Social justice, liberalism and philanthropy: an investigation into the tensions and limitations of charitable and community foundations in the UK

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Abstract
This paper examines how charitable and community foundations as normative institutions relate to issues of social justice, legitimacy and accountability. We will argue that grant-making foundations use their resources to support basic liberties and to assist the most disadvantaged groups in society, pursuing a liberal conception of social justice and equality. But there are some tensions and limitations, partly arising from their historical legacy, internal features and structural positions within the polity. Foundations tend to have UK-focused mission statements, operate with minimal accountability, have parasitic endowment and sources of philanthropic donations, have privileged and conservative trustees, and face pressure from the right-wing media. To achieve a Rawlsian liberal form of social justice, foundations have to change their institutional practices and routines, aiming for justice and a socialised and democratic production system, rather than regulating economic and social inequalities.

The paper draws upon an ESRC-funded investigation into philanthropy that involved 34 semi-structured interviews with executive directors or senior project managers of charitable and community foundations and grant-makers. Each interview lasted on average 1.5 hours, divided into two parts: the first part asked the interviewees to describe the history of their organisations, and to outline their current strategic themes and priorities; and in the second part, they explained the use or the lack of the concept 'social justice' in their organisation. In addition, further interviews were conducted with sixteen participants from the first round either via Skype or emails to collect extra information.

Acknowledgements
This project was funded by Economic and Social Research Council, UK (Award No: RES-5693-25-0003/007). Our thanks to Anthony Tomei, Dave Elder-Vass and the participants at the Social Justice Philanthropy Conference at the National Council for Voluntary Organisations on 1 March 2013 for their suggestions and advice. We would like to express our gratitude to the interviewees for their time, guidance and patience. Emily Robinson also deserves our appreciation for arranging the interviews. The usual disclaimers apply.
This paper examines how charitable and community foundations understand the values and beliefs that shape their grant-making portfolios, and what are the subsequent tensions and limitations. The paper aims to contribute towards a better understanding of the potential and limitations of foundations to achieve social change, and to critically examine the normative dimensions of foundations’ activities. Some scholars (such as Leat 2007; Cohen 2008; Craig 2005; Rabinowitz 1990) argue that foundations are a force for public good, supporting a thriving civil society, giving voice to disadvantaged and vulnerable groups, upholding basic liberties, tackling discrimination, and ensuring fair opportunities. In addition, they provide goods that the state and the market cannot or will not offer. But critics (including Illingworth et al. 2011; Prewitt et al. 2004) argue that foundations face serious questions of legitimacy and accountability, namely what is the legitimacy for private money to shape public policy, and what regulatory mechanisms ensure that foundations’ activities benefit the public? They also suggest that the net impact of foundations can be negative, taking into account the effects of the loss of tax revenues to subsidise charities and the harm arising from the speculative and non-ethical nature of their endowment.

We will argue that foundations are normative institutions with the capacity for achieving social change, and that liberal ideas of social justice and legitimacy frame their understanding of social and political change (Rawls 1999; Prewitt 2004). But far from being autonomous and independent, they are embedded in a liberal culture and society that constrains their progressive agendas (Prewitt 1999).

This paper is divided into six sections. The first section will provide some contextual information about the charitable and community foundation sector, discussing the extent of social justice grant-making in the UK. In the next section, we will briefly describe the research design of our study on foundations and grant-makers. The third section will examine how liberal ideas of social justice and legitimacy can account for the values that underpin foundations’ programmes and goals. In the fourth section, we will discuss why foundations and grant-makers are often reluctant to use the concept of ‘social justice’ to describe their activities. The fifth section will investigate some of the tensions and limitations of foundations’ pursuit of progressive activities. Finally, we will make some concluding remarks.

Charitable and community foundations in the UK

The Association of Charitable Foundations (ACF) estimates that there are approximately 10,000 independent trusts and foundations in the UK, giving £3 billion in grants each year to voluntary and community organisations. Foundations and trusts play a crucial role in funding the voluntary sector and in developing a thriving civil society. Because their endowment gives them a degree of independence, foundations and trusts are able to support innovative and risky projects, as well as to fund causes that lack popular and political support. It is worth noting that local authorities and central government often contract charities to provide services (such as social care and drug rehabilitation) to the local community (ACF 2007). Community foundations support local community causes, and their role is to manage donor funds and to build endowment as well as to make grants to charities and community groups, linking local donors with local needs. NCVO (2013) estimates that there are approximately 60 foundations across the country, and in the 2004-05, they made grants of over £57 million.

ACF (2007) reports that the total grant-making expenditure of the top 500 charitable foundations and grant-makers rose from £746 million in 1994-95 to £2.72 billion in 2004-05. Table 1 shows the distribution of the causes that the top 500 foundations and grant-makers list as their preferred funding areas.

Table 1: Distribution of the causes
<table>
<thead>
<tr>
<th>Cause</th>
<th>Distribution of funding preferences (%)</th>
<th>Grants (estimated £m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Care</td>
<td>18</td>
<td>489</td>
</tr>
<tr>
<td>Health</td>
<td>17</td>
<td>452</td>
</tr>
<tr>
<td>Education</td>
<td>10</td>
<td>273</td>
</tr>
<tr>
<td>Arts and Culture</td>
<td>8</td>
<td>230</td>
</tr>
<tr>
<td>Environment</td>
<td>6</td>
<td>166</td>
</tr>
<tr>
<td>International</td>
<td>5</td>
<td>150</td>
</tr>
<tr>
<td>Faith-based</td>
<td>5</td>
<td>134</td>
</tr>
<tr>
<td>Other/general</td>
<td>31</td>
<td>836</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>2,728</strong></td>
</tr>
</tbody>
</table>

Source: ACF 2007

It is difficult to know the extent of social justice grant-making because ACF does not capture data under the category of ‘social justice’, and what constitutes a social justice project is open to interpretation. Furthermore, it is difficult to interpret the extent of social justice in Table 1. For instance, the education category would include grants made to support scholarships, which would not be considered social justice grant-making unless they were specifically targeted to those who would otherwise not be able to continue their education. Similarly, health projects can range from purchasing equipment for hospitals, which would not be considered a social justice project, to providing better information on health care in low-income areas, which would be a social justice project. To our knowledge, there has not been a study to review the grants from a representative sample of foundations and grant-makers to ascertain how much social justice grant-making currently occurs in the UK (see Community Foundations of Canada 2003 for a similar situation in Canada). In reviewing grants of charitable and community foundations in the US, Jagpal and Laskowski (2010) show that social justice grant-making expenditure averaged $3 billion annually between 2008 and 2010, representing 15% of the total grant-making expenditure. They also report that most sampled grant-makers have less than 5% of their grant-making for social justice projects.

Table 2 shows that the top ten foundations and grant-makers account for over half of the top 500’s grant-making expenditure, indicating that there are very small charitable trusts and grant-makers in the UK.

Table 2: Top 10 foundations and grant-makers

<table>
<thead>
<tr>
<th>Charity name</th>
<th>Grant-making expenditure (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Lottery Fund (The)/ New Opportunities Fund</td>
<td>508</td>
</tr>
<tr>
<td>Wellcome Trust (the)</td>
<td>344</td>
</tr>
<tr>
<td>Big Lottery Fund (The)/ Community Fund</td>
<td>182</td>
</tr>
<tr>
<td>Cancer Research UK</td>
<td>96</td>
</tr>
<tr>
<td>British Heart Foundation</td>
<td>84</td>
</tr>
<tr>
<td>Comic Relief</td>
<td>54</td>
</tr>
<tr>
<td>Macmillan Cancer Relief</td>
<td>49</td>
</tr>
<tr>
<td>Football Foundation (The)</td>
<td>45</td>
</tr>
<tr>
<td>Christian Aid</td>
<td>39</td>
</tr>
<tr>
<td>Gatsby Charitable Foundation (The)</td>
<td>38</td>
</tr>
<tr>
<td><strong>Top 10 Total</strong></td>
<td><strong>1,439</strong></td>
</tr>
</tbody>
</table>

Source: ACF 2007

1 Our thanks to Stephen Pittam for this point.
Of the top ten, only Comic Relief and Christian Aid can be considered as social justice charitable grant-makers because of their extensive work to tackle child poverty and social inequalities in developing countries. Comic Relief’s vision is to create a just world by addressing the root causes of poverty and injustice. In contrast, Wellcome Trust’s vision is to support the brightest minds in biomedical research and the medical humanities. While Gatsby Charitable Foundation has a programme on improving the income of the poor in Africa (15.4% of its total grant-making expenditure), over half of its funds is allocated to science (55.3%), with arts receiving 12% and science and technology education getting 9.8% (Gatsby Charitable Foundation Annual Report and Accounts 2011-12). Big Lottery Fund’s vast annual budget and coverage of different causes from sports to wild-life allows it to undertake some social justice grant-making. For instance, it operates the International Communities programme, which in 2011-12 made 16 grants worth £6.9 million to UK organisations to deliver projects in disadvantaged communities overseas (Big Lottery Fund Annual Report and Accounts 2011-12). So while Big Lottery Fund is not a social justice grant-maker like Comic Relief and Christian Aid, some of its activities involve social justice.

Despite the lack of reliable survey data on social justice grant-making, we can safely assume that social justice grant-making does occur in a variety of forms, differing on whether social justice is the primary goal, or one of many. For instance, there are some endowed foundations and trusts (such as Joseph Rowntree Charitable Trust and Soros Foundations) and publicly funded charitable grant-makers (such as Comic Relief) that are dedicated to addressing poverty, inequalities and injustices in the UK and overseas. But for most, like Gatsby Charitable Foundation and the Big Lottery Fund, social justice programmes comprise a small percentage of their total grant-making expenditure.

**Research design and methods**

We conducted 34 semi-structured interviews with executive directors or senior project managers of charitable and community foundations and grant-makers. Each interview lasted on average 1.5 hours, divided into two parts: the first part asked the interviewees to describe the history of their organisations, and to outline their current strategic themes and priorities; and in the second part, they explained the use, or the lack, of the concept ‘social justice’ in their organisations. In addition, further interviews were conducted with sixteen participants from the first round either via Skype or emails to collect extra information.

The study was not a survey of the UK foundations, but rather an examination of foundations that are motivated either to a large or small extent by social justice issues, including human rights, poverty, social exclusion and disadvantaged communities in the UK or overseas. Our sample consisted of three distinct groups. First, many self-proclaimed progressive grant-making foundations were chosen, as were those foundations, which had social justice elements in their programmes. These charitable foundations either have their own private endowment to fund their charitable activities, or rely upon their founders’ annual donation to distribute funds to other charities. Foundations (such as Leverhulme and Wellcome Trust) were excluded because they do not pursue a social justice agenda. Second, prominent community foundations working on social change and justice issues were included in the sample. They differ from charitable foundations because they do not have a sizeable endowment, but instead attract and manage donations from philanthropists, corporate donors and the state to support local community causes and regeneration in the local area. Third, large charitable grant-makers were selected to examine the values underlying their activities. They differ from the first two groups in that they rely upon public donation and the national lottery to make grants to good causes and charities. While these three groups of philanthropic foundations and grant-makers overlap in how they operate and what they give to, their
sources of funding (i.e., private endowment, philanthropic donations, public donation and the national lottery) differ. As we shall see, the nature of their funding can limit how effectively they pursue progressive agendas. Our sample ranged from established foundations and grant-makers with professional trustees and staff to relatively new foundations with living donors and family as trustees. We shall also see how the nature of the broad of trustees can influence the direction of foundations’ activities and grant-making.

Liberalism, social justice and philanthropy

According to liberalism, a fair and just society has three important features: basic liberties and rights for all; equal opportunity to ensure a level playing field; and support for the most disadvantaged members in society. Liberals are neither economic utilitarians nor egalitarians, arguing instead that disparities in economic rewards provide incentives for innovation and growth, and that economic inequalities are morally acceptable as long as the least fortunate members benefit from them (Rawls 1999). Progressive grant-making foundations have programme priorities that reflect a liberal perspective on social justice, relating to issues of human rights, fair access and assistance for marginalised groups (Leat 2007; Cohen 2008; Craig 2005). Foundations aim to regulate, rather than eliminate, economic and social inequalities produced by capitalism, promoting and advocating social and economic inclusion, formal and fair equal opportunities and a plural civil society (Baker et al. 2004).

In our study, charitable and community foundations and grant-makers do enact liberal values. Many charitable foundations promote better civil rights for marginalised groups, tackling racial discrimination and religious intolerance, and supporting the rights of asylum seekers and political prisoners in the UK as well as overseas. Some foundations have educational programmes that encourage greater equality of opportunity and social mobility, providing financial support to students from low-income backgrounds and assisting schools in deprived areas. Most community foundations and grant-makers focus on social cohesion and financial inclusion, giving to charities that address youth unemployment, urban regeneration and start-up businesses in low-income communities. Charitable foundations and grant-makers give grants to charities that assist vulnerable groups, who lack resources and power to make demands upon the state; such vulnerable groups include sex workers, abused children, the elderly and the mentally disabled.

Despite their privileged, elitist and undemocratic status, legitimacy is unproblematic for endowed and community foundations in part because the state and charity law permit them to use their private resources for public benefit in ways that do not challenge the political legitimacy of the state or the economic legitimacy of the market (Prewitt et al. 2004). The state confers legitimacy upon foundations, which address issues that otherwise would be neglected or under-resourced. In return, the state subjects them to minimal accountability and regulatory checks. To have legitimacy, charitable and community foundations need not do their job well, be cost-effective or bring about significant social change, but rather satisfy the utilitarian public benefit test, as legislated by Parliament and administered by the Charity Commission (Cohen 1983). The public benefit test is not prescriptive, allowing foundations to choose and devise their own goals and programmes, fostering autonomy, independence, choice and pluralism. The Charity Commission expects foundations to demonstrate their intentions to satisfy the public benefit test, and to document their activities in annual reports (Morgan 2012).

Should restrictions be placed upon charitable foundations’ agendas, their autonomy and independence as well as the liberal political economy would be undermined. Charitable foundations are protective of their autonomy, resisting government controls over their particular goals and agendas (witness the sector’s backlash over the Big Society agenda).
While charitable foundations can deflect controls over substantive issues, accountability is stronger around procedural issues of transparency, fiscal responsibility and administrative efficiency (Prewitt et al. 2004). Foundations must satisfy a minimal accountability test by returning annual accounts, as well as following the Charity Commission’s recommendations on good practices, such as making information about their grant-making criteria accessible on their website, reviewing long-term strategies and programme priorities, and evaluating grantees’ perceptions.

In our study, charitable and community foundations are not troubled by their privileged and undemocratic status, arguing that they are regulated by charity law and are accountable to the Charity Commission, and that they have as much legitimacy and autonomy as other organisations (such as corporations and universities) operating in a liberal democratic civil society. They cherish their ability to ‘speak truth to power’ and to take risks too dangerous or costly for the state. To assess their administrative process and programme effectiveness, most foundations conduct surveys of their grantees’ perceptions and have external evaluations of their programmes. To ensure transparency, most foundations publish annual reports, describing the public benefit of their major activities and events. While foundations are undemocratic, many of them operate an open and responsive grant-making application scheme, allowing ‘the community’ to define their own needs. In cases of established and professional foundations, programme priorities are based upon extensive consultation and research, i.e., evidence-based needs. Despite their uniquely privileged status, their ability to project their private vision of the public good into the public arena is limited, as corporations, trade unions, special interests and lobbyists have more resources and power for social change.

Rejecting the ‘social justice’ label

Although charitable and community foundations in our study pursue a liberal agenda of social justice, most reject describing their programmes and grant-making in terms of social justice. This may seem puzzling at first, but there are four reasons for this.

First, the term ‘social justice’ would imply that foundations are obligated to pursue social justice, having a duty to society to address issues of basic liberties and social inequalities (Rawls 1999). The duty of justice is precise and perfect, distinct from the loose and imperfect duty of beneficence, which arises from compassion and largely motivates personal charitable practices (Rabbitts 2012; Lester 2011). In our study, most living donors and family trustees are not motivated by impartial feelings of just obligations, but rather personal interests and connections to particular causes.

Second, the term ‘social justice’ would imply that grant-making portfolios and programme priorities are open to critical scrutiny, debate and reason, possibly reflecting deliberations under ‘the veil of ignorance’ (Rawls 1999). But in practice the decision-making process often lacks impartiality, involving trustees’ personal interests and connections. Furthermore, some charitable foundations operate a closed application process, which restricts the participation of charities and NGOs. Instead, trustees and staff invite applications on the basis of social connection and reputation.

Third, the term ‘social justice’ can have radical or left-wing political connotations, associated with egalitarianism and redistribution of wealth (Baker et al. 2004). The term suggests that social and economic inequalities are structural, requiring reforms to basic institutions (Lester 2011). But many charitable and community foundations and grant-makers believe themselves to be neutral, in that they shy away from overtly political ideologies, and engage instead with advocacy and campaigns around normalised and taken for granted liberal values and causes that are enshrined in charity law (Luxton 2009; Cohen 1983; Breen 2012; Morgan 2012). In addition, some established charitable foundations believe that their grant-
making is scientific and evidence-based, evoking the positivist ideals of objectivity and neutrality, not political bias and ideologies (Sealander 2003).

Fourth, the term ‘social justice’ has multiple and contentious meanings that can confuse and discourage the public (see Ruesga and Puntenney 2010 for different meanings of social justice). In our study, most charitable and community foundations and grant-makers believe that the term ‘social justice’ can alienate their audience, and suggest that the public, donors and trustees prefer less contentious and more neutral terms, such as ‘social change’, ‘poverty’, ‘community development’ and ‘human rights’ (see Mayer 2008 on how the term ‘social change’ can create suspicions and animosity in the US). Established foundations and grant-makers are particularly careful in how they engage with their key stakeholders through publications, the social media and public events, guarding their reputation against needless controversies (Carson 2003).

Some tensions and limitations of foundations’ progressive agendas

To re-cap so far: we have argued that charitable and community foundations and grant-makers in our study implicitly focus on issues of liberal social justice, and achieve legitimacy and accountability by satisfying both the utilitarian public benefit test and the procedural accountability test that preserve their choice, autonomy and independence. We have also suggested some reasons why foundations do not name their activities as ‘social justice.’ Now, we will discuss several tensions and limitations to foundations’ pursuit of social justice issues and progressive agendas.

First, the lack of ethical investment is a significant tension within most charitable and community foundations. They primarily focus on distributing the income from their endowment or philanthropic donations, having little ethical consideration to how the income is accumulated. Endowed foundations aim is to maximise financial returns by investing in unit trusts that offer acceptable risks (Jenkins 2012). Community foundations attract philanthropic and corporate donations coming from financial and commercial investments, such as hedge funds and alcohol production. But left-leaning liberals, such as Adam Smith, J.S. Mill and John Rawls, argue that a just and fair society requires that private property ownership be more equal and dispersed, rather than heavily concentrated in the hands of the elites (Fleischacker 2003; Rawls 1999). In addition, Sayer (2012) notes that financial investments into unit trusts, bonds, loans and hedge funds involve social relations that are speculative and parasitic, contributing little towards productive capital and economic well-being. The income derived from such investments is unearned and underserving. Clearly, the beneficial outcomes of foundations’ grant-making can be countered by the harmful and unjust effects of concentrated property ownership and parasitic financial capital. In our study, some foundations express unease about the sector’s investment policy, suggesting that the net impact could be negative. Some established foundations have a slightly different investment approach on their endowment, operating a policy of ethical screening that prohibits investments into harmful industries, such as tobacco, arms manufacturing and petroleum. Some also have a small percentage (less than 10%) of their endowment in mission-related and social investments, which generate a lower return than on commercial ventures (Jenkins and Rogers 2013). While mission-related and social investments are seem to be more ethical and socially responsible, they face similar usury issues of being unearned and underserving.2

Second, the lack of grant-making programmes on international social justice issues represents another tension. Many established charitable foundations limit their mission statements and grant-making to domestic causes and particular regions and cities in the UK.

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2 We are grateful to Sara Llewellin for making this point.
In part, they are constrained by the historical legacy of their founders’ stoic sympathy and moral concern for the local and the national that motivate and move founders to have greater attachment to causes that were familiar and in close proximity (Core and Donaldson 2010; Forman-Barzilai 2010). Pratt et al. (2012) estimate that 5% of the total foundation grant-making expenditure from the UK is spent internationally. In our study, when international grant-making occurs, it is often to countries (such as South Africa and Ireland) that have close cultural links to the UK. For relatively new foundations, mission statements and grant-making programmes are more outward-looking, but the target countries (such as India, Eastern Europe, Israel and Zimbabwe) often have close affinities to living donors and family trustees (Pharoah and Bryant 2012). As Boltanski (1999), Smith (1976) and Singer (1982) note, social justice and humanitarianism require impartial ethical reasoning that gives greater attention to global inequalities and suffering.

Third, charity law and the Charity Commission prohibit foundations to engage with issues related to political ideologies and political party campaigning (Morgan 2012). They also cannot be primarily interested in advocacy and campaigns that demand changes to laws and government policies, or to raise public awareness with the aim to change laws and policies (Luxton 2009; Breen 2012). Foundations face severe constraints on what issues and how they can tackle structural inequalities and injustices. In our study, charitable and community foundations dismiss ideas that class inequalities or capitalism as partly responsible for poverty, unequal educational opportunities, environmental damage, crime and other forms of injustices and suffering. To acknowledge their effects, would make them advocate for a change to basic institutions and laws, including private property ownership (see also Lester 2012). While the new Charities Act 2011 and the Charity Commission encourage political advocacy and campaigning that are secondary to the foundations’ primary motivation of public benefit, such as alleviating poverty or advancing education, most foundations have been reluctant to take advantage of this opportunity. The reticence can be partly explained by trustees’ lack of political risk-taking and institutional habits and routines that have not evolved to the new legal and political possibilities.  

Fourth, most foundations tend to ignore the concentrated levels of wealth and power of the super-rich, elites and global corporations, whose activities significantly affect the resources and opportunities for others in society (Sayer 2012; Rogers 2012). For example, the super-rich and large corporations can indirectly affect economic growth and expenditure on vital public services through their speculative financial trading and tax havens (Shaxson 2011; Walby 2010). In failing to address issues of unequal power and wealth, foundations cannot complement their existing grant-making programmes on vulnerable and marginalised groups to produce more stable and lasting solutions to poverty, deprivation and exclusion (Rawls 1999). Notwithstanding the general failure, in our study, some established charitable foundations do make grants to research institutes and think-tanks to examine alternative forms of capitalism and governance. A few foundations also fund charities and commission reports to support campaigns for changes to rules on tax havens, tax avoidance, high pay and executive bonuses. These campaigns have become normalised and acceptable issues of contestation as a result of austerity cuts, research on income and wealth disparities and a network of protest groups, such as UK Uncut and the Occupy movement. But most foundations are reluctant to fully engage in radical discussions of unequal power and wealth, deeming them to be ‘too political,’ partly because trustees are too cautious and conservative, and they fear a backlash from the right-wing media and conservative think-tanks (Carson 2003).

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Our gratitude to Sara Llewelin and Gareth Morgan for pressing this idea upon us.

We thank Stephen Pittam for bringing this to our attention.
Fifth, despite claims of being independent, charitable foundations and grant-makers are socially embedded in ways that shape their activities and programmes. For example, some foundations and grant-makers express dismay at how the right-wing media, such as the *Daily Mail*, sometimes scrutinise their activities and publish sensational stories about their grants to animal rights’ or youth offenders’ charities, rather than to veterans’ or heritage charities (see also Deacon et al. 1995). Some readers then write to them, complaining about their programmes, and a few even sending malicious packages. To rebut charges of left-leaning bias in their programmes, foundations and grant-makers balance their portfolios with grants to traditional and conservative charities. In addition, trustees often constrain the foundations’ progressive priorities, disliking the term ‘social justice.’ In our study, most trustees are described as being conservative with a small c, many coming from business and privileged backgrounds (Bond 2012). The social networks that many trustees belong to lack social diversity, and are removed from the everyday experiences of the poor and the marginalised. In many cases, trustees are self-recruiting through invitation only by existing board members. Though more professional and established foundations hire a recruitment agency to appoint trustees.

Sixth, charitable and community foundations recognise that their programmes and the size of their grants are insufficient to achieve social change when competing against larger and more powerful corporate actors, such as local authorities, corporations and trade unions (Prewitt et al. 2004). Furthermore, most foundations express doubt about the impact of their programmes on social change and public policy, given that social inequalities and suffering are complex and enduring problems, and that programme effects have long time lags. But nevertheless, they tend to make strong rhetorical claims about social change and justice in annual reports and strategic reviews, perhaps believing that social change is the basis of their legitimacy (Prewitt et al. 2004). But as we have seen, there are several reasons why foundations lack the capacity to pursue social justice projects and progressive grant-making.

**Concluding remarks**

To conclude, we have critically examined the implicit values of social justice, legitimacy and accountability that underpin charitable and community foundations’ and grant-makers’ programmes and priorities. As normative institutions, foundations shape the moral economy of giving. While they possess the capacity for social change and justice, they have internal features and occupy structural positions within the polity that produce tensions and limitations to their pursuit of progressive issues.

In many ways, foundations are a product of and reflect a liberal political economy, and they cannot be otherwise, unless we change the nature of our politics. Nevertheless, foundations have some scope for better engagement and bolder activities and grant-making to address pressing political and structural issues. Not to do so means that they only partly accomplish the goals and aspirations of a liberal social justice, as envisaged by Adam Smith, J.S. Mill and John Rawls. We have alluded to how a better social justice can be achieved; viz. less parasitic endowment and sources of philanthropic donations, more international social justice programmes, bolder political risk-taking and advocacy work, more emphasis on reducing the concentration of power and wealth, and more socially diverse trustees.

By engaging with liberal thinkers, such as John Rawls, we have suggested how liberalism can be productively used in a left-leaning critique of the privileged class. Liberal ideas of social justice and legitimacy can be pragmatically employed to create a good society that requires a change to basic structures of private property ownership and political power. Indeed, Rawlsian liberalism calls for a duty of justice and a socialised and democratic
production system, rather than just settling for charity and a regulation of the worst excesses of capitalism.
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