvement whether achieved through commercial or charitable means.

**Frank Prochaska**, historian and author, spoke about how philanthropy can be as effective in bringing about social stability as it is in driving social change. '*The quiet contribution of philanthropy to stability and civic democracy is widely underestimated.*' He spoke of the fixation on philanthropy as the distribution of wealth from the rich to the poor and how little attention is given to philanthropy which takes place between classes. His talk also highlighted the important role women have played in philanthropy, lobbying government on policy issues, driving social enterprises, and raising huge sums of money as fundraisers.

**Nick Acland**, Director of The Henry Smith Charity, spoke about the history of the charity and its development to the present day. The charity's philanthropy has been driven by the provisions made in Henry Smith's will which ranged from relieving poverty amongst his kindred through to supporting the release of UK citizens held as slaves by Turkish pirates. Nick speculated on the potential motivations for Henry Smith's philanthropy - protecting his own business interests and perhaps a sense of redemption having made his wealth through usury, but also felt there was also a straightforward desire to help people and do some good. Today, as one of the largest independent grant makers, the charity focuses its support on the relief of poverty and disadvantage in the UK.

**Professor Cathy Pharoah**, Co-Director of the Centre for Charitable Giving and Philanthropy at Cass Business School, gave a talk on her predictions for the future of philanthropy based on the learning from history. She highlighted that society still has a mountain of problems and in the current climate of austerity and public spending cuts expectations for philanthropy continue to grow from all sides. But she cautioned that it is unlikely that philanthropy will be able to meet these expectations. Cathy spoke about the evolving relationship between charitable and government funders, and believes that this will continue to grow and develop over time. She shared many examples of how philanthropy can complement government, and of how philanthropy is being challenged to develop innovative and cost effective approaches to address issues where government, with all its resources, has failed. Her talk finished by highlighting four lessons for philanthropy: there is a danger that we won't learn any lessons from the past; philanthropists can't tackle social change by themselves;

grand social reform shouldn't obscure more modest and immediate ways of delivering social impact; greater engagement in policy will bring philanthropists under greater public scrutiny which they may not be prepared for.

## Themes from audience discussion

Following the panellists talks the audience were asked to share comments and ask questions, with the following five key themes emerging.

### **1. Philanthropy as a catalyst**

Audience members spoke about the important role for philanthropy in catalysing private money, with examples given about how this had been done to promote and fund higher education in both the UK and the US. The role of philanthropists as catalysts for the development of Social Impact Bonds was also noted. However there was a recognition that philanthropists may not be able to do more than be a catalyst, and do not often have the resources to step in wholesale.

### **2. The rise of individual philanthropists**

Attendees highlighted that individuals have historically provided most of the money to resource the charitable sector and there is a long history of philanthropy among extremely wealthy individuals. Individual philanthropists can bring an exciting aspect to philanthropy - not only bringing money but also valuable relationships and influence. Attendees noted the rise of philanthropists with a 'living legacy' such as Bill and Melinda Gates and Lord Sainsbury, who are seeking to maximise their social impact by spending all their wealth whilst alive.

### **3. The role of philanthropy in building self sufficiency**

There was a discussion about the role philanthropy could play in supporting some of the UK's most deprived communities. Attendees asked whether we are now better equipped to intervene in local communities in a more sustainable way? It was noted that there are no magic bullets and that philanthropy has to be linked with the prospects of local economies, rather than creating a culture of dependency. Attendees went on to share about the potential for tapping into the experience and skills of retirees in the UK who have many productive years as a means of promoting self-sufficiency and kick-starting local communities to do it for themselves.

### **4. Promoting philanthropy and changing attitudes to giving among young people**

Attendees spoke about the challenge of engaging the next generation of philanthropists. With younger generations giving less we risk a giving time bomb. Attendees spoke about the need to start educating people about philanthropy and encouraging this from a young age. Participants shared how philanthropy is taught in the US to encourage a giving culture. A number of exciting initiatives taking place in London to promote philanthropy were noted and there has been good engagement in these from young people, so there are grounds for optimism.

### **5. The philanthropy of time**

There was a discussion about the philanthropy of giving time as well as money. It was noted that people who are actively involved in causes through the giving of time often also gave money. When promoting a campaign, having a wide membership of engaged people, whatever their social class, was seen to be important in demonstrating need and legitimacy and in raising funds. Active engagement of a wide group of people also has the added benefit of building a sense of community. Attendees also spoke about a changing trend in volunteerism with more young people volunteering to improve their employment prospects, rather than purely for philanthropic purposes.

### **Nicola Jeffery, Fellow, Clore Social Leadership Programme**

#### **1 Robert Dufton: Introduction**

I am Robert Dufton a Senior Fellow at Cass Business School here in the City which I've joined for one year, conducting research and teaching at the Cass Centre for Charity Effectiveness. Before this I've spent 20 years working in philanthropy, the last 9 years as Director of the Paul Hamlyn Foundation.

Thank you XX for welcoming us to the Charterhouse and telling us about plans for the future.

Also welcome everyone to the seminar. Good to see so many people here and as we can all see from the guest list, there are people from a variety of backgrounds and disciplines which I am sure will ensure our discussion is particularly stimulating. Everyone is equally welcome but I would just like to mention three people by name – mainly because their names are not on the guest list. The first is Sue Daniels, the Executive Director of Philanthropy Impact. Philanthropy Impact is a new organisation which aims to inspire and to understand philanthropy here in the UK and beyond, but it has long roots as it incorporates three much older bodies, the European Association for Philanthropy & Giving, Philanthropy UK and the Philanthropy Advisers Forum. And I'd particularly liked to welcome Professor Ram Cnaan and Professor Femina Handy from the University of Pennsylvania's School of Social Policy and Practice. They are both eminent scholars in the non-profit world, and are on a short vacation here in London but decided to come and take part in this afternoon's seminar.

This seminar forms part of two different programmes of events. First it is part of the programme created by the initiative City Philanthropy to support the exhibition "*Philanthropy: The City Story*".

*City Philanthropy - A Wealth of Opportunity* is a three-year initiative funded by the City of London Corporation's charity City Bridge Trust (CBT). It aims to embed a culture of effective philanthropy in the City of London (and Canary Wharf), particularly among a younger generation of professional and to promote London as a global centre for effective philanthropy. The exhibition is one of the strands of the City Philanthropy - A Wealth of Opportunity initiative, and I am grateful to Cheryl Chapman who is leading the initiative for her support, and specifically for paying for the drinks reception.

And second, this seminar is part of the 2013 annual Festival of Social Science organised by the Economic and Social Research Council, the ESRC. The ESRC too has given financial

support for this seminar (though they want me to make it clear that as a public funding body they are happy for a small part of their grant to be used to pay for the tea but they aren't able to fund alcoholic drinks, hence our particular thanks to City Philanthropy!)

I know that academic colleagues will be familiar with the ESRC and the Festival of Social Science, but others may not know it well. So I'll briefly tell you about its work, and in particular the Festival.

The Economic and Social Research Council is the UK's largest organisation for funding research on economic and social issues. It supports independent, high quality research which has an impact on business, the public sector and the third sector. It is mainly funded by the Government. Each year the ESRC promotes a Festival of Social Science which takes place during the first week of November across the country. It is intended to bring social science research to the wider population here in the UK, not only to inform them but also to create discussion between researchers and the public, policy-makers, and people who work in the business or third sector.

Now this afternoon we're here to discuss philanthropy and social change, both past and present. I had the idea for this seminar because last year when I was beginning to think about the research I am now undertaking – my specific interest is in direct advocacy by foundations, that is where they pursue their aims by carrying out influencing activities themselves rather than by making grants to other charities - I was struck by how some commentators presented social change philanthropy purely as a modern phenomenon. So I wanted to learn more about whether, and to what extent, it was influenced by the past. And given the audience we have this afternoon it seems that quite a number of people are interested in this too. So I hope we are all here to learn from each other. But to get the discussion started we have four people who between know a great deal about this and who've generously given their time to prepare for, lead and take part in this afternoon's discussions. I am going to introduce them in the order in which they will first speak:

**Dr Cathy Ross.** Cathy is the Curator of the exhibition "*Philanthropy: The City Story*" which I hope most of you have had a chance to see. Cathy is curator emeritus and Honorary Research Fellow at the Museum of London and was until recently its Director of Collections and Learning. I had the privilege of being a governor of the Museum of London until very recently and so I know at first-hand how much Cathy has contributed to its work, and how she has fostered a research culture there, and authored many of its publications, both scholarly and for a general public.

**Frank Prochaska.** Frank is a historian of modern Britain with a special interest in philanthropy, the monarchy and nineteenth-century political thought. He is the author of many critically acclaimed books. I'll mention just two. The first is *Christianity and Social Service in Modern Britain* – appropriately as we are located in a former monastery which has for the last four hundred years but continues to this day to operate as an almshouse. And also "*The Voluntary Impulse – Philanthropy in Modern Britain*". He has taught at universities on both sides of the Atlantic. For a number of years at Yale but more recently he has joined the History Faculty at Oxford University.

**Nick Acland.** Nick is Director of the Henry Smith Charity. He took up this role a year ago, but for the previous five years was a trustee of the Charity. Previously he worked in the business sector, in manufacturing. It is now one of the largest independent grant-making foundations in the UK but it originates from land given during the lifetime of Henry Smith, and a bequest upon his death in 1628 for the relief of his poor kindred and persons enslaved by Barbary pirates. In the 17<sup>th</sup> century the relief of British people from captivity in North Africa was a pressing social concern, as many of us now know, having read “*Captives*” Linda Colley’s history of British people in captivity. She estimates that at one point there were over 20,000 British civilians enslaved in the sultanates of North Africa.

**Professor Cathy Pharoah.** As we have two Cathys, I may distinguish between Cathy R and Cathy P. Cathy is one of my colleagues, as she is also at Cass Business School where she is Co-Director of the ESRC research Centre for Charitable Giving & Philanthropy. She was for many years Director of Research at the Charities Aid Foundation. She has published extensively on charitable giving.

Finally, I’d like to introduce **Nikki Jeffrey**. Nikki will be producing a note summarising the key points made by the speakers and summarising the key points of the discussion, although the latter will be on a Chatham House Rules basis. Nikki is a Fellow of the Clore Social Leadership Programme, where her secondment was to the Association of Charitable Foundations and has just published research on the engagement of UK charitable foundations in the social investment market to date. Before starting her fellowship, Nikki was chief executive of a UK-based international development charity.

## 2 Dr Cathy Ross

The exhibition downstairs explores philanthropy in one particular place – the City of London. The story it tells is, thus, a specific one, reflecting the values, events and processes at work in that idiosyncratic ‘community’ over the centuries. Given London’s distinctiveness, it is probably dangerous to draw too many conclusions about philanthropy in the UK in general from the particular examples of what went on in the City. Nevertheless, I’d like to share some broader thoughts about philanthropists as change-makers in the past, thoughts prompted by *Philanthropy: the City Story*.

We’ve been asked to think about philanthropists as change-makers, particularly in terms of social change rather than just relieving need. The first point I want to make is how fuzzy that distinction is when looking at philanthropists from the past (the post-Reformation bit of the past, that is). For many people now dubbed ‘philanthropists’, giving to charity was just one part of a much wider spectrum of activities all of which were assumed to improve the common good; a spectrum that certainly included commercial activity and the personal enrichment that resulted.

Case study one here is Thomas Sutton, the wealthy merchant who endowed Sutton’s Hospital in the Charterhouse. His will of 1611 dispersed his money to an extraordinarily wide range of things besides the hospital. Cash was left to individuals – among them prisoners in Newgate and the fishermen of Ostend; to civic infrastructure projects - repairing the bridge at Berwick upon Tweed; and to the encouragement of capitalism – £1,000 was left to the Corporation of London ‘to be leant to 10 young merchant men, not having any great stock of their own’. Charity here is one route among many towards change.

A later example of relief being undertaken and understood as part of a bigger picture of national improvement is the charity to establish a soup kitchen in Spitalfields, formed by a committee of men at Lloyds Coffee House in 1797. This was a charity inspired by an immediate situation of social distress, but it aspired to bring long term change, by ‘alluring the labouring population into a better, cheaper and more economical mode of preparing their food’. It is no surprise to see that one of the promoters was the magistrate Patrick Colquhoun, a zealous inventor of metropolitan improvement schemes. Here, as for many other philanthropic initiatives of the day, relieving need was not just about humanitarian compassion but also about social change through removing impediments to national progress.

My second reflection about philanthropists as change-makers is about visibility: specifically the importance of buildings. Today’s charities are perhaps less inclined to proclaim their presence through a lavish and eye-catching building - visibility today coming through the media, rather than bricks and mortar. However buildings certainly played an important role in the past as, if you like, ‘role models’ for philanthropy, public statements of values and achievement. The best example here is the outbreak of institutional buildings around 1800 – 1830: orphanages, hospitals, asylums and almshouses, all classical in style and seeming to embody the idea of London as the new Rome or Athens.

Making philanthropy so visibly part of England’s claim to be top-nation was certainly something that foreign visitors tended to notice. In the 1820s, the Polish writer Krysten Lach-

Szirma remarked that 'England is famous among all nations for its charity institutions. There is no distress, trouble or disability which is not the concern of some charity' However visibility does not always bring admiration and 20 years later, another European visitor, Friedrich Engels, was enraged by the 'vilest hypocrisy' that these institutions seemed to him to embody:

'What! The wealthy English fail to remember the poor! They who have founded philanthropic institutions such as no other country can boast of! Philanthropic institutions forsooth! As though you rendered the proletarians a service in first sucking out their very life-blood and then practising Pharisaeic philanthropy upon them, placing yourselves before the world as mighty benefactors of humanity when you give back to the victims the hundredth part of what belongs to them!'

To Engels, of course, social change meant something far more revolutionary than merely embedding philanthropy in national pride and identity. Perhaps, the general point to reflect on today is that buildings can in their own way be agents of change just by existing in the public space as permanent reminders of what should and could be done with wealth.

My third point is about critical mass. And here I am thinking of an area where philanthropy could be said to have been the pace-maker, as opposed to just following in the footsteps of wealth-creation: elementary education. From the late 17<sup>th</sup> century onwards England saw a vast proliferation of small local schools - charity schools, parish schools, dame schools, ward schools, ragged schools, Sunday schools, hedge schools etc. All were local in scope and small in scale so in no sense could be said to make up a unified national network: nevertheless, together they created an essential foundation for a national system of compulsory elementary education when it eventually arrived in the late 19<sup>th</sup> century. If there is a reflection here it is about critical mass, that the power of philanthropy to bring social change may be about lots of individual philanthropists choosing to tackle the same thing in a broadly similar way.

The final reflection is prompted by another area where philanthropy could be said to have been the pace-maker: social housing. The activity of the mid-nineteenth-century housing philanthropists – George Peabody, Sydney Waterlow among them - provided a template for local councils to follow when they entered the scene a few decades later. Peabody, it could be said, invented the council estate. The point here is partly about critical mass but is also about pursuing philanthropic goals in an explicitly business-like way. These '5% philanthropy' housing trusts delivered social improvement at the same time as they delivered a return on investment for their shareholders. They were property developers who often worked hand in hand with embryonic local government bodies, buying up land cheaply from the Metropolitan Board of Works, for example. The survival of the housing trusts down to the present day is partly a testament to their success, and they underline the point that robust business models are pretty essential for achieving long-term change, a point that modern charities need no reminding of.

So in conclusion, here are my four reflections on philanthropists as change-makers, all prompted by examples from the City's past. The favourable factors that feed change are: where charity is deeply embedded in the 'business as usual' of society; where philanthropy

is visible – and buildings can help here; where there is a critical mass of philanthropists working locally but in the same broad area; and where philanthropists pursue their goals for social change in a ruthlessly business-like way.

### 3 Frank Prochaska

I would like to touch on a few themes that may be of interest to today's meeting, but which do not often receive the attention they deserve. They may also challenge the received wisdom—and the standard historical model--that charity is essentially an activity that takes place between classes that is the better off giving to the poor. At the moment the media and the charitable establishment seem to have a fixation with the rich redistributing some of their vast wealth in the hope of bringing the two nations closer together.

Of course, there is much to be said for this conventional interpretation, but it does a disservice to a tradition that is so protean. The wealthy have contributed mightily to philanthropic enterprise but we should not assume that they have ever typified or towered over British philanthropy. The largest charities in the 19<sup>th</sup> century were the missionary and bible societies, which raised most of their funds from modest donations through a system of auxiliaries spread across the country. For every great patron there have been countless local volunteers, who provided goods and services, while providing the backbone of the nation's civic pluralism and civic participation. Sadly, their work is rarely thought notable today, for we have become obsessed with celebrity, which tends to obscure the wider meaning of charitable activity.

Much charity is carried out within social classes. Think of those philanthropists, great and small, who gave to nineteenth-century Oxford and Cambridge colleges, to museums and to the arts. Who benefited? When the Victorians hosiery manufacturer Samuel Morley contributed to higher education, he said that he wished to provide for the sons of the middle class. The patent medicine king Thomas Holloway saw middle-class women as the principal beneficiaries of his college in Egham. The John Rylands Library in Manchester, the Walker Art Gallery in Liverpool and the Tate Gallery in London were founded as great civic institutions open to all, but who were their principle users. Such benefactions do not fit easily into the conventional model of the rich helping the poor.

The nineteenth-century charitable yearbooks list hundreds of agencies which catered to genteel applicants, from decayed merchants to old Etonians. Actors, artists, musicians, playwrights, governesses, lawyers, dentists, clergymen, naval and army officers all had institutions for the support. In addition there were hundreds of charitable convalescent and rest homes which catered to middle-class patients. The Charterhouse itself may be seen today as an institution for distressed gentlefolk.

If the middle classes looked after themselves—so too did the working classes. Charity was essential to survival in the makeshift economy in humble neighbourhoods. It was so extensive that Frederick Engels declared that workers were 'more charitable than the rich'. A London cleric observed a century ago that 'the poor breathe an atmosphere of charity. It is largely this kindness of the poor to the poor which stands between our present civilization and revolution'. In the 1950s, the Nathan Committee on law and charitable practice uncovered a rich seam of unpublicized philanthropy across the country that made 'satisfactory social relationships possible.' Today, it would be useful if our metropolitan journalists left their computers from time to time to visit the deprived neighbourhoods and housing estates in Britain. They would be surprised to find a level of formal and informal

kindness that is an essential part of the day-to-day life in poor communities, what may be called the *white economy* of charity that coexists with the more talked about black economy. When thinking about working-class voluntarism, historians have concentrated on the co-operative and friendly society movements—the philanthropy of the poor to the poor is rarely mentioned. In the nineteenth century, working-class men and women established their own schools, soup kitchens, washhouses, temperance societies, servant societies, Salvations Army shelters, boot and clothing clubs, navvy missions, sick clubs, mothers' meetings, visiting societies and relief funds. Half of the income of several hospitals in the north of England came from workingmen, while Miners established cottage hospitals in South Wales. Charities proliferated in a prosperous nation unsettled by social change and splintered by religious, class and local allegiances. They also allowed minorities to prosper in their own enclaves of belief. Through self-governing associations diverse ethnic and religious minorities, who were culturally vulnerable or politically isolated, forged a relationship with the wider society. In the nineteenth century, Germans, Italians and Frenchmen had their own hospitals in London, while Catholics, Quakers and Jews founded innumerable charities to protect their communities. In recent years, the Charity Commissioners have reported the registration of hundreds of Islamic and Muslim societies, which is in keeping with this tradition.

Historically, much philanthropy had a missionary character. The rival denominations worshipped themselves, and they believed it imperative to teach their children the tenets of their faith, if only to pass on their traditions to another generation. The vast expansion of self-governing charity and Sunday schools in the nineteenth century should be seen in this context. Sectarian rivalry and factional politico-religious struggle beset education but gave it life. That so many poor children learned to read was in no small measure due to religious rivalry and intolerance.

Another theme I would like to emphasize is the importance of women in philanthropy. As I have written elsewhere, there was a feminization of charity in the nineteenth century. The successes of women in philanthropy helped to soften the blow when they turned to those employments that would have been the preserve of men in an earlier time. Indeed, female philanthropy was the taproot of women's emancipation, for it was the lever they used to open the doors closed to them in other spheres, for in its variety it was experience applicable to just about every profession in England.

Denied opportunities elsewhere women flooded into the charitable world. A few figures will give you some idea of the trend. In the 1790s, typically, only about 5-6 per cent of subscribers were female in those charities that published annual reports. By 1830 the figure was more likely to be around 30 per cent and by the end of the century over 60 percent. At the same time, women were founding their own charities, usually to do with causes relating to women and children. Over the years some of them became prominent pressure groups for such causes. Witness the Mothers Union, founded in 1876, which has a long history of lobbying government on social policy.

Likewise, women have been formidable in what would now be called social enterprise. When Octavia Hill and her colleagues founded the National Trust in 1895, they explored the possibility of persuading firms to take over ancient buildings and appealed to Parliament for

legislation to facilitate the preservation of places of historic interest. In fund raising too, women showed remarkable enterprise. Doing good while doing trade was at the heart of their ingenious non-profit money making. Probably the greatest single invention for charitable money making ever created was the charity bazaar, or ladies' sale, which raised roughly 50 million pounds in the Victorian years for virtually every cause in Britain—I have found no evidence in those years that a man ever organized one. The charity shop, by the way, is not a recent invention, but was established in the Victorian years by charitable women.

Women had become so prominent in the district visiting charities—the origin of social work—that the pronoun 'she' was used to describe visitors. The great Victorian philanthropist Josephine Butler went so far as to say that charity was essentially 'feminine' while large legislative welfare programmes were 'masculine' in character. The distinction pervades the literature of the nineteenth century. What Butler meant by charity was essentially the tradition of Christian personal service—the moral relationship—that was behind so much nineteenth-century philanthropy, both male and female.

In recent years, several leading female charitable campaigners have told me that they were becoming alarmed by what has taken place in their institutions, as the personal relationships between charities and their beneficiaries have become increasingly distant and perfunctory. Indeed, this is a subject that has come into the news lately, particularly as it relates to the time allotted to visiting the aged. One of the issues that we might like to discuss is the growing corporate character of philanthropy in recent decades, as charities have become more bureaucratic, dare I say 'masculine', through government contracts and regulation. In 1980, about 10 per cent of overall charitable revenue came from government sources. Today it is pushing 50 percent, turning many institutions into little more than quangos in a devolved form of collectivism. Today's discussion has as a principal theme the role of philanthropy in social change. Equally interesting, is the social change taking place in philanthropy through its growing dependence on government funding.

In conclusion, I would suggest that philanthropists have contributed as much to social stability as they have to social change. Indeed, the changes they have pioneered were typically in the interest of maintaining social stability. They have always been most effective where they have blended into their surroundings, where their labours are personal, natural and unexceptional, in actions that prevent catastrophe or help people through it, that avert every day disappointments, or which offer people the possibility of getting outside themselves into wider experience. Philanthropy's quiet contribution to social stability and civic democracy should not be underestimated. But various and divided, it is not suited to move heaven and earth, certainly less so than the state, which has also failed to bring forth the Millennium. If it makes life in Britain more bearable and humane, while giving meaning to the giver in the process, it has success enough.

#### 4 Nick Acland

Henry Smith died in 1628 having made his money lending to cash strapped aristocrats: In a decree of 1620 he set up a trust which gave his income, apart from £500 per annum for his living expenses to the poor in six towns in Surrey and parishes of his estates. As an aside £500 was not a bad annual income depending on how you look at it something between £1.2m on labour rates or £17m in terms of economic power.

On his death in 1628 through his will he set up a number of bequests:

- £1000 for relief of poverty among his poor kindred – sister's children being childless himself
- £1000 for relief and ransom of poor captives being slaves under Turkish Pirates
- Poor Parishes - £2,500 Richmond, Reigate, Wandsworth
- £10,000 of debts owing to him for relief and maintenance of godly preachers and furtherance of knowledge and religion

Certain classes of 'poor' were excluded – 'those given to excessive drinking, whore-mongerers, common swearers, pilferers or otherwise notoriously scandalous persons, vagrant persons or those who, if able, refuse to work'.

He gave detailed instructions to the parishes about administration, record keeping, and publication of beneficiaries. For the impotent and aged poor who received benefit he specified they should receive apparel of a single colour emblazoned with badge or mark to identify it as gift of Henry Smith.

What motivated him? Difficult to ascribe motive to anyone's philanthropy – but can we guess? He was clearly a shrewd businessman - when one of his major debtors the Earl of Dorset died it appears there was some danger to Henry's business empire. He tied in many of the Earl of Dorset's highly indebted circle of friends/business acquaintances as his first trustees. Was this a way of protecting his business's future?

Did he look for recognition, social status gained from his philanthropy? Certainly badging cloths etc made his giving very public!

Was he wanting to redeem his soul? 'Repent' for his life of usury? Perhaps. Or did he have a straightforward desire to help people less fortunate than himself? I suspect, as with most people, his motives were complex – human nature has not changed much!

**Was he aiming to bring about Social change?** I do not have the sense of a social reformer or someone wanting to change the structure of society. His philanthropy appears predominantly to have been focussed on direct relief of individual hardship. His funds were used to pay ransoms to get people back from the Barbary pirates NOT to eliminate the pirates – to me that seems to be working within the system rather than changing it.

#### What about today – how have things changed?

We still support the poor kindred of Smith - £700k per year

Still support the parishes - £600k

Run small grants scheme in counties where Henry or his trustees had estates - £1.2m.

We still support godly preachers to needy clergy £500k through CoE dioceses and further £350k on furtherance of religion specific projects, we have recently introduced an ordinand bursary fund to help those in need go to theological college in response to the introduction of tuition fees.

**So 385 years later Henry's Will still has a real influence on our thinking**

Bulk of grant making £23m is to relieve poverty and deprivation and disadvantage around UK. Differences – we're perhaps not so judgmental in who deserves or not, do not require same level of acknowledgement (no uniforms etc) but actually still focus on direct help to people albeit through operating charities.

**But we are in a very different environment:**

We have a welfare state – even if it is one which is 'retreating'. The welfare state has stepped in (on a much greater scale) where previously philanthropy/charitable giving was before the only support available to relieve hardship.

A more recently there is a trend where the boundaries between State, private enterprise and charitable sectors are becoming ever more blurred

**What does this mean for Smith's now wanting to maximise the impact of our funds:**

We do not want (and indeed cannot begin to replace the sheer scale public funding cuts – for example the Birmingham local authority cuts on their own are 25 times our total annual grant making)

We do not want to support organisations with popular support as they find it easier to get funding.

We tend to go for very small organisations helping those with little public support and those who have fallen through the welfare state's net

**We are shifting slightly towards a more strategic approach with a proportion of our funds.** Recent 'Strategic' Grants have included supporting a new approach to training of Foster Carers, developing leaders to help build a stronger cross sectarian voluntary sector in Northern Ireland. Currently we are investigating whether we can do something strategic to improve the quality of life of people in care homes. These interventions do try to change the landscape in some way but I think we need to be cautious/realistic about our ability/power to change the world and wary of adopting causes. We need to be sure we can see real benefit – if we are not sure the we are better setting our sights on providing funding to organisations providing direct help to those whose lives we strive to improve.

## 5 Professor Cathy Pharoah

As the last speaker of today I have been asked to peer into the crystal ball of future philanthropy, with some predictions and speculations based on past experience.

And reflecting on the social change theme in our philanthropy, I am somewhat tempted to begin with a quotation from Aldous Huxley who said '*that (we) .....do not learn very much from the lessons of history is the most important of all the lessons of history.*' Actually, to be strictly correct, he said '**men** do not learn very much from the lessons of history'. Or, as Billy Wilder put it, '**hind**sight**** is always 20-20'.

I can't do justice to the rich history of philanthropy's multiple strands in this short presentation, so I'm going to confine it to a few – what I hope are interesting and thought-provoking – reflections on the potential role of philanthropy in future social change, drawing on some historical perspectives.

The first issue that emerges from the swirling mists in the crystal ball of the future is ***what is going to change?*** Philanthropy has made, and continues to make the most magnificent contributions to our society which would be a lot poorer without it, but society still has a mountain of problems to solve.

As the state rolls back the boundaries of welfare provision, and particularly in the current climate of austerity and public spending cuts, expectations of what philanthropy could or should contribute to social well-being continue to grow from all sides, from government to think-tanks, the sector's own policy-makers and infrastructure, from major arts, culture and educational institutions to local community groups.

My crystal ball suggests these expectations are going to grow for a while yet, but sadly there is little evidence from past or recent history to suggest that the total *amount* of philanthropy will grow at a rate to match expectations of its role in social change – in fact our limited research suggests that giving continues to represent the same share or proportion of the economic cake, philanthropy grows no faster than wealth itself.

That philanthropy's absolute value increases in line with increasing wealth is a tribute to its resilience and significance to us, of course, but it means that we are increasingly seeing out social change aspirations as being linked to the way we do our philanthropy, rather than, necessarily, to its amount: I do not see a modern form of tithe emerging in the crystal ball.

The evolving relationship between philanthropy and government will continue to be a vital issue: the respected historian Professor Bernard Harris from Southampton University says that the history of philanthropy suggests that attempts to reform society radically cannot be achieved through philanthropy alone, and that it has always sought a relationship with the role of the state. In fact, he argues that the question is not about *whether there is a relationship, but how it changes over time.*

For example, while the early 19<sup>th</sup> century saw a restriction on the provisions of the Poor Law and encouraged voluntary expansion, by the late 19<sup>th</sup> and 20<sup>th</sup> centuries, the new

philanthropy began to work with the state to scale up change, with the situation changing radically after the Second World War when the welfare state began to emerge.

You can virtually see this process mirrored in the evolving philanthropy of the Cadbury family described in the beautiful book which the Barrow Cadbury Trust produced this year to celebrate its 150-year anniversary. Over time the Trust's dedication to the development and provision of the emerging needs for public welfare saw it accumulate a wide range of grantmaking to individual institutions. The establishment of the Welfare State, however, meant funds could be diverted from individual institutions, and opened up the scope for a fresh role. Paul Cadbury became very active in local government, and his pursuit of better post-war housing and reconstruction led to his personal involvement at government level through the West Midland Group and Central Housing Advisory Committee. Increasingly seeing that philanthropy could complement but not substitute for government, he began to donate in more targeted and specialised ways, for example funding protection of the Birmingham green belt, and research on '*The Location of Industry*' at Birmingham University.

Philanthropy is rich in stories of individual institutions, both grantmakers and service-providers, adapting their role in the light of public policy: in a contemporary example, the government's Sure Start programme for pre-school intervention, changed the course for many existing local children's organisations who no longer had a role.

The Cadbury story shows philanthropy continuously re-defining its wider role in social reform and relationship to government; one intention of the recent book is to suggest to today's philanthropists that they are going to have to emulate the Victorians, and take on a leading role in social change and reform – we have come full circle. But what has changed, of course, is that the Trust was set-up on the threshold of welfare reform. Early social reformers stepped into a void, and their contribution was inevitably additional. The challenges of the future arise from what some see as a post-welfare state, with philanthropy charged to come up with innovative and cost-effective approaches where governments, with all their resources, are seen to have failed. I see a very tall order in my crystal ball

So how might the future relationship between philanthropy and the state, between private and public agendas, evolve? One option is philanthropy getting closer to government and public policy: some of our major philanthropists today are clear that social change initiatives and policy can only have a radical impact if they enter the mainstream; this has various manifestations, and I'll mention a few examples:

- the DCMS/ Wolfson Foundation partnership for cultural buildings' maintenance
- the recent Cabinet Office paper on the 'Co-mingling' of philanthropic and public finance for social investment
- the international programmes of CIFF /Gates, which emphasise rolling interventions out into mainstream service development
- philanthropy's increasing presence in particular in areas of public policy, especially in educational need around primary and secondary schools in the inner cities and

where it is, as a result, increasingly drawn into the policy arena: a similar position in the US has been highlighted by commentators such as Rob Reich from Stanford.

I think that philanthropic influencing through co-provision will grow, though it's not clear how far, because of the limits of philanthropic resources. We have been here before. The impact of rehabilitation on ex-offender outcomes - the focus of today's experimental Social Investment Bonds - was addressed by Cadbury in the 1960s through 'the Southfield Experiment', a special hostel it established and funded for young male offenders. Its funding was later taken over by the Home Office.

The risk of using philanthropic resources for mainstream service provision is that they get tied up and lose their scope to innovate and change. The Social Investment Bond is an attempt to tackle this by encouraging the investment of philanthropic resources to drive radical and effective social change, enabling them to achieve a financial return and move on. This is a truly speculative investment, in which there are many unknowns in relation to outcomes and return on investment: it is an approach likely to offer opportunities in service areas where there are clear inefficiencies, though no general magic bullet.

Going back to the emerging relationship between philanthropic and public provision of welfare, history shows us that greater involvement of philanthropic funding in public welfare policy and provision could have several different consequences:

- one is that it could result in fragmentation and individualism in provision, as well as mismatches between areas of need and actual provision, ultimately leading public provision to step back in: philanthropy is partial and partisan, and the emphasis on the donor's preferences and 'private passions' as its key driver appears to be increasing
- or it could lead, as we have seen in the US, to government drives to regulate and place greater restrictions on foundations' accumulation of funds, and their scope to act in certain areas
- it will certainly lead to increased public scrutiny of the role of philanthropy, which until now has had significant freedom to pursue a relatively private agenda, or work quietly in the background, often championing vital causes with which the general public has little sympathy or understanding.

Influencing policy through direct or indirect advocacy is another way in which philanthropy might try to increase its power to generate social change, and here again history teaches us how effective philanthropists can be when they tackle specific and neglected but vital areas of policy influencing the lives of marginalised groups in society. Geraldine Cadbury, widely regarded as 'ahead of her time', tackled the treatment of young offenders at multiple levels through changing attitudes, and lobbying for legal and political change. Heavily personally engaged, she became a leading Home Office advisor, co-funding initiatives with Rountree, and founding the Juvenile Court which pump-primed new public services. My own research on family foundations last December shows a number of foundations, while reluctant to take

on what they regard as public welfare responsibilities, see a growing role for themselves in attempting to influence public policy.

Finally, I want to comment on two areas of social need which were important to the social reformers of the past, and where a new reformist role for future philanthropy has been envisaged.

The first re-addresses utilitarianism in a novel philanthropic way. Suggesting donors set aside their hearts in favour of their heads, a report by New Philanthropy Capital, supported by Barclay's wealth, *Early Interventions: An Economic Approach to Charitable Giving*'....asks if we should '*be taking a broader, utilitarian view of what can be achieved by charitable donations?*' – at a time of austerity, should donors decide on a gift by its potential to make savings in public expenditure as much as its beneficiary impact? It recommends investment in what it calls 'root causes', gifts tailored to the costs of specific early interventions in families with complex and multiple problems, such as US Family Nurse Partnerships (FNP), where trained nurses visit young, first-time mothers from early pregnancy until their child is two. A US evaluation claims such programmes can create savings of over \$5 for every \$1 invested by the time children reach 15, due to reduced welfare and criminal justice expenditure, and improved health.

Such early intervention is another idea which has come full circle. The Barrow Cadbury Trust also promoted it, providing safe, healthy places for women and girls, and children with poor health to live in. Their approach, however, truly tackled the root causes of deprivation which lie in living conditions, and not what is, in practice, the manifestations of deprivation in complex family difficulties later down the line. Individual interventions rarely tackle root causes, whose scale and intractability defy philanthropic resources. Future philanthropists who fail to learn the lessons of the early reformers may run two risks – that of becoming disillusioned, and of failing to grasp where the limited resources of philanthropy might be at their most effective.

So, to end, I will turn to my final example. This is a recent review of the potential role for philanthropy in affordable housing, which builds on historical experience to identify future philanthropic interventions which are realistic, which build on traditional modes of support for the needy as well as on investment in innovation for change, and which eschews grand claims of social change in favour of what one of its authors calls 'nibbling at the edges'. Entitled '*Rebuilding the relationship between affordable housing and philanthropy*', a new publication from The Smith Institute, Peabody, and New Philanthropy Capital (NPC), refers quite deliberately back to the history of Victorian philanthropy and the investments of Cadbury, Rowntree, Peabody and others in decent living conditions. None of its expert contributors believes that today's philanthropy can seriously dent UK housing need - a refreshing, frequently depressing, acknowledgement of the limitations of bringing the David of philanthropy to tackle the Goliath of housing need. Together, however, they suggest a number of targeted areas where philanthropy might realistically make a difference. For example, it argues that while Philanthropy is highly unlikely to provide the large-scale reliable capital funding scale which housing investment today needs, it might be able to make a difference in specific areas such as a potential Social Impact Bond for supported housing for the elderly, which could reduce emergency hospitalisations and their associated costs. It

could make riskier programme-related investment in areas of high housing need, providing the subsidy which might just free up private investment in housing, so-called ‘mix-motive’ finance, co-mingling philanthropic investment in the provision of specialist housing for the most vulnerable.

To sum up my lessons of history for the future of philanthropy:

- firstly, philanthropy is in danger of not learning any!
- secondly, philanthropy does not have, and is unlikely to have, the resources to tackle social change by itself
- thirdly, a grand social reform agenda may obscure an appreciation and understanding of where philanthropic intervention can be most effective
- fourthly, greater engagement in the social policy agenda is going to bring philanthropy more into the gaze of governments and the general public, for which they may be unprepared.

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