



Philanthropy  
Impact

# Magazine

Issue 8: Spring 2015

**Mark Carney,  
Bank of England**

Inclusive Capitalism:  
Creating a Sense of  
the Systemic

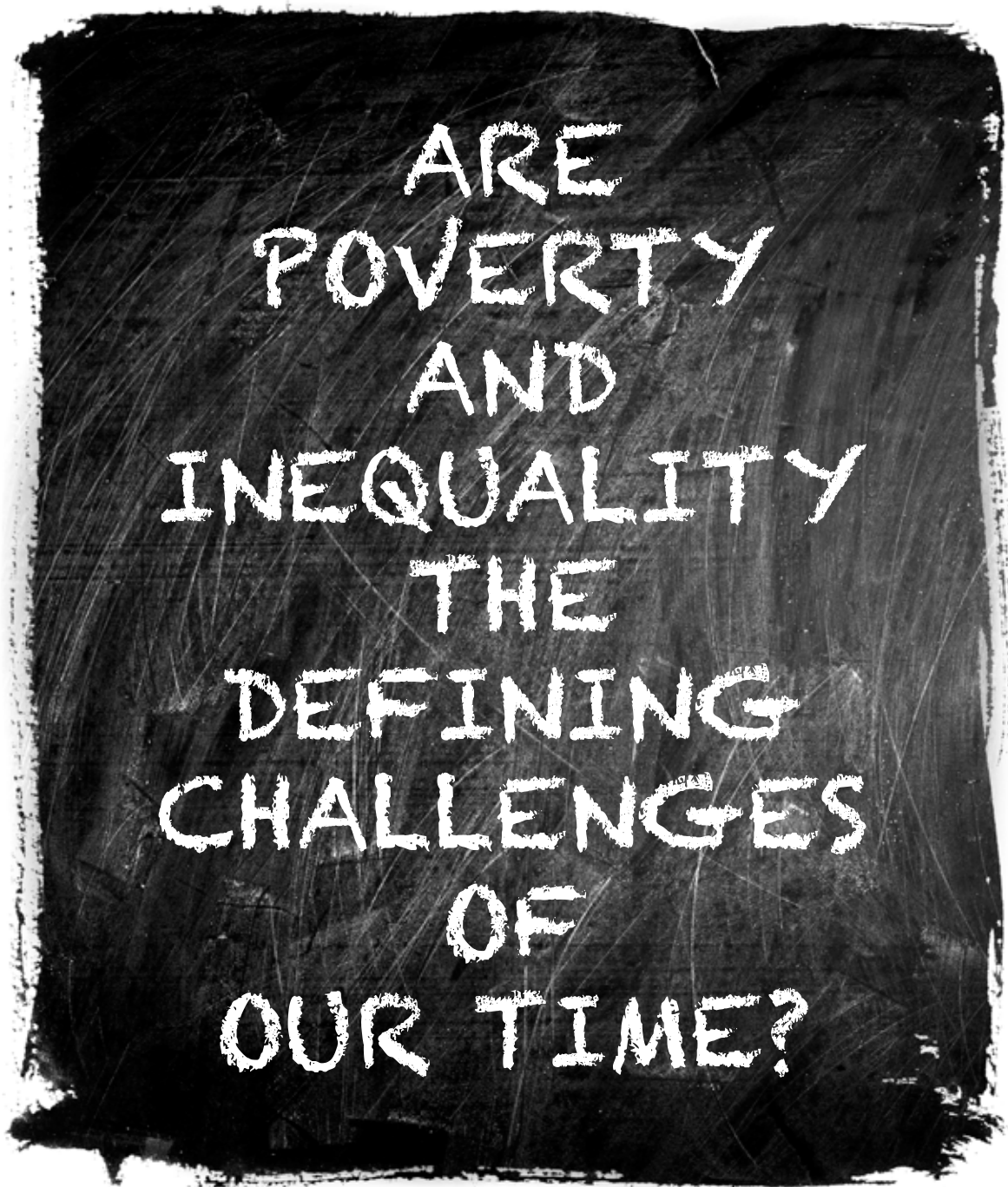
**Charities &  
Their Impact –  
Nationally and  
Internationally**

**From Privilege to Action**

Eradicating poverty and reducing  
inequality. Philanthropists, the  
corporate sector and Government –  
jointly part of the solution

**Vicky Pryce:**

The Economics  
of Philanthropy



**PLUS:**

Gina Miller on how long she  
has to make a difference

**Karen Tse**

International Bridges  
to Justice

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# Are Poverty and Inequality the Defining Challenges of Our Time?

## It would appear so

Scott Barber and Edward Finch

We are delighted to be the first sponsors of Philanthropy Impact Magazine and to partner with an organisation that so closely aligns with our non-profit, private client and philanthropic specialisms. The answer to the question above is:

It would appear so, according to...

- A recent poll conducted by J. P. Morgan Private Bank and the Beacon Awards which found that 'global poverty is top of the agenda for the next generation of philanthropists' (J.P. Morgan Press Release 29 April 2015)
- The debate amongst political parties prior to and during the election
- Numerous articles in the media
- The popularity of Thomas Piketty and his book **Capital in the Twenty-First Century**
- The articles in this magazine

As can be seen in the articles in this magazine it matters to the Governor of the Bank of England, Mark Carney; to economists such as Vicky Pryce; to philanthropists such as Gina Miller, Grant Gordon and others; to trusts such as Trust for London and Barrow Cadbury Trust; and of course to charities such as those in the human rights arena, international issues, and so on.

The facts are clear. For example in the UK:

### Equality of Opportunity

- The correlation between parents' earnings and their children's was higher in UK than anywhere in the developed world
- Although the arrival of mass education and opening of universities and professions to meritocracy led to increased social mobility throughout the 20th Century, this is now in reverse.

### Income Inequality Is One of the Defining Challenges of Our Time

- The wealthy are becoming wealthier and the poor are becoming poorer. The share of income held by the top 1% of the UK population has grown: in 1910 it was 22%, in 1980 it was 6%, and in 2010 it was 15% – According to Thomas Piketty, this will peak when the rate of return on capital exceeds the growth rate of the economy (growth of capital outstripping the growth of output).
- The wealthy have been largely insulated from the 2007/8 financial crash
- Real annual wages fell for the typical worker by 8% between 2008-13; the figure for young people up to age 29 is 13%
- Almost a million people resorted to food banks in 2014

### The Stresses of Poverty

Studies (including an emerging body of brain science) show that the stresses of poverty often overwhelm the critical thinking skills that people need to develop and follow a pathway out of their living conditions, to break the poverty cycle. Low wage employment and zero hour contracts have an impact and reinforce a poverty life-cycle.

### A Future Issue Potentially Disruptive

The increasing use of robots, biotechnology advances, digital technology and 4D may be disruptive in positive ways; however there may be a downside with fewer jobs for all classes potentially widening the income gap more.



**Scott Barber, Tax Partner with interest in cross-border philanthropy, Buzzacott**

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*'Not so long ago those who worried about inequality were accused of partaking in the politics of envy. In the past year this concern officially became mainstream as voices from the Pope to Christine Lagarde to President Obama cautioned of its impacts. The mounting consensus: left unchecked, economic inequality will set back the fight against poverty and threaten global stability'*

**World Economic Forum setting out the problem ahead of its meeting in Davos  
(The Disintegration of the World, The Atlantic, May 2015)**

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Our vision is to increase philanthropy and social investment across borders, sectors and causes.

Our mission is to achieve greater sector knowledge and expertise by working with professional advisors. Through our links with key sector stakeholders we develop thought-leadership on philanthropy and social investment.

We do this by delivering activities that include:

- Events: a comprehensive programme of events that support professional training and development
- Publications and Research: our 'body of knowledge' guides, case studies, and other resources, and the acclaimed Philanthropy Impact Magazine
- Lobbying: we advocate for policies and regulations that encourage philanthropic giving and social investment

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The purpose of the magazine is to share information about philanthropy in a domestic and international context. We welcome articles, letters and other forms of contribution in Philanthropy Impact Magazine, and we reserve the right to amend them.

Please contact the Editor at [editor@philanthropy-impact.org](mailto:editor@philanthropy-impact.org)

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