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PHILANTHROPY THEN,  
PHILANTHROPY NOW

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There are two ways to change the world, at least there are only two if you have decided to avoid a path of violence and force, and for the purpose of this lecture, in this spectacular hall, I intend to confine myself to the lawful, if not the necessarily moral. You can be elected. You can appeal to the popular will, secure a mandate for change, and deliver a programme of government. Or you can have a lot of money.

For centuries, indeed millennia, money has talked, money has provided power, and money has changed the world. For those of us with a vaguely liberal and democratic constitution this is not necessarily a comfortable truth. Indeed we have been raised to know that 'It is easier for a camel to go through the eye of a needle, than a rich man to enter the kingdom of heaven'.

Many of us have therefore developed a rather ambivalent, uncertain, maybe even slightly queasy relationship with money. We know in our hearts that democracy and money battle it out rather asymmetrically, and whenever we look at a particular instance of social or policy change it is not hard to see money winning, but this leaves a sour taste in the mouth, and a vaguely expressed desire to see democracy and the electoral route to social change triumph. After all, whether achievable or not, the popular will seem to most of us to be both a more sound arbiter and an infinitely preferable adjudicator of preference.

Well maybe. But what we also know in our hearts is that when we look at some of the big changes in our society – the emancipation of women, the creation of the NHS, the development of a viable transport infrastructure, the introduction of National Insurance and a system of universal social security, the drive to improve public health, the massive post war house building programme – democracy has been important, but money too has spoken. The state has had its way, but so too has the market, and historians and political analysts can debate in detail which came first, and which allowed change, but we, the spectators of social change, know that there are two ways to change the world. One is by being elected and the other is by having a lot of money.

Which brings us neatly to philanthropy. Philanthropy really means the distribution of a lot of money and using it for some (sometimes rather loosely defined) social good. And those of us with a slightly queasy relationship to the power of money can feel good about this power. We believe that its use does actually allow us entry to the kingdom of heaven, whether in this world or the next, and we somehow exempt it from our strictures about the demonic power of money. After all, didn't one of the greatest philanthropists ever, Andrew Carnegie say "He who dies rich dies disgraced."

And aren't we all encouraged to give away what we have, and so avoid the damaging power of money?

Tonight I am going to argue that philanthropy has power, because it has money. That that power can corrupt and can damage as much as it can enhance and change. And that the history of philanthropy over the last century suggests that the power of philanthropy is by no means an unalloyed good. And just like the power of all money, we need to think carefully, judge precisely, and challenge bravely if we are not to collude with the increasingly dangerous view that money talks, money has power and money must therefore be obeyed.

But first a personal admission. I am no objective observer of this tangled ethical debate. When, just over five years ago, I was appointed as the next director of the Joseph Rowntree Foundation I got many kind notes of congratulations. One that will stay with me forever came from the late Robin Guthrie, my predecessor but one. ‘Congratulations’ he said. ‘You will never have to buy your own lunch again. But on the other hand you will never hear the truth again’. (He later told me that this was an exact replica of a note he had received upon his appointment, and I daresay I will pen something similar to my successor.) Because, however much we comply with the Bribery Act, and our submission to the rigours of modern internal audit, power corrupts, and a lot of money that is not your own can corrupt absolutely, to paraphrase Lord Acton. So I too know that the power of philanthropy is not straightforward, that it can blind us to the truth, can protect us from reality, and can distort decision making just as surely as any other use of money.

### Philanthropy Then

In 1904 when Joseph Rowntree set up the four trusts which today bear his name, he had already made a significant impact on his world. As a wealthy and very successful businessman he had developed a company with a massive reach, powerful brand and a challenging ethos. He had contributed personally to the development of charitable and education services, and in the development of New Earswick - the village for his workers and managers that he developed in York - had struck a big and powerful blow for a humanised and civilised approach to capitalism. He had also achieved personal recognition for his good works, and as a freeman of the City of York had the respect and admiration of his peers. In endowing the group of trusts he recognised that times would change, that approaches would differ, but clearly commissioned them to “change the face of England.”

No shrinking violet he. No tentative suggestion that his funds might just add a small bit of icing to an already fruit rich cake. No, he spelled out ambition and a desire for change that seems to me to have been typical of men of his generation, time and wealth. In ringing tones he commanded his trusts “to search out the under-lying causes of weakness or evil in the community, rather than remedying their more superficial manifestations”, and with the optimism that so characterised the turn of the twentieth century, he declared his hope that with good-will, and knowledge, all problems could be solved. “If the enormous volume of the philanthropy of the present day were wisely directed it would, I believe, in the course of a few years change the face of England.”

So the intellectual architecture left by Joseph Rowntree was a questing one - a commitment to finding out, to learning, and to understanding. And the intention was clearly to aim for change. He was not interested, as he said, probably to the lasting irritation of soup kitchen charities in York, in funding the soup kitchen in York, not because he did not think it was worthwhile. He had already devoted much of his life to causes which aimed to relieve the poor of their misery. But in setting up his trusts towards the end of that dedicated life, he wanted the considerable fortune he had amassed to be spent in securing lasting change.

But Joseph Rowntree did not just leave us the intellectual architecture which to this day defines our mission. He also - or at least with the help of Parker and Unwin (no relation) - built the garden village of New Earswick as a genuine mixed community, with housing for workers and managers, all in a green setting with gardens for each home, each with a fruit tree. The village of New Earswick takes its place historically as part of the garden village movement, and along with Bournville, Saltaire, Port Sunlight and others, was a living demonstration of the way in which good quality housing, in a green and pleasant environment, could allow people to lead fulfilled lives, able to strengthen the bonds of community. Joseph Rowntree’s commitment to this was such that he also urged his trusts to maximise the control that residents could have, “I do not want to establish communities bearing the stamp of charity but rather of rightly ordered and self-governing communities – self-governing, that is, within the broad limits laid down by the Trust.” In doing so he promoted a degree of self governance that even today, in a climate in which Government White Papers promote empowerment, seems challenging, and demanding.

Today the Joseph Rowntree Foundation and the Joseph Rowntree Housing Trust together share a purpose which has its roots in that famous memorandum. We search - finding out the reasons why, developing a world class research programme to understand and propose solutions; we demonstrate different ways of tackling difficult and entrenched problems, and we influence- working with those who have power to make sure that the voice, the needs and the demands of those who have been dispossessed can be heard at the highest levels.

The optimism and sense of purpose that was the founding principle for the Joseph Rowntree Foundation was, as I say, typical of the age. The 19<sup>th</sup> century had brought almost unimaginable change and transition to the UK. The apparently breakneck speed of industrialisation, and the move of so many people from the countryside, was truly shocking. In this country and in the United States, people left long standing rural communities which, while they should never be romanticised as prelapsarian idylls, did provide continuity, stability, and certainty. (And deeply repressive moral codes keeping all in order). People left this, along with grinding poverty, for the chaos, confusion, and squalor of the cities. To respond to this both here and in the United States, a multitude of new institutions were founded by churches, trades unions, universities and, of course, by those energetic driven philanthropists. Boys and Girls Brigades, Mother’s unions,

university settlements. Housing estates, and soup kitchens, moral rearmament and help for fallen women. Schools and working men's colleges. Hospitals, asylums and clinics. Orphanages and libraries. The late 19<sup>th</sup> century and early 20<sup>th</sup> century positively bristled with intervention and activity to protect, and support, chivvy and control the rapidly growing working class, and the terrifying and potentially dangerous underclass.

From Mayhew to Orwell and all points in between "the bitter cry of outcast London", in the words of Gareth Stedman Jones, resonated with activity, and action. Civil society built civil institutions, and did so with vigour, energy, and drive. In all of this philanthropy was an active and engaged driver. That part of their legacy is with us whenever we look at our urban landscape. They join the great medieval guilds and the founders of establishments such as Gresham College in changing the face of our civic life in response to upheaval, change, transition.

But this period of transition did not just build institutions. They also questioned and researched. Some like Joseph Rowntree and his son Seebohm can truly claim to be the fathers of modern social policy, investigating root causes, assembling data, seeking to understand. Others like the Webs in their tireless construction of alternative ways of living, supported the establishment and growth of the London School of Economics. With their absolute commitment to the possibility of improvement, their drive for betterment, and their certainty that all could be well, they are indeed awe inspiring.

The Rowntrees' own view seemed to have been that once the information was known, a good society would act on it, and indeed in the establishments of National Insurance in 1911, JRF can draw comfort from the fact that influence, driven by good research evidence, is indeed possible.

A spirit of scientific and rational inquiry, a very early 20<sup>th</sup> century conviction that absolute betterment was within our grasp, combined with an energetic commitment to good order and the power of excellent administration – quite a legacy for some powerful and rich individuals. Combined with the institutional architecture left behind, the legacy is monumental. In the buildings, the institutions, and the thinking there is indeed an unbroken thread of inquiry, provision, organisation. And this thread has survived through the creation of the welfare state, its development and the many changes to society.

So philanthropy then – to use the title of this lecture - delivered, and it delivered things that changed the face of England. Philanthropy followed Goethe's injunction, "Whatever you can do or dream you can, begin it. Boldness has genius, power and magic in it."

But poverty and disadvantage did not disappear. Indeed it grew, developed, and changed character. And in this exploration of the power of philanthropy - starting with my opening words, namely that there are two ways to change the world, and one of them is to have money, preferably lots of it - there are lessons for us all.

Nearly four decades ago President LB Johnson, no great friend of the liberal, Guardian reading, left leaning redistributors, declared a War on poverty. Speaking for many in the affluent and developed world he refuted the suggestion that poverty is always with us, arguing instead that the benign intervention of the state, those elected to change the world, could indeed so order our affairs that there would be no need for poverty. Echoing the turn of the century philanthropists I have described in the UK, he argued that a combination of institution building, and evidence investigation, could together create the right administrative conditions to end poverty as we know it.

And yet this war has not been won either in the USA or the UK. This is not a lecture with data but before proceeding I need to explain what I mean. So to look at the UK:

- In the year to 2009//10<sup>i</sup>, 3.8 million children were in poverty<sup>ii</sup> This is 29% of children in the UK
- In the other age groups, 25% of working-age adults with dependent children were in poverty, 20% of working-age adults without children and 16% of pensioners.
- 85% of households in the bottom fifth are in fuel poverty.
- The number of households accepted as homeless in England rose in 2010/11 for the first time since 2003/04 and now stands at 65,000. The number of court orders for mortgage repossessions in England and Wales rose to 21,000 in the first half of 2011, the first significant rise for 3 years.

The war on poverty has not been won. Argue if you like about the statistics. Measure the numbers differently if you like. Decide that a certain percentage more accurately reflects the truth as you would like to see it. But remember this: Poverty attenuates the human spirit. It reduces capacity. It causes ill health. Poverty strips people of their ability to contribute. It fosters division and it degrades those who experience it. We have not won the war on poverty.

Instead we have experienced a war on the poor, and it seems to me that that particular war is doing rather well. Read the newspapers in the UK (both the popular and the not-so-popular ones.) The poor are described as other: living entirely separate and different lives, dependent on hand outs which then fuel an entirely feckless life. Interesting only through a sort of morbid fascination, 'the poor' are depicted as people of unfathomable hopelessness, making a series of more or less disastrous choices which condemn them to a life entirely different to that of the rest of us. And what us more, goes the battle cry of this particular war, their very poverty threatens us, and damages our way of life. It costs us eye watering sums of money provided by the hard working and diligent majority to maintain the feckless and indigent poor.

No longer is there dignity in poverty. Nowhere can you find the praise for those who manage on so little when the rest of us waste so much. Nowhere is there respect for those who labour for low pay. No - they are to be feared and loathed. They have joined the great unknown. An investigation by JRF of the public's view of modern social evils, echoing Joseph Rowntree's injunction, identified fear of others as one of the new social evils of the 21<sup>st</sup> century. The palpable coarsening of the debate about people living in poverty, including the extraordinarily savage levels of attack on people who are disabled and unwell, suggests that they may indeed be right. In our increasingly segmented society, poor people are the 'other' that it is legitimate to despise, fear and ignore.

All rational thinking and evidence refutes this. We know that most people in poverty are working and working hard. We know that at a time of rising unemployment the requirement to work is difficult. We know that the children of people who are poor struggle to do as well as others. We know in short that it is better to be a stupid child than a poor one. We know that it is poverty that contributes to and causes alcohol and drug abuse, broken marriages and abandoned children. We know all of this, and yet as society we allow the poor to be demonised and dismissed.

#### How did this happen?

The war on the poor was a funded war. Just as the democratically elected government of President Johnson declared war on poverty, so too did a group of powerful, well resourced, and yes, philanthropic institutions, declare war on the poor. There was no public declaration, no manifesto published, no statement at a press conference, but a new war of ideas was launched in the United States in the 1960s. Funded by a group of disparate and different foundations they built new institutions, recruited and supported intellectual warriors, invested heavily in communications. They influenced policy and political discourse by investing in both the institutional and the intellectual architecture of the USA, they have funded academic scholarship, leadership programmes and policy advocacy. They have used the tools of philanthropy just as surely as their predecessors, and they have constructed a powerful, compelling and currently triumphant policy framework with elements we know too well: an argument for a small state, minimal and conditional welfare, and a reliance on faith communities as the glue that can bind a fractured community. Combined with a sexual orthodoxy, resistance to the emancipation of women and barely concealed hostility to black and minority ethnic communities, the modern day tea party draws much of its power from the long term, patient and very thoughtful investment by a group of wealthy foundations.<sup>1</sup>

They created the space in which politicians can move.<sup>2</sup> Thomas Frank in his recently published 'Pity the Billionaire'<sup>3</sup> asked the question that fascinates us all. How did it become accepted wisdom that the poor were primarily responsible for the global financial crisis that brought western capitalism to its knees? And a host of investigations, including 'The Right Nation' by John Micklethwait and Adrian Wooldridge, conclude that philanthropy has power and influence, beyond its wildest dreams.<sup>45</sup>

There are two important things to say about this work. The first is that describing the intervention in this way does not imply subscription to some over arching conspiracy theory. I am not suggesting anything of the sort. I am deeply sceptical of the notion that anything is done through organised conspiracies. What this story shows is not conspiracy. It shows instead the power of money, and the ability of careful intervention to change the world.

And the second thing about what I am describing is that it was entirely proper. Independent organisations must, in a free society, be allowed to use their resource as they wish, and it is of course entirely proper to try to change the world. Firm ideological views do not make people bad. Indeed the foundations which supported this work were all focused, resolutely, on making a better society. It is just that they start from a different stance from me. As do we all. Philanthropy is never neutral. In this case it seems to me that the power of philanthropy worked. The war on the poor is, if not won, certainly not lost. The war on poverty still has some considerable way to go.

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<sup>1</sup> American rights at work [www.americanrightsatwork.org](http://www.americanrightsatwork.org)

<sup>2</sup> The Right Nation Why America is Different Micklethwait and Wooldridge

<sup>3</sup> Pity the Billionaire Thomas Frank

<sup>4</sup> Buying a Movement, People for the American Way [www.pfaw.org](http://www.pfaw.org)

<sup>5</sup> American Foundations An investigative History, Mark Dowie

## Summary – mid point

I have so far in this lecture described the impact of philanthropy through some big social changes. The nineteenth and early twentieth century saw massive upheaval, and in response philanthropy supported institutions, built the architecture of modern civil society, and researched, wrote and argued for a different world.

So too in the 1960s, a period of social upheaval saw the flowering of a great many organisations, the launch of liberation movements, and global solidarity, and also, as I have sketched out here, the concerted intervention of a number of large philanthropic bodies shaped political discourse, and created the environment for another sort of change.

## Philanthropy Now

We now face a period of transition as deep and as profound as any that we have experienced before. In our highly globalised world, we in the UK face a number of major transitions.

We face the transition to coping with less. Less money, fewer resources, the imminence of peak oil, the worldwide shortage of resource that we have merrily plundered. Managing with less, and dealing with the twin deficits both created by an unsustainable way of living, is a challenge of our time, and the transition to this new state will test us as never before. We also face the transition to living with uncertainty. Argue about the detail of climate change if you like. Quibble with some of the projections. Hide away and pretend it isn't happening. But recent JRF<sup>6</sup> research confirms that whatever the detail, in the UK we will face extreme weather events - heat waves, and flood – and that even with all our 21<sup>st</sup> century technology, our power to predict and respond will not protect us from the uncertainty.

And the third big area of transition is the transition to a new demography, a new pattern of population. We face demographic change on a scale we have not experienced before. It is not just that there are 12,500 people over 100, and we can confidently predict the moment when there will be 100,000. It is not just that a child born today has a good chance of living to 125. It is not just that a severely disabled child born today has an infinitely better chance of surviving to healthy and productive adulthood. It is not just that the ethnic and religious make up of our country is more diverse than at any stage in our history, and will only become more so, whatever the fulminations of politicians. It is not just that we will witness our first minority majority cities in the next decade – those cities which can boast of a majority population drawn from those who were once a minority. It is not only that people suffering terrible mental distress can, through the use of advance psychotropic drugs, lead full and engaged lives – it is the combination of all of these changes that make the demography of future decades in the UK, and across the developed world both a huge opportunity and a massive challenge .

So a period of transition and disruption, with challenges from the economy, from the environment and from our own demography. Challenges that can overwhelm us, and can result in a renewed war on the poor, as people who are vulnerable for whatever reason, are blamed for our predicament. A war in which the victims are blamed for any exercise of rights, resulting in a divided society, where money talks, as it always has done, but it talks to protect the wealthy, protect their power, and ensure a safe passage through transition.

Or we can work towards a just transition, characterised by a renewed and different social contract suitable for the 21<sup>st</sup> century. Crafting the 21<sup>st</sup> century social contract - the process by which we determine the balance of responsibility between the individual, the community, the market and the state - is not a job for faint hearts. It will require the same boldness, the same steely focus, and the same powers of organisation that we have seen characterised by UK philanthropy in the nineteenth century.

To achieve a just transition I believe we will need the behaviours and tools of philanthropy during earlier transitions, but our times are different and we will also need different behaviours and tools.

Philanthropy then was bold and determined. And we too need to be bold and determined. We need to be absolutely sure what we stand for. And we need a confidence in our actions that comes not from our wealth, and our position in society, but from our knowledge, our evidence and our experience.

But it was also a philanthropy of the very rich, assuming a precise correlation between their wealth and their wisdom. Philanthropy now needs to show a humility that our illustrious founders did not really worry about. If we have learned anything in the last century, and we have to hope we have learned a lot, the first must be that no single organisation or sector can deliver social change alone. And the first humility must be humility towards people who are themselves in the front line of this transition. Unless we are shaped by the voices, experience, aspirations and desires of people who are themselves facing poverty, we will continue to get it badly wrong.

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<sup>6</sup> <http://www.jrf.org.uk/work/workarea/climate-change-and-social-justice>

Philanthropy now will need to support institutions as it always did. And it will need to support the gathering of evidence, as it always did. But philanthropy now will also need to recognise that it is not the sayings of great men that change the world. It is the power of organised, and frequently desperately disorganised, movements of people, enabled and connected through a technology the 19<sup>th</sup> century could not begin to imagine, that will drive real and lasting change. Financing, supporting and enabling movements and networks – an investment in the engineering of social change as much as its architecture – is our new priority.

Modern philanthropy will need to support the dissemination and curation of information, as much as its collection. It will support networks of people as much as institutions, and it will enable dialogue, as much, if not more, than broadcast. 19<sup>th</sup> century philanthropy built monuments, both material and intellectual. The architects of our welfare state were supported and enabled by the work of those important philanthropists, and their support for institutional change. In our current period of transition we are called to do nothing less. But we will do it through networks of people, and we will, I would contend, put up more tents than we will build palaces. Because, at a time of rapid change, when information can circumnavigate the globe in less time than a keystroke, we need flexibility, responsiveness and the ability to move rapidly.

As organisations that can drive, can convene, can act as a catalyst and can be good partners, we can use our skills, and our position to enable those who are able to make change. But we also need to affirm the same values that inspired philanthropy then. An absolute belief in the importance of every human being. An overriding commitment to secure a settlement in which all can flourish. And the prospect of better lives for all.

The Joseph Rowntree Foundation, in the second decade of its second century, retains a commitment to being bold, to sharing evidence, to showing as well as telling. In that it can trace an unbroken thread to its founder. It also has an unshakeable commitment to the eradication of poverty, the promotion of social justice and the erosion of inequality. We have also this year committed itself to being an Anti poverty organisation. Declaring that we are independent but we are by no means neutral, we intend to use the tools at our disposal. Some of these we hold in common with philanthropy in times gone by:

- We house and employ people and we can do both in ways that strive to help people move out of poverty,
- We continue to shine a bright light on what is happening in the UK and report it in ways that everyone can hear.
- We research the breadth and depth of poverty, as well as the cause and the effect.
- And in so doing we contribute to the institutions and the thinking that can eradicate poverty.

But we will need to do some things differently. We need to serve, not lead, recognising the skills, abilities and power of those in the front line of the war on poverty. We recognise that influence is not linear, and that networks of power, and networks of influence, drive change in our more open, more plural society.

### Philanthropy in The Future

I hope I have demonstrated that just as philanthropy can work for good, and indeed for ill, it also cannot stay still. If it is to retain its power to change the world it needs to be ever alert to the new ways in which this can be done. 21<sup>st</sup> century philanthropy will need to continue to engage with the big issues, and no bigger issue than the nature of future capitalism confronts us.

In our global and digital world this will inevitably look different. Modern philanthropy will need to embrace a philanthropy of ideas, and there will need to be a new emphasis on the essential generosity of philanthropy, not just in terms of money, but also in the gathering, distribution, and communication of ideas. To do this we need to be open about our process, engaged in our decision making, hospitable, generous and permeable, in ways we may not have always demonstrated. As we work through the transition of the next few decades we will in turn be challenged as never before. And if we are to retain the respect of a world increasingly skeptical about the power of money, we had better start organising ourselves in ways that demonstrate our right to try to contribute to the debate. Otherwise we are simply the acceptable face of money, and money, as we have seen, is not in itself a good enough justification for seeking to change the world.

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<sup>i</sup> Latest year for which poverty data is available

<sup>iii</sup> poverty is measured by relative low income adjusted for household size and after housing costs have been deducted