

Some Early Thoughts on Charity from a Couple of Beginners

Thank you to the City Mission for the invitation to address the Annual Review

I have had an enjoyable relationship with the Mission over the last few years assisting the trustees improve the efficiency of the financial management of its investments to ensure the ongoing financing of operations.

Over the last 12 months one of the things that has happened in my own life has made me consider the type of work the Mission does from a perspective other than day-to-day financial management.

I now find myself looking at the role of charitable endeavours in the community from a totally different perspective as Joanne and I try to get a handle on how we are going to best invest the windfall that has come our way to improve the lives of others.

Of the two of us only Joanne has had experience at the coal face of charitable endeavour with her experiences volunteering. I certainly am a greenhorn.

So Father Des we may be turning up for some advice on how to sensibly (and efficiently) allocate funds available. Perhaps we can do a deal – I'll help you invest your funds and you help us spend ours responsibly.

So far I've been reading voraciously the literature on philanthropic endeavour and I have to say that it's looking a far tougher challenge than mastering the principles of economics, finance and business.

By comparison business appears easy – you just take the most direct path to the next stepping stone en route to more profit. By comparison, allocating a fixed sum across a seemingly infinite number of legitimate needs is pretty daunting.

The recent experiences of Bill & Melinda Gates and Warren Buffet are quite instructive on how one might go about this. In short their decision has been to focus on making the biggest difference with each dollar they invest. At least to that extent it's analogous to business – and they have identified investing in health in the developing world as one avenue, and investing in education in their home country as the two most productive destinations for their efforts. That finding strikes a certain resonance for Joanne and me.

There's a dramatic contrast between this top-down or macro approach to helping others with the micro or bottom-up business which the Mission is involved in. The Mission's approach to helping others seems to be "just do it" whereas for those of us who have come from a business or financial background,

- (1) we firstly have to torture ourselves with cost/benefit analysis over how to do it in the most effective way
- (2) We need to consider the issue of whether we're just doing what the government would otherwise do anyway and therefore its at best futile and at worst counter-productive and so pointless.
- (3) Then there is the question of how much help is enough, when does the act of giving and helping generate a dependency rather than assist self-reliance

Certainly these aspects of the problem don't seem to make the choices any easier.

Quite aside from analysing the impact of any charitable contributions you ask yourself whether you're really making a sufficient contribution given opportunities you've been fortunate enough to have through life. This applies to us all and gets really tricky. Mother Teresa had a pretty interesting approach to this when asked by a millionaire wishing to make a difference for others. Asking how much he should give she simply said – “until it hurts”.

That of course opens up a whole different dimension to this activity – one that reveals personal choice. Certainly what Jo and I are working on isn't going to hurt us – so I guess by Mother Teresa's criteria we haven't even reached the start line in the pursuit of philanthropic excellence as she would have measured it.

Then there are the complications this sector presents in a modern Welfare State context. You don't have to scratch the surface much before you see it is riddled with contradictions and seemingly irresolvable choices. Some examples;

- (1) In most communities – no matter how well off - there seem to be a never ending stream of claimants for help – a case of more charities than causes. This raises the question of whether charitable endeavour is to some degree a human condition – that part of our making is that we need to give so there's an abundance of providers/volunteers if you will, and part of the challenge is getting them all gainfully deployed. It's analogous to a solution looking for a problem to chew on. It starts with your heart in the right place, but it certainly shouldn't end there if the contribution is going to get maximum social return.
- (2) Then we turn to the demand of those in need. Where does it end? In a radio debate once, some 20 years ago with Jim Anderton when he was very much on the outer with Labour, I got so frustrated with the politics of the Far Left and its seeming permanent hand out for funding from others, I posed the hypothetical – if you lived in a community of billionaires apart from a few losers who were millionaires would we still need a welfare state? The answer was yes – its relative wealth and well-being that matters. I found that difficult to accept, still do, it sounded like the politics of envy to me.
- (3) I don't accept poverty is primarily a relative thing. One can be deemed poor on some material measure such as income compared to others in society and still be incredibly content and not in need of anything. So for me the proponents of relative poverty are totally wrong – theirs is a political perspective driven by the politics of envy
- (4) In our kind of society we have voted for our government to be the primary provider of care to those in need – and in many cases to those not in need. So presumably if government did its job efficiently, there would be no need for private charity. Or are we saying government only partly helps, or is it so big and monolithic in this area that there are huge holes of inefficiency left for the private sector to fill. This does make it doubly difficult to identify areas where one can help others who would **necessarily** otherwise suffer

Joanne and I have our own personal first hand experiences, those that the privilege of travel have provided

- First World poverty – Louisiana & New Mexico in the US, third of citizens live in trailer homes. Are they impoverished? On any relative measure of poverty yes. We lived in a bus for 3 years and didn't feel hard done by at all.
- The rupture that divides New Orleans – where one half of the city was unaffected while the rest totally gutted. Only 25% of the population back yet. There is a marked sense of nonchalance about the fate of those who have been devastated – some even go so far as to say it was a good thing, cleaned up an eyesore.
- Calcutta – Mother Teresa's Sisters of Charity facilities – hospices, etc, home for women who have been found on the street and abused by the police
- Dajeeling – Xmas with the orphans – many of whom were middle aged women, unmarried not wanted by their families
- Tibetan high plain – nomadic families living in what we would consider abject poverty following their herds of Yak back and forth across the plains. I doubt whether they would see themselves as poor at all

So to conclude we are both really looking forward to work on “the other side of the fence” and can see a whole new career opening up for ourselves participating in the world of giving and helping, that is somewhat different from what has dominated our lives to date – the world of building and creating.

Having said that I expect we will remain realistic about what can be achieved. The funds at our disposal are massive on the scale of what a couple of individuals need they are but a drop in the bucket when you consider each and every year our government spends \$20 bn on social security & welfare - or \$5,000 for every man, woman and child in NZ. That seems an awful lot of redistribution that's going on and for any private philanthropy a tough ask to expect it to add social benefit in an economically efficient manner maximising social benefit. There seems no point if government would be providing anyway. Any private activity has to be complementary and not a substitute.

This then is a taste of the contradictions and challenges we have been debating while motorcycling around North America over the last 4 months. Now to the real world.

We have nothing but admiration for the work the City Mission does and look forward to learning from the folks involved in keeping the Mission, now in its 102nd year, going. Congratulations on another year of operations and our best wishes for the future to all those associated with the City Mission.