

THE MORALITY OF CHARITY

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Introduction

Since arguably the most powerful grant maker in the world, the Bill and Melinda Gates Foundation, was set up in 1994, it has given nearly \$23 billion to charitable causes. Its best known work is its search for a cure for malaria, though it funds far more widely in global health, the US state education sector and beyond. The foundation is (for the most part) applauded and respected around the world.

But what if the Gates' had chosen to use this huge amount of money in a different way. What if they had given the money, all of it, to, say, Harvard University instead. Would the many champions of the generosity of Bill Gates be quite so bullish then?

And what if they had gone one step further and made it a requirement of the grant that Harvard changed its name to Gates University. We might find such self-serving philanthropy even less appealing.

This evening I want to ask whether we can, and should, judge charitable actions. Should all charitable actions be applauded? Or should we, in some cases, be looking to encourage more thoughtful giving by donors instead?

One often hears exhortations to people to give more, but rarely does one hear pleas for donors to give better or more smartly. In this lecture I want to explore whether and how one can frame an argument for donors to give “well”.

Is it possible to pass judgements on how donors give, or to where they give?

What evidence is there that donors use or want information about charities?

And, can and should anything be done to improve this?

First, though, we need to acknowledge two major things that are wrong with giving in the UK—low levels of giving and declines in the numbers of people giving.

The most recent figures, now a little dated, are for 2008/09. These showed giving by individuals amounted to £9.9bn, less than 1% of total income.

This percentage has not risen during the past 20 years (it has during this time fallen and then clawed back to the previous level). As we have become richer we have not become more generous.

And fewer of us are even giving at all. The same figures show that 54% of the population donated in 2008/09, just over half of us. Even if it picks up a little when new data is published shortly, the figure has been steadily

declining. It was 68% in 1998. That fall is equivalent to around one in eight of the population stopping giving altogether.

Such a decline is disturbing and these problems need more attention. They provide the context for any discussion about how “well” donors give and what might be done about this.

Key questions

There are two key questions I want to address tonight.

First, can you assess and judge different charitable acts in terms of their morality. Is some giving simply “better” than others?

And second, even if you can assess and perhaps rank types or destinations for giving, should you?

Can you judge charitable giving?

I think there are two aspects to giving “well”. These are choosing the right, the most deserving, causes; and choosing the right organisations to support. For practical reasons I am going to concentrate mostly on the first aspect.

A couple of years ago, the philosopher, Peter Singer, wrote a short and compelling book called *The life you can save*.¹ This was a clear and unequivocal call for people to give more to charities, in particular, charities which work to combat extreme poverty and promote international development.

Singer’s call was based on moral reasoning, arguing that there is a moral imperative for us to give more.

This moral dimension was echoed in the announcement of large scale gifts by a number of US-based billionaires in August. Joining “The Giving Pledge” launched by Warren Buffett and Bill Gates in June, 38 billionaires committed to give at least 50% of their wealth to charities.² The Giving Pledge describes itself as a “moral commitment.”³

If one can construct a moral argument that people should give and give more, is it not also morally right to give well? There is no difference between the two in principle, only in practice.

If I have a duty to give more to alleviate suffering, then I have a duty to ensure I alleviate as much suffering as possible with my money. I cannot see how you can believe in one and not the other.

(The only way they can differ is if the original objection is to the donor having wealth in the first place. In that case, just getting rid of the money is an end in itself. Most people, though, would argue that the application of the money to charitable ends is important.)

An alternative way of putting this is to suggest that donors should seek to apply their funding more effectively. Instead of asking donors to give, say, 20% more, why not ask them to be 20% better, to pick the right causes and give to projects and organisations that deliver better results and have greater impact.

Most people already casually make judgements about what type of giving is “right”. I believe that one’s instinctive response to the question about the Gates’ foundation illustrates this.

¹ Singer, P. (2009) *The life you can save*. Random House: New York.

² BBC website, <http://www.bbc.co.uk/news/world-us-canada-10870361>, accessed 4 August 2010.

³ The Giving Pledge website, <http://givingpledge.org/>, accessed 4 August 2010

Another illustration of this point can be made quite simply. Imagine that Peter Singer's book was not called *The life you can save* but instead was *The stradivarius you can save*. It might be just as heartfelt but it would lack the same moral force.

Where we give and how we give matters, morally. Some charitable causes are just "better", and more deserving, than others.

But charitable law and classification does not reflect this. All charities are equally worthy before the law.

Of course, our understanding of what is legitimately charitable changes over time.

One of the earliest examples of a charity in England raised funds to purchase wood with which to burn witches.⁴

And more recently, in the 20th century, some charities distributed cigarettes to wounded soldiers in hospitals, as sedatives. This was eventually disqualified as a charitable purpose.

But these changes happen slowly. The Charity Commission's guidance on public benefit states:

"the courts have taken the view that only a radical change of social and economic circumstances, supported by sufficient evidence, would justify deciding that something previously accepted as charitable is no longer charitable."⁵

The reality is that giving to registered charities provides some protection that money is being used to good intent, but only little. A few charities inadvertently even do harm. Yet neither the courts nor the Commission are much use in assessing whether some seemingly sensible charitable activities end up doing damage.

Short-term mentoring, for example, can leave children worse off than if they received no help in the first place. And attempts to "scare straight" children, an intuitively smart way to tackle bad behaviour, don't work but in fact make things worse.⁶

Yet the Charity Commission does not issue guidelines on how to do mentoring well or how to regard projects working with children at risk of falling into crime and violence.

In other words, don't rely too much on regulation to tell you what to avoid. That is not a criticism of the Charity Commission; it is simply how it is designed. It is not constituted to tell you what works, rather it simply interprets and polices the intention to provide public benefit.

So, even if a donor adopts the straightforward maxim "Do no harm", there are risks and dangers. And no simple rules. Which obviously begs the question of whether the donor should be held responsible for making poor choices. Or, more positively, whether they should feel obliged to make good ones.

I think we need to be more ambitious and think beyond the current public benefit rules. We need to ask whether it is possible to design frameworks that catalogue charitable causes, and, ultimately, charities, according to their field of work. One could then say that certain causes and organisations are inherently more worthwhile than others.

⁴ Whittaker, B. (1979) *The Foundations—An anatomy of philanthropic bodies*. Penguin: London.

⁵ Charity Commission website, http://www.charity-commission.gov.uk/Charity_requirements_guidance/Charity_essentials/Public_benefit/public_benefit.aspx, accessed 4 August 2010.

⁶ van Poortvliet, M., Joy, I. and C. Nevill (2010), *Trial and error: Children and young people in trouble with the law*. New Philanthropy Capital.

There have been attempts before to prioritise causes. One example is the Copenhagen Consensus which gathers together eminent economists, many of them Nobel prize winners, and asks them to deliberate and rank causes for a notional \$50 billion of additional spending.⁷

People have objected to the Copenhagen Consensus, for a host of reasons. But the process of teasing out what is important has value and merit.

Peter Singer's book contains an implicit belief that some charitable causes are better. He declares child mortality as the most pressing reason for people to give more. It is difficult to argue with this.

Others have taken a different approach.

For example, the academic and former Clinton-era politician, Robert Reich, believes that charitable giving to curb inequality is better than giving that does not do this and which perhaps even increases inequality.⁸

Robert Reich has argued that there should be tax breaks for charities that direct support to the poor, and help to reduce inequality, and not for others. This, obviously, assumes that reducing inequality is desirable, but let's not enter that debate here. The important point is that Reich has proposed a ranking for different types of charitable giving.

The depth of feelings about the charitable status of some public schools surely reflects a belief held by many that some things are more clearly charitable and deserving than others.

Within individual fields, too, one can see attempts to decide what is most important. Indeed, NPC has worked with a number of clients to help them do just this—choose which areas are most important and need funding most urgently.

One might argue that all such attempts are based on some notion of what is important. They are not independent of values. We know that it is not possible to define a universal moral standard which everyone can sign up to.⁹ So, one might argue, it is not possible to define a set of the most deserving charitable causes.

I can accept that to some extent. But not all the way. Attempts to prioritise charitable causes are valuable, forcing us, as a minimum, to question the choices we make when giving away money. Making our implicit choices explicit is valuable.

Perhaps a sensible place to start would be a minimal system of prioritising needs. Something like Maslow's hierarchy of needs could be useful.¹⁰ This begins with physiological needs such as food and water; rising through to safety, belonging, esteem, and ending with self-actualisation (such as creativity).

There are criticisms of Maslow's hierarchy, but it provides a useful potential taxonomy for cataloguing and prioritising charitable needs.

I believe that such a hierarchy would even be able to accommodate apparently contradictory charitable goals.

Let's consider one pair of charities whose goals are in direct opposition to one another, the British Humanist Association and The Catholic Trust.

⁷ Copenhagen Consensus Center website, <http://www.copenhagenconsensus.com/CCC%20Home%20Page.aspx>, accessed 21 September 2010.

⁸ Reich, R. (2006) *Philanthropy and its uneasy relation to equality* in *Taking Philanthropy Seriously*, Damon, W. and S. Verducci (ed.). Indiana University Press: Bloomington and Indianapolis.

⁹ Sandel, M. (2008) *Justice*.

¹⁰ Maslow's hierarchy of needs, Wikipedia website, http://en.wikipedia.org/wiki/Maslow's_hierarchy_of_needs, accessed 21 September 2010.

The British Humanist Association aims to promote humanism. One of its goals is to remove worship from school assemblies, and it was a supporter of “Protest the Pope”, a campaign which sought to prevent the Pope’s recent visit being a state occasion.¹¹ In contrast, The Catholic Trust for England and Wales works to promote the Catholic religion, and supported the Pope’s state visit.¹²

One can imagine these two organisations gnashing their teeth at one another, each vying to out-do their foe in delivering “public benefit” and stopping the other being successful. And as the public benefit from one increases, so that from the other declines.

Yet despite their apparent conflicts, each organisation could sit comfortably within the higher echelons of Maslow’s hierarchy without us having to choose between them, so long as they addressed the same level of needs. Donors could simply make their choices subject to which charitable approach or mission they preferred.

So, I believe it is possible to create frameworks in which one can understand more about the importance of the work of individual charitable causes. At a minimum, such a hierarchy would add to the information donors have at their disposal and provide a richer understanding of the work of charities.

Of course, I don’t doubt that any scheme created would be imperfect, but the present system and the law which reflects it is also imperfect. And a first attempt to do this would lead to better, improved versions over time.

Eventually one might be able to go further and, within certain causes, catalogue individual charities. This could be classification of purpose, work and goal. Maybe also, we can get to classifying successes and failures. Perhaps the British Humanist Association needs a black mark because it failed in its goal to have the status of the Pope’s visit changed. Maybe the gods didn’t shine on it.

In a previous RSA lecture I lamented the way we as a society talk about charitable giving, arguing that it seems to imply all charities are equally deserving and effective.¹³ On that occasion I said some charities must be better than others, delivering better performance and more clearly changing people’s lives.

Understanding this—and placing charities within any framework—requires information, thought and analysis. This is another aspect of giving “well”—having chosen the “right” causes, how does one choose the “right” charities?

That is a simple question with a very complicated answer. I want to keep it in the abstract here, though, just posing the question. I do not want to get into how one chooses good—or, even, the best—charities in a particular field. Suffice to say that I think it is possible to make progress on this with enough effort and time. We will return to that thought in a moment though.

Let me summarise where we have got to so far.

I think some charitable causes are more important than others, morally so. These should get greater attention, focus and funding.

That much is, I believe, uncontroversial.

Further, I think one can make progress towards a taxonomy and ranking of charitable causes, prioritising those which are most important. This is difficult, perhaps impossible, to do precisely. But it is possible to do it better than is currently done.

¹¹ British Humanist Association website, <http://www.humanism.org.uk/home>, accessed 2 September 2010.

¹² Summary Information Return 2008, Charity Commission website, http://www.charity-commission.gov.uk/SIR/ENDS82/0001097482_SIR_08_E.PDF, accessed 2 September 2010.

¹³ Brookes, M. (2007) A question of charity, lecture at RSA, http://www.philanthropycapital.org/downloads/pdf/RSA_Lecture_Nov_07.pdf, accessed 20 September 2010.

Giving donors more information and encouraging them to choose good charities within their chosen causes should then be easier.

Now the question we are faced with is whether such a scheme would encourage better giving, and if it should be done.

Should you create a framework to judge charitable causes?

It might seem absurd for someone from NPC to question whether one should develop a framework to judge charitable causes. NPC analyses charities, has produced a framework to do this and looks to promote a better “market” in which donations get funnelled to the right places. We do this by advising funders and charities.

Yet, here I am interested in how valuable a framework would be to influence donor and funder behaviour. Developing a framework to assess and rank charitable causes and, perhaps also, individual charities, is only worthwhile if it is going to be used.

Recent research by Beth Breeze indicates that UK donors do not select causes based on levels of greatest need.¹⁴

According to her research:

“people do not give to the most urgent needs, but rather they support causes that mean something to them.”

They also are not interested in the messy and imperfect data available to them about charities.

The consequence is, as Beth says, that:

“there remains an important—and as yet largely unaddressed—question about how to reconcile the freedom and autonomy of the donor with the pursuit of solidarity, social coherence and a moral belief in meeting the basic needs of all.”

A more blunt and judgemental conclusion might be that donors are often not very good, thoughtful or moral. Moral in the act of giving perhaps, but not in where they give.

Another study, this time in the US, was carried out by Hope Consulting.¹⁵

It is a detailed examination of a sample of the top 30% of households measured by income.

Hope Consulting catalogues donors into six types according to their answers to questions. These range from “Repayer”—supporters of charities which have directly influenced and helped them—through to “Casual Givers” and “Personal Ties”—where there is little planning and thought or a direct self-interest—and “High Impact”—where donors support the causes they think generate most social good.

Repayers is the largest single group, representing 23% of the population. Casual Givers together with Personal Ties make up 31%. Just 14% of donors are classified as High Impact, and these account for just 12% of all donations, according to Hope Consulting.

This research is fascinating. To me it raises the obvious question of whether one type of donor is better than another. And, it won't surprise you to hear, that I think High Impact donors are better than Casual Givers. And they are certainly better than Repayers where there is just too much self-interest for me.

¹⁴ Breeze, B. (2010) *How donors choose charities*. Centre for Charitable Giving and Philanthropy.

¹⁵ Hope Consulting website, http://www.hopeconsulting.us/pdf/Money%20for%20Good_Final.pdf, accessed 21 September 2010.

I am making moral judgements here, clearly. You might argue that donors are free to act as they wish. I can accept that.

But it does not make redundant my moral judgements about those actions. This is where moral standards might conflict. Some would prioritise individual donors' rights, valuing that freedom above all else. My concern is that this leads to a poor distribution of charitable giving.

Another interesting aspect of Hope Consulting's work concerned donors' use of information and their loyalty.

Only 35% of donors do any research on charities and three quarters of these spend less than two hours researching.

Only one in eight of these donors is looking for information to decide where to give. Two thirds are seeking to validate their choice of charity.

Donors seem content with how and where they give. Their freedom to decide leads to them choosing casually, based on personal interest and poor information.

And, changing their behaviour would be tough, is the message from this research.

Hope Consulting's work covered US donors only, but it chimes with Beth Breeze's research into UK donors. And it provides some explanation of why charities don't provide (and perhaps aren't able to provide) information on how well they do—donors simply don't ask or look for this information.

One can get a similar picture about UK donors from a YouGov survey conducted earlier this year for NPC.¹⁶ Sixty eight percent of people in this survey said they would transfer their support if they discovered a charity was performing badly. All well and good so far.

But less than half of donors would be interested in a charity rating system. And 68% of donors would be unaffected by an independent rating system. In other words, they are confident in their decisions.

Only 18% of people would feel more obliged to give if they knew which charities were the best performing.

This is not donor activism in practice. It is donor satisfaction, shading into donor indifference. Once again, one can accept donors' rights to behave in this way, but frown on their behaviour.

Perhaps, though, we should forgive donors. Their limitations might not be conscious, but might follow from the way our brains are wired.

There is a growing body of research exploring how the brain responds to certain stimuli. It shows that charitable giving provides a warm glow which can be detected in activities in the brain. In that (rather unremarkable) sense, charitable giving is "rational"—I give money because it makes me feel good. Human beings are, ultimately, self-serving even in the act of giving.

Some of this research, though, shows that the way we process information means our emotional response is more powerful than our analytical one.

If presented with an image and a story, donors are more generous than they are in response to some data which requires processing and analysis. It seems that the way we (unconsciously) process information makes it hard for us to be analytical and rational.¹⁷

¹⁶ NPC website, <http://newphilanthropycapital.wordpress.com/2010/06/02/do-enough-donors-care/>, accessed 21 September 2010.

This seems to be due to the structure of our brain. The field of social cognitive neuroscience is making big strides in understanding how this works. I am about to caricature this enormously, so if you are a neuroscientist, you might want to look away for a moment.

One can think of the brain as having two parts, the X-system and the C-system. The X-system is about instinctive reactions and thoughts. The C-system is where we do analytical thinking and processing. The X-system includes much of our empathetic responses that go hand in hand with charitable giving. And the X-system is what gets turned on by the act of giving.¹⁸

When we start thinking and analysing, the C-system kicks in and gets involved. But research shows that the C-system can disrupt the X-system. In other words, if we think too much, we can reduce our ability to respond instinctively, including our ability to empathise.

Which, in turn, might explain how a load of information can reduce our charitable impulse, as it reduces our empathy and instinctive reactions.

My brain starts to hurt if I think about this too much, but it is an important field of research.

It suggests that it is not our fault that we are fickle, casual and lazy as donors. It is down to the limitations of our brains.

Don't blame the donor, blame human nature and evolution, in other words.

And it means we should not expect donors to be rational or thoughtful. In fact, we should try to stop them from thinking too much as this will dull their charitable impulses.

I recently visited Jerusalem and went to Yad Vashem, the holocaust museum. This has been redesigned to include more direct testimonies and experiences of the holocaust. I was told that this was because both the number of holocaust survivors is dwindling so collecting their testimonies and stories is more pressing. But, also, it was felt that people were unable to process and were numbed by facts and figures about the holocaust. Stories and experiences were more compelling.

Fundraisers might nod their heads wearily at this. They might sigh that this is why they behave in the ways they do.

But my concern is that this does not produce good behaviours by donors. We need to work out how to change donors' behaviours. Maybe we need to find ways to embed information more effectively and more emotively so that donors unconsciously make better choices.

What is to be done?

So what is to be done?

We seem to have a problem.

There are good, moral, reasons to rank some charitable causes above others. That is why it is worth the hard work needed to put such a system in place.

¹⁷ Slovic, P. (2007) *"If I look at the mass I will never act": Psychic numbing and genocide*. Judgment and decision making.

¹⁸ Lieberman, M. (2003) *Reflexive and reflective judgment processes*. in *Social Judgments: Implicit and Explicit Processes*, (ed) Forgas, J., Williams, K. D., and W von Hippel. Cambridge University Press: Cambridge.

But donors in the main don't behave rationally or morally. Donors give to feel good, rather than to have an impact. Giving for impact doesn't make them feel good enough. And they want to spend little time on their charitable giving.

Investing in a framework to catalogue, assess and rank charitable causes is unlikely to reap rewards in this case. It could prove to be a white elephant, perhaps beautifully crafted and thoughtfully designed; but unwanted, unused and unloved by donors.

This dilemma is sufficiently important that something should be done.

It might be tempting to start criticising donors for not being "good" or "moral" enough. I think that could be damaging.

In the UK we have a tendency to criticise or question people's motives for giving, and are suspicious of wealth. Whether this contributes to low levels of giving by rich people—who give a smaller proportion of their wealth than poor people—is not clear. But the way some people react to acts of generosity is sometimes striking.

This was illustrated by comments from the esteemed Baroness (Mary) Warnock in the wake of the Giving Pledge announcement in the summer. In the Observer newspaper, Baroness Warnock opened her comments on this by saying, "I can't but applaud this initiative."

It seems Baroness Warnock wanted not to applaud; she sought to frown and, perhaps, condemn. Or she wanted to reflect and condone that desire among others. But, ultimately, she could not condemn. Such a curmudgeonly position on charitable giving is typically British.

Many people in the UK find something distasteful about wealth, and public displays of this, even if in the act of charitable giving, a little unsavoury. They grudgingly accept that the charitable giving of the likes of Bill Gates and Warren Buffet is a good thing.

These same people often lament low levels of giving among the wealthy. In the UK you can get condemned for being wealthy and for giving your wealth away.

Criticising giving seems unlikely to promote it. (To compound this, there are peer effects in giving; so discouraging one person from giving means we lose the positive peer effects.)

Presumably, criticising the behaviour of donors won't promote giving either. Donors might decide they won't bother at all if they are going to get flak for how badly they give. And the large number of non-givers might decide not to start donating.

Therefore, I think the way to respond is not to criticise donors' behaviour. We need to find ways in which we can incentivise or reward donors who give well. In the jargon of today, we need to find ways to "nudge" donors, both to get better and to do more giving.

This needs more research and experimentation. In these austere times it is hard to see how it gets funded. But that doesn't make it any less important.

Perhaps most pressing of all to my mind is that we need more debate about how and where we give to charity. If I have helped encourage that debate with this lecture, that seems a step forward.

Thank you.

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