

GENEROSITY VS. ALTRUISM
Philanthropy and Charity in the US and UK

International differences in giving levels are becoming increasingly well documented by a variety of sources. Less well explicated in both research and practice are the social understandings of the role and meaning of charitable giving in different countries and cultures. This paper contributes a comparative analysis of giving ethos and behavior in two countries, the United States and the United Kingdom, in particular the relationship of giving to civic life. It identifies differences in giving ethos and behavior in the two countries, and postulates a set of models - generosity and altruism - for explaining those differences.

In the US, one of the few things on which both left and right agree is the value of philanthropy; in the UK philanthropy is for many literally a disreputable concept, and the desirability of private giving is a matter of some controversy. Obvious disparities between the two countries exist when overall levels of giving are considered. In the United States, individual giving as a percentage of gross national or domestic product has consistently hovered around 2% of Gross Domestic Product (Independent Sector, AAFRC), and the recent strong stock market is helping that figure continue to climb. By contrast, charitable giving in the United Kingdom has yet to reach 1% of GDP; various strategies, including a number imported from the US, have not been able to move that percentage significantly higher, and giving levels are in fact declining. Intriguingly, while the two countries differ dramatically in the total amounts given, rates of participation in giving are quite similar.

These kinds of figures have encouraged some analysts to conclude that the giving culture in the UK is simply less well developed than in the US. This conclusion, however, neglects the complexity of the differences between the political structures, social attitudes, and the place of charitable giving in the two countries. Other countries and cultures may also suffer similar simplistic assessments in an era when the export of American concepts and strategies has become increasingly popular.

The first of many cultural paradoxes to be found in a comparison of giving in the United States and United Kingdom is the question of what to call it. Philanthropy - both the practice and the word itself - is very popular in the US. It is considered a positive and robust term and it is employed widely by both the left and the right. While giving to opposing causes, both ends of the political spectrum support wholeheartedly the value and importance of philanthropy. Lingering elite connotations are tempered by popular giving mechanisms such as United Ways, and by numerous 'social change' philanthropic efforts involving representatives of possible recipient groups in the decisions about the distribution of philanthropic resources.

In the UK, however, philanthropy has not been so popular. While it has enjoyed a very recent renewal of interest, spurred by modern visions of such things as e-philanthropy and social ‘investment,’ for many in Britain it still carries disparaging connotations of Victorian ‘do-gooderism’ and is often seen as elitist, patronizing, morally judgmental, and ineffective, as well as old fashioned and out of date. It is perceived as an idea whose time came, was proved unworkable, and went - to be replaced by a universal, fair, and more efficient welfare state. Moreover, the classic distinction drawn by William Beveridge¹ between philanthropic and self help organizations rests on a sharp delineation between altruistic and self interested purposes and motivations, implying of course that philanthropy was - or at least should be - entirely selfless (Beveridge, 1948). In doing so, Beveridge both reflected and further reinforced public perceptions of philanthropy as an attitude of benevolent superiority. Indeed, in many circles in modern Britain, it is the form of giving that “dare not speak its’ name.” In the UK ‘charity’ and ‘charitable giving’ are the preferred terms; though still under some of the same cloud (and generally referring to smaller gifts,) they are seen as more modern, egalitarian and respectful.

A further irony of this paradox is that in many ways the negative connotations applied to the concept of philanthropy in the UK are very similar to the meanings that the term charity carries in the US. The terms are used almost as mirror opposites in the two countries. Moreover, philanthropy is viewed in Britain as a somewhat dubious *attitude or stance*; charitable giving on the other hand is a comparatively positive *act*. In the United States the situation is reversed. Philanthropy is an *act*, and an increasingly commanding one, while charity is dismissed as a patronizing and somewhat out of date *attitude*.

GIVING PATTERNS

This section charts aspects of the giving patterns in the United States and United Kingdom which can illuminate distinctive differences in how and why people give to charitable causes in the two countries. After a discussion of giving levels, it will explore giving patterns along three dimensions - donors, recipients, and modes of giving - or who gives, to whom they give, and how they give.

In this section and the next, the aim is to contrast rather than to caricature differences. Especially when placed against an international backdrop, there are a great number of similarities and common roots between the giving traditions in the US and UK. In particular, both have long histories of voluntary

¹ William Beveridge is most widely known as the architect of Britain’s post-war ‘welfare state.’ His strong commitment to

action, and of the creation of foundations and trusts, which enlist private funding for what, are generally considered to be public purposes. (Owen, 1965) Increasing global interaction and professional exchange also act to blur differences over time. Moreover, all cultures are full of crosscurrents and are in continual flux; the snapshots presented here will necessarily be incomplete. This analysis focuses on giving by the general public; giving by major donors and elite groups may well display somewhat different patterns from those discussed below. Finally, while striving to use comparable information from the two countries, both what information is collected and how it is collected does vary somewhat between them.

How Much Do People Give?

The most common measure of giving levels is the total percent of Gross National Product (GNP) or the equivalent Gross Domestic Product (GDP) which is given away to charitable organizations and causes. By this measure, the United States gives at a rate more than twice that of Great Britain. Giving in the US was 2.0% of GDP in 1995, and has been at levels of 1.9 - 2.0% of GDP since 1986 (AAFRC 1996:13). Figures on UK giving usually estimate it at anywhere between 0.63% and 0.77% of GDP.

However, rates of participation in giving in the two countries are actually quite similar. Over 73% of US households surveyed by Gallop for the Independent Sector (IS, 1994) reported that they had made a contribution in the past year, while 77%-81% of UK households participating in the 1993 Charities Household Survey said that they had made a donation. (CAF 1994: 20) 1998 NCVO statistics show participation rates of 64-65% of adults.

Average gifts per household show significant disparities. Households in the United States contributed an average of \$646 in 1993, amounting to 1.7% of their total income; contributing households donated \$880 dollars each, or 2.1% of household income, and 2.5 - 3.3% of household expenditure. (Statistical Abstract, 1995) The 1994-95 Family Expenditure Survey in the UK indicated average (mean) annualized gifts of £132 per household and median gifts of £24 per household, totaling .63% of average household income. (CSO, 1996).

Among ‘*committed givers*’² the Charities Aid Foundation claims “a relatively unchanging picture of giving at a level somewhere between 10 pounds and 11 pounds per month” (Pharoah, 1996:36.) NCVO reports that the 3% of the population giving £50 per month or more (in its’ term “elite givers”) give nearly half of total donations (NCVO, 98) Market research data from CACI on the percentage of respondents in local authority districts who report giving a minimum of 24 pounds/year indicates a range of 0% to just over 50% (CACI, 1995).

Before drawing conclusions based on these comparisons, however, there are some rather significant qualifications to be made. First, it must be kept in mind that perceptions that the US is richer and has more disposable income are in large part true. When GDP per person is measured at purchasing power parity exchange rates, the US levels are nearly 50% higher than the UK. (The Economist, 15 Apr. 00)³ Further, what is counted as charitable giving differs between the two countries. The kinds of organizations officially considered by the Central Statistical Office in Britain to be ‘charitable’ have traditionally not included educational institutions, places of worship, housing associations, and charitable financial institutions, which in the US comprise the majority of organizations to which donations are made. Religious giving dominates US contributions in a way that is absent in the United Kingdom. Religious giving made up 43.6% of total US giving in 1998 (Giving USA 1999), while only 16.2% of UK giving (CAF, 1994), reflecting vastly different levels of church attendance⁴, among other things. In an effort to compare like with like, it might make some sense to exclude religious giving when evaluating giving to charitable causes in the two countries. However such a step is less useful than it might at first appear to be, since religious organizations serve as an important vehicle for much charitable work at local and international levels. Moreover the degree of financial involvement in charitable activity varies both by denomination and by congregation, making it quite difficult to quantify on a general basis.

New developments have significantly affected giving levels in each of the countries - but in opposite directions. In the US there have been large increases in overall giving levels in the late 1990’s; giving increased a total of 36.8% in the three years 1996 - 1998. (Giving USA, 1999) Prior to that time, giving

² “Committed Givers” refers to those donors who have made a pledge to continue to give over a period of years, usually by means of a covenant or standing order on their bank account. 17% of donations in the UK are made by committed givers.

³ OECD data show Britain at approximately \$22,500 per capita while the US is at \$33,500 per capita.

⁴ 54% of US households report regular (monthly or more often) church attendance, while 20% of British households were regular attendees (British Social Attitudes Survey, 1987), and just 7.5% were weekly attendees in 1999, down from 9.9% in 1989 (Christian Research, 2000).

was increasing by 5-8% each year. (Independent Sector, 1995) These increases have been fueled by its strong economy, and especially by the unprecedented growth in the value of the stock market, in which the majority of US households now participate, largely via pension plans. The US tax code provides significant tax benefits to donors for any gifts of appreciated stock; there is no capital gains tax to be paid on the stock, and the donor can claim a deduction from her own tax for the full current value of the stock.

Unlike the US, both giving levels and participation in giving have been declining in Britain during the later 1990s, despite an increasingly strong economy. Total charitable donations in 1997 were £4.51 billion, down from £ 5.3 billion in 1993, a fall of 31% in real terms. The average monthly gift decreased between 1993 and 1997, and the median gift of £1 is less than half of the £2.50 it was in 1993. (NCVO 1998) Participation rates have also declined; NCVO reports that while 81% of those surveyed in 1993 reported making a charitable donation in the past month, only 65% said that they had done so in 1997.⁵ Though the Labour government has introduced significant changes in the tax treatment of charitable giving in spring 2000, it is still too early to know what effect they might have on overall donations.

There is a great deal of controversy in particular about the effect of Britain's national lottery on charitable giving in the UK. Established in November 1994, it grew rapidly into the largest lottery in the world. Proceeds from the lottery are used to fund large public projects as well as the arts, charities, and recreation. Indeed lottery funding is now the most significant single source of funding for many of these organizations. Participation in the lottery is widespread and diverse; 52% of adults surveyed reported buying lottery tickets every week. The majority of those surveyed saw purchasing lottery tickets as a good way of helping charity (NCVO 1996). When asked whether buying lottery tickets would affect the amount they would give to charitable causes, 48% said they thought they would give less to charity, and 49% said it would make no difference to their giving (there was no option to indicate the possibility of giving more rather than less). Interestingly, those in the highest income quartile were most likely to anticipate a reduction in personal giving because of participation in the lottery; those in the lowest quartile were least likely to do so. An average of 28% of those surveyed said they had already cut their charitable giving because of the lottery (British Social Attitudes Survey 1996)

⁵ Recent data from NCVO (Research Quarterly, 2000) and CAF (Dimensions 2000) suggest this decline may be leveling .

While this analysis focuses largely on individual giving, it may be of interest to note that parallel differences can be found in levels and patterns of corporate giving in the two countries. Corporate giving in the US averages 1% of pre-tax profits. Corporate giving clubs in a number of cities encourage companies to be generous in giving to their communities, and stipulate that members must agree to give 2-5% of pre-tax profits in order to belong. (Giving USA 1999) In the UK the corporate Percent Club, while originally modeled on those in the US, has required a commitment to give just 0.5% of pre-tax profits. However in the past three years they have set a 'new millennium standard' of 1% of pre-tax profits and the majority of their members have achieved the new level.⁶ (Business in the Community, 2000)

Donors

The picture of who is most generous in the two countries is a paradoxical one. In the US larger gifts have been more likely to come from men, who have had greater access to income and who may see giving as a social requirement for career success, and retirees, who may have accumulated assets at their disposal. In the UK, the picture is far different. Committed givers are more likely to be women. Retirees, who most often rely on a state pension equivalent to \$320 per month, and are far less likely to have significant property or stock assets, are lower than average givers. In both countries, however, those who identify themselves as generous or committed givers are actually that, indicating that identity reinforcement may be a key piece of continued high levels of giving.

Recipients

The causes to which people choose to contribute reflect values not only about social priorities, but also their view of the remit of giving itself. Not surprisingly, there are some dramatic differences in how that role is realized in the two countries.

US: Charity Begins at Home

Americans believe in giving to needs that they can directly see, feel, and understand. The bulk of their financial support goes to organizations in which they are or have been personally involved - their

church, the college or university they attended, a hospital that helped their family. In 1998 individuals gave the largest chunk of their charitable contributions to religion (43.6%) followed by [higher] education (14.1%), health (9.7%), charitable foundations (9.7%) human services (9.2%) public/society benefit (6.2%) the arts (6.0%) the environment (3.0%) and international affairs (1.2%) (Giving USA, 1998).⁷ Many Americans are of the opinion that “why should you send help halfway across the world when there are people in need right here?”

UK: Charity for All

While some surveys have found not entirely dissimilar attitudes, in practice the British display quite different priorities. For them, the most compelling needs are often not their own - or local ones - but those of others who are far less well off and often very different from them. International aid often gets the largest piece of the charitable pound (26%) followed by medical research, child and family welfare, religion, heritage, and a particular favorite, animals (Times, 2 May 1996). Among the 12 largest national charitable organizations, four were in health, three each in overseas aid and human welfare, and one in heritage preservation (Charities Aid Foundation, 1996). Unlike the US where churches are largely dependent on the contributions of members of congregations, the established Church of England largely funds its clergy and buildings from its corporate holdings, though other religious organizations are more directly in need of major ongoing financial commitments from members. Higher education is also predominantly financed through state grants for student tuition at the undergraduate level, as well as separate government funded teaching and research awards. Some 69% of higher education funding is public, while 26% comes from fees and less than 6% from private giving. (Kendall and Knapp, 1996) Furthermore the tradition, widespread in the US, of alumna giving to their alma mater was virtually non-existent until the middle 1980s when Oxford University initiated the first major university capital campaign in the country.

Giving Methods

The majority of giving in the US is done using methods that require donor deliberation, or ‘planning’ as the term is used in the UK. Churches ask members to make an often quite sizable yearly pledge, paid

⁶ US figures do not include in-kind contributions of marketing and advertising. In the UK such in-kind contributions make up a significant part (20%) of their (lower) percentage.

in weekly installments through the collection plate. Employees of medium and large sized businesses and organizations are solicited each year to make a donation to their local United Way or other charities with the gifts drawn out directly from their paychecks. Mail campaigns ask potential donors to consider the merits and urgency of their cause, often detailed in pages of print and pictures. One effect of the US donor-benefit tax deduction for charitable gifts is that many donors sit down at the end of the year to consider what they want to give to charitable organizations and to which ones they want to give. Organizations are eager to encourage this process with their traditional year-end solicitation mailings.

While solicitation strategies in the UK are beginning to become more like those in the US, they still rely most heavily on ‘spontaneous’ methods which were developed in the late nineteenth and early twentieth centuries, and have remained largely unchanged since then. Spontaneous giving accounts for the overwhelming majority (83%) of gifts, and more planned methods, which require a commitment to multiple gifts through standing bank orders or covenants, account for just 17% of donations. (Charities Aid Foundation, 1997) The single ‘most effective’ fundraising method in the UK, which accounts for 35% of all donations is the collecting tin. Now most often plastic, it has a slot for coins which volunteers shake at passersby at high pedestrian traffic points such as underground stations or shopping areas, sometimes while wearing costumes or singing. The next most popular methods are door to door collections and raffles (CAF, 1997).

Solicitation methods are important because they determine expectations about when people give, and most especially how much they give, as well as how they ultimately understand the nature of giving. In the US weekly donations to churches, usually payments on a yearly pledge, average fifteen dollars. The most popular methods in the UK elicit far smaller gifts; donations to collecting tins average just fifty pence (\$.80), while door to door collections bring in an average gift of one pound (\$1.60). (CAF, 1997) UK giving is dominated by methods that assume through traditional expectations and physical design that donations will most likely be made in coins, sharply limiting the likelihood that they will receive larger amounts. These ‘*spare change*’ methods not only constrain the amounts received for philanthropic purposes, but also ensure that charitable giving remains quite vulnerable to other demands on an individual’s spare change - most notably the recent option of purchasing a lottery ticket.

⁷ These categories are dominated by alumni gifts to universities and colleges (education); hospitals (health); and the

A comparative summary of giving patterns follows:

establishment of family foundations either independently or through a community foundation (charitable foundations).

GIVING PATTERNS

	U.S.	UK
Levels	<ul style="list-style-type: none"> - 2.0+% of GDP - 1.7% of avg. household income - Avg. annual household gift - \$1075 	<ul style="list-style-type: none"> - <1% of GDP - .63% of avg. household income - Avg. annual household gift - £132 - Median annual gift - £24
Participation	- 68-75% of households contribute	- 65 -81% of households contribute
Modes	<ul style="list-style-type: none"> - Church collection (\$15.00/wk) - Payroll deduction - Mail - Phone 	<ul style="list-style-type: none"> - Collecting tin (.50p/gift) - Door to door collecting (£1/gift) - Raffles
Donors	- <i>High</i> - men, retirees, graduates, high perceived generosity	- <i>High</i> - women, disabled, high perceived generosity - <i>Low</i> - retirees
Causes	- Religion, education, human services, health, youth	- International aid, medical research, welfare, religion, animals

EXPLANATORY FACTORS

What might help explain why giving patterns look the way they do in the United States and Britain? There are multiple viable explanations which collude to produce differences in perspectives and practices in the two countries, among them: expectations of public and private sectors; attitudes towards money, income and wealth; tax policy; and the strength of pacesetting institutions, including churches. This analysis examines public/private expectations, attitudes towards money and wealth, and tax policy.

Expectations of Public and Private Sectors

The framers of the American Constitution were concerned about constraining the power of government, fearing the potential for abuse inherent in unlimited power. The Constitution itself and its Bill of Rights strongly reflect this quite Lockian view. Their explicit structures are reinforced by long-standing traditional beliefs that government - especially national government - should have only a limited role. Despite some of the lowest tax rates in the developed world, many Americans view themselves as victims of federal taxation they see as akin to theft. The large majority (63%) sees their tax levels as “too high,” while 33% thought they were “about right,” and presumably only 6% thought they were too low. Moreover government itself is perceived with moderate to high levels of contempt for its capability, efficiency, and ethics. In 1992, 75% of Americans surveyed indicated that they “trust the government in Washington” either “never” or only “some of the time.” (Putnam, 1995)

While British government receives its share of often quite pointed criticism, it is still viewed as the fundamental vehicle for collective choices and actions towards social betterment, and probably the most capable and effective actor towards those goals. And after over a decade of leadership of the Conservative party, the majority (58%) of UK voters in 1994 thought that the best option for the welfare state was to raise taxes and spend more. Only four percent wanted to reduce taxes and spend less, though these priorities may not have been entirely matched in actual voting behavior. The current Labour government elected in late 1997 pledged to maintain prior Conservative taxation and spending levels, and until mid year 2000 largely stayed by that pledge, despite criticism from

the Liberal Democrat Party, as well as some of its own constituencies. It has since announced major spending initiatives in health, education, and building ‘active communities’ among other things.

In the United States both the left and the right have greatest faith in non-governmental solutions, and private giving is a universally positive value, supporting robust community efforts to create and sustain a desirable quality of life for its members. In the UK private giving, and particularly philanthropy, is perceived as an inefficient and piecemeal strategy that has been obsolete for decades. An overwhelming majority of 88% of UK residents felt that “the government ought to help more and not rely on charity to raise needed money.” Furthermore, when asked whether “giving to charity lets government off the hook” 66% agreed or strongly agreed; only 15% disagreed (British Social Attitudes Survey, 1994). For the British, then, private giving is not only perceived as a somewhat suspect and ineffective strategy for the creation of a good society, but also in some significant sense as a direct threat to its creation.

Attitudes Towards Money and Wealth

Put simply, in the United States money is seen as a good thing. Wealth is considered a nearly universal measure of achievement and success. People who have become rich are viewed with respect; those who have inherited wealth are viewed by some with suspicion. The dominant indicator of class status in America, wealth is relatively explicitly discussed and visibly displayed. At the same time, money is in many ways a great leveler in a society whose mythology holds that anyone who works hard enough can become rich. Money is at least the primary entrance ticket to social status, and “anyone’s money is as good as anyone else’s.” Philanthropy in particular has been a way to demonstrate both social leadership and significant personal wealth, and as such has often been used as a vehicle for entrance into elite circles.

In the US wealth is something that is more respected when it is created than inherited. While there is interest in providing for certain community and individual needs, education in particular, for succeeding generations, there is little perceived need to preserve capital for them - they can create their own. There is great opportunity, even the expectation, for private giving in this context. In the words of nineteenth century industrialist and philanthropist Andrew Carnegie “The man who dies rich dies disgraced.” This perspective was of particular interest to the English philosopher,

politician, and social reformer John Stuart Mill, who was concerned about the effect of intergenerational concentrations of wealth promoted by the traditional practice of primogeniture⁸ on the fairness of political processes in his country (Principles of Political Economy, 1848).

Money is not clearly such a good thing in the UK. Financial success is viewed by some with admiration, by others with suspicion, who see it as unseemly, and very likely a result of the exploitation of others. Inherited wealth for a few is considered a given; it is accepted as long as it is not accompanied by 'excessive' or obvious consumption of material goods. It is in many ways a family trust, to be preserved whole (or added to) for future generations, and not to be squandered by self-indulgent consumption - or for that matter given away through large-scale philanthropy.

On more modest levels, ordinary perceptions of wealth and money also differ greatly between the two countries. In the US, a two-earner homeownership household with jobs in manufacturing and services will most likely see itself as 'middle class.' Extensive government subsidies of home ownership and widespread use of credit for home improvements and consumer purchases create a lifestyle beyond the scale of current earnings. This '*perceptual wealth*' also supports the practice of significant private giving even among households with relatively modest means.

This contrasts sharply with common views of household resources in the UK. Instead of holding an inflated view of their own wealth, people in Britain tend to take the opposite tack. When asked to rate their own income levels, only 3.5% perceived themselves as High income, while 46.6% classified themselves as Low income, and 48.6% put themselves in the Middle income category. (British Social Attitudes Survey, 1995)

This attitude of '*perceptual poverty*' is highlighted even more when actual income is compared against income self ratings:

⁸ Primogeniture is the practice of leaving the entire family estate to the eldest son. It promoted the concentration of wealth over generations, and perhaps also the emigration of other siblings to countries like the US.

SELF RATED INCOME BY ACTUAL INCOME

Actual Income
(In Quartiles)

Self-Reported Income	Lowest Quartile	Second Quartile	Third Quartile	Highest Quartile
High	.9%	.7%	2.7%	9.7%
Medium	16.8%	41.8%	68.0%	77.7%
Low	81.1%	57.3%	28.9%	12.6%

Source: Social Attitudes Survey (1995)

These figures reflect under-rating of income as actual income goes up. It is most striking in the top two income categories; in the highest quartile more people rate themselves as low income than high income, while in the second highest quartile more than ten times the number of people rate themselves as low income as rate themselves high income. Such ‘perceptual poverty’ obviously has significant implications for private giving. If those who do have the resources to give sizable amounts do not believe that they do, they will be quite unlikely to make such gifts.

Tax Policy

While basic national income tax rates do not differ greatly between the US and the UK, there are dramatic differences in the treatment of charitable giving in the two countries. Tax incentives for giving in the US are well established, having been part of the tax code since the eighteenth century, and are significant in size, amounting to nearly seventeen billion dollars in tax expenditures (Howard, 1997). The tax status of charities so significant that they are legally defined by their treatment in the tax code as non-profit 501 (c) 3 organizations; donations to such organizations will be considered tax-deductible. The key feature of US tax incentives for giving is that *they benefit the donor*. Donors who itemize deductions (in practice those who own homes and are thereby able to qualify for the mortgage interest deduction) are able to deduct the full charitable

value of their contributions from their taxable income.⁹ While professional fundraisers claim that this incentive does not determine the decision to give, merely the amount given, it does introduce significant elements of self-interest into the practice of giving. In the words of the a US community foundation executive discussing his strategy for building the foundation's endowment, "I sell the tax deduction."

Most people in the UK do not file yearly tax returns; they have their taxes taken out directly from their 'pay packet.' As a consequence, there is far less emphasis on strategies for reducing one's taxes. Until very recently there have been no general tax benefits for charitable giving. Those tax incentives which have existed require gifts of more than 250 pounds or a continued commitment to give for at least two or three years; in both cases there is *no direct benefit to the donor, but rather to the charity*. For example, a charity which receives a 300 pound gift from a donor would be able to apply to the Internal Revenue for the amount of the tax that donor would have owed on 300 pounds, resulting in another 50 - 75 pounds for the charity. Such 'tax effective' giving accounts for just 10-11% of all UK donations (CAF 1996), and requires planned effort by both the donor and charity, as well as cumbersome paperwork on the part of the donor. Interestingly, among British charitable organizations there has been in the past relatively little interest in the possibility of introducing an US-style donor-benefit tax deduction. They believed it would mean that donors would give for the wrong reasons - their own interests rather than those of others.

Despite these dramatically different perceptions of the nature of the tax treatment of charitable gifts, financially astute observers have pointed out that there is really not a great deal of difference in ultimate financial effect between the two countries. In both cases the net effect is that a donor will be able to make a gift larger than she or he might otherwise afford because of the tax treatment. In the US the donor gives the full amount and then later is able to deduct it from tax owed for the year. In the UK the donor can make a lesser donation knowing that after filling in forms provided by the recipient organization the government will 'match' the donation with the amount of tax which would have been paid to Internal Revenue on the gift.

⁹ The charitable deduction for non-itemizers was eliminated by the 1986 Tax Reform Act. Former President Clinton recently proposed it again in his 2000 State of the Union address, and it has also been proposed by President George W. Bush. In part because of the restriction of the charitable deduction to itemizers, nearly 88% of the total value of the

In an effort to spur giving, recent sweeping changes in Britain's tax treatment of charitable gifts have reduced the limitations on its current 'tax efficient' strategies – elimination of the floor of £250 for single donations and the ceiling of £1,200 for donations made through payroll giving. It has also departed from previous strategies and introduced some of the first direct tax benefits for donors contributing securities. (Financial Times, 2000)

GENEROSITY VS. ALTRUISM

The picture painted above is one of contrasting conceptions not only of why, how, and to whom giving should take place, but also of whether or not private giving in itself is a good thing. This section aims to pull together a comparative analysis of the meaning and practice of philanthropy and charitable giving - a giving ethos - for the United States and the United Kingdom. It proposes two paradigms - Generosity in the US and Altruism in the UK - for understanding the cultural context in which charitable giving takes place in each country. Such an analysis may be able to provide a basis for understanding each country's 'giving culture,' as well as for assessing which policies or institutions might likely be effective in each.

Generosity (US): "Charity Begins at Home"

Generosity is an apt characterization of the giving ethos in the United States. As used by Julian Wolpert in his extensive studies of giving in 83 US cities (Wolpert, 1993), it implies bounteousness but does not require altruism. US giving is heavily interlaced with self-interest, either directly through tax benefits, benefits from the supported charity, or social status; or indirectly through the achievement of social goals which one might desire, such as better child care, civil rights, better parks etc. Moreover these self-interested motivations are not only acceptable, but are socially approved. Givers want to feel, in the words of Michael McPherson, "both good and smart" and organizations bend over backwards with promotional gifts, status rewards, etc. to help them feel that way. Giving is seen as an expression of personal and social identity and goals. For example both the Jewish and gay communities in the US are particularly generous givers, in part because they may see their gifts as supporting community institutions which are outside and even excluded from the

deduction is currently claimed by those making \$50,000/year or more, and 52% by those making \$100,000/year or more. (Howard, 1997)

mainstream. In the US giving and volunteering are integral components to civic involvement; indeed they may be considered far loftier than actual political involvement. Giving modes are predominately purposeful and planned, and yield relatively higher average gifts. Gifts are largely directed towards theoretically ‘particular’ causes, in which the giver may directly participate, such as a church or performing arts group, or ones where they may have received some direct benefit in the past, such as a college or university. In the US moral motivation rests on individual initiative and reciprocity; giving triggers are predominantly emotional.

Altruism (UK): “Charity for All”

Altruism connotes pure selflessness, and for the most part the British expect that giving should be altruistic, even self-sacrificing. They have traditionally rejected mixed motives for giving, and are quite suspicious - particularly of philanthropic giving - because it is so rarely able to live up to popular expectations of purely altruistic motives. However there is a subtle paradox here – people express increasing acceptance that their own giving may involve both altruistic and self-interested motives, but they must be seen as independent in order preserve the ‘genuineness’ of their charitable intention. Giving has been seen largely as private decision, peripheral to both social identity and civic responsibility, though new government initiatives aim to bring them closer together. ‘Spare change’ modes dominate giving, yielding small gifts, and making giving vulnerable to other demands on pocket change. Universal causes such as Oxfam and Save the Children, in which there is no direct or indirect benefit to the giver, receive the bulk of UK donations, and far fewer gifts go to organizations from which the donor has had a direct association, such as a church or university. For the British, moral motivation is deeply rooted in collective duty, a concept that would be quite foreign to Americans. While reason is the only socially legitimate ground for moral motivation, ironically it has been powerful emotion which has generated some of the most generous giving in recent years, most notably the £72 million pounds donated by almost 3 million people to no specific aim or group in the wake of the death of Diana, Princess of Wales.

These two models are summarized below:

GENEROSITY (US) *“Charity Begins at Home”*

1. **Giving is heavily interlaced with self-interest (with social approval)**
2. **Giving is more a public than a private activity.**
3. **Giving is an expression of personal and social identity and goals**
4. **Giving and volunteering are integral components of civic involvement**
5. **Giving modes are predominately ‘planned’ & yield high average gifts**
6. **Focus - ‘particular’ causes in which donor is directly involved**
7. **Moral motivation is based in individual initiative and reciprocity**

ALTRUISM (UK) *“Charity for All”*

1. **Suspicion and rejection of mixed motives for giving**
2. **Giving more a private than a public activity**
3. **Giving is peripheral to social identity and goals**
4. **Giving is peripheral to civic responsibility**
5. **‘Spare change’ is the dominant mode of giving, yielding lower average gifts**
6. **Focus - ‘universal’ causes in which the donor is not directly involved**
7. **Moral motivation is based in social (collective) duty**

IMPLICATIONS FOR POLICY AND INSTITUTIONAL TRANSFER

The United States and Britain are in many ways very similar countries, sharing a history, many aspects of heritage, and some would say a common language. Politically, they continue to have a “special relationship” despite changing fortunes and international roles. Basic philanthropic institutions - trusts and foundations, charity law, membership and subscription mechanisms have grown from the same (English) roots. And yet why and how they practice giving is, as we have seen, in many ways quite different.

This has not stopped the interest in transferring institutions and policies from one country to another. The original transfer from England to the US has been succeeded by a reverse transfer of US charitable institutions to the UK. Two cases merit particular mention.

Probably the most powerful and efficient institutional mechanism for generating significant giving across income levels in the United States is payroll giving, most notably but not exclusively the United Way campaigns.¹⁰ These yearly campaigns are locally organized, usually with significant corporate leadership. In many areas the overwhelming majority of private and public employers actively participate, devoting company time to promoting the drive, and using company resources to handle the paperwork. Authorized donations are automatically deducted from pay by the employer, given to the local United Way (or other organization), and then distributed to agencies in the area. Some 26% of US employees are in workplaces with United Way Campaigns (United Way of America, 2000); donations average over \$170 per employee over the course of a year. Federal employees, comprising two percent of the nation’s workforce, have the option of contributing through the Combined Federal Campaign.

Efforts to organize a similar system in Britain have met significant challenges. When initially introduced in 1986-87, there was little local enthusiasm for the idea, and it is now organized nationally rather than locally. Nearly half (48%) of small employers surveyed at that time by The

Department of Trade and Industry were ‘opposed on principle,’ saying that they didn’t think it was appropriate for employees to be asked to donate at work. (CAF, 1987) Only 20% of employers surveyed thought it was a good idea. The result is a national scheme or system wherein national and regional charitable organizations collect and distribute funds. There is little active corporate leadership, and few corporate promotional campaigns. Just 1% of UK employers participate in the program, and an average of 2% of their employees sign up to make donations; donations average about £5 per month (CAF& NCVO, 2000)

The second example of institutional transfer is the introduction of community foundations, which have been highly successful in the US, where they have existed for nearly 200 years.¹¹ Since 1986 the Charles Stuart Mott Foundation has invested \$14 million in the creation of 18 community foundations in the UK, along with a coordinating body, the Association of Community Trusts and Foundations (ACTAF), now the Community Foundation Network (CFN). After ten years, these foundations had relatively small combined assets of £36 million pounds, and gave out grants of £10 million pounds in that year, up from £19.5 million two years before. (ACTAF Review, 1997)

These early levels reflect in part the challenges of applying a US model to UK society. There are a number of pieces that may contribute to this puzzle: the meaning and locus of community, the tradition of preserving family assets, and the nature of tax incentives, among others. In the past few years, as the model came to be modified to local conditions, and to be better understood by potential donors, community foundations assets have grown significantly, totaling £73.5 million in 1998.

There is currently worldwide interest in promoting the development of institutions and practices, which contribute to a thriving civil society. Models for these institutions and practices have drawn heavily from the experiences of the United States. As is apparent from the above analysis, policies and institutions are created - and are effective - within particular cultural contexts. Before assuming that similar policies or practices will meet with comparable success elsewhere, it is critical to assess the compatibility of relevant existing structures, norms, and beliefs in the two cultures. In

¹⁰ In a number of cities in the US, there has been a proliferation of payroll giving funds devoted to particular causes such as the environment, women and girls, African-Americans, and social change activism.

¹¹ Unlike private foundations, community foundations in the US are legally constituted as ordinary 501 (c) 3 non-profit organizations (charities) which gives them the ability to receive tax-deductible donations from the public, and thus to be both a recipient and a funding entity. This status makes it possible for community foundations to establish sub-funds, designated either by purpose, organization, or family/individual name.

effect, such assessment means that institutions and policies, if desired and appropriate, must be *translated* rather than *transferred* into forms that reflect local cultural values and practices. To neglect to do so is to invite the failure of efforts built on the best hopes and intentions.

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