

# Big charity giving is about power - and let's not prete...

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I've been arguing for days on any radio programme that will have me that a very significant part of motive for the wealthy when donating to charity is the desire to exercise the power that their wealth brings and to conspicuously demonstrate that wealth. In other words, their apparent philanthropy is an act of conspicuous consumption.

It is for that reason that I have argued that they do not need tax relief to incentivise their donations and that if anything that tax relief is entirely counter-productive to the causes that charities should promote. After all, charities are meant to correct problems in society, but far too many of those who donate use their wealth and their position of influence to ensure that questions about why charity is needed are not asked by the very people who should be posing the question. That is why, for example, we see some aid agencies not talking about tax justice even though it is very obvious that tax injustice and tax haven activity is a primary cause of poverty in developing countries. As a result of the malign influence of some donors this issue is not addressed and the consequence is that poverty persists. There are, of course, numerous other examples and I'm pleased to see that there is a growing body of opinion expressing this sentiment in the press today.

I would [warmly recommend Polly Toynbee's](#) article on this issue, and not just because she mentions me. She refers to a meeting she attended at which Lord Fink, Conservative party treasurer and hedge fund capitalist, spoke about the reasons for giving to charity. As she reports:

*"I want to talk about what charity can do for us," he said. He sold charity as a door-opener to high society. "What do you do now you've got all the toys?" he asked. "You've already got all the houses, yachts, cars and jets you can use, so what comes next is charity." Charity is not just for the joy of giving: "I get invited to places I'd never have seen otherwise." It is the passport to the in-crowd, he said, listing the eye-popping names and places his philanthropy had taken him, including No 10.*

Precisely. That is exactly what high-powered philanthropy is about. It is a determined

effort to maintain the privilege of those in a particularly small group in society through the exercise of power granted by wealth. There are honourable exceptions, of course, and I know it. But let's not beat around the bush: Fink spoke for many.

To find a similar theme in the Financial Times is also welcome. [Philip Stephens offers that this morning](#), saying in his opening, paradoxical, comment:

*"I am wealthy. I am also generous. After a lifetime fleecing the clients of a US investment bank I have become a patron of the arts. My accountant approves. A well-timed donation can help push down my tax rate towards single figures. Now, here's the deal. You — and, by you, I mean other taxpayers rich and poor — must provide unlimited subsidies to match my largesse."*

And let's be clear, that is exactly what this is about: this is about tax hypothecation by any other name. Stephens acknowledges that, saying:

*Lost in all the wailing has been the simple insight that tax relief is public spending by another name. The deduction on my big-hearted gift to the Royal Opera House could otherwise be used to pay down the deficit or help build a new school — even to cut someone else's tax bill.*

*The case for entirely open-ended relief rests on the curious premise that charitable giving is invariably superior to public spending. What's more, it assumes that rich philanthropists always make better choices than voters or elected politicians in deciding what counts as a deserving cause. So if I tear up my cheque to the National Gallery and divert the funds to the Dedanists' Foundation or to Surfers Against Sewage, my fellow citizens must continue to chip in with their own contribution.*

I entirely agree. And it is this hypothecation that must now be challenged.

I'm sure that there is a need for charity, and will be a continuing one. Do not get me wrong. But let's also be clear, charities are badly administered in this country by the Charity Commission, which has been denied funds for this purpose for far too long, and relief is given for causes which have extremely dubious charitable value. Better administration is needed, and funding for that purpose is essential, whilst the stricter definition of what is, and is not a charity is clearly needed.

But the one thing on which, I think, there should be universal agreement at this moment is that there is no reason for higher rate tax relief on charitable giving. Unicef were one of the first to shout about its withdrawal - and are, I would add, one of those charities which has never raised questions about tax and development in its work to the best of my knowledge - but as Stephens notes:

*Unicef has fed the hysteria by claiming that the world's poorest children could "pay with their lives". Apparently, one Unicef benefactor has already refused to support an emergency mission because of the tax implications. Some will wonder what this says*

*about the donor.*

And they would be absolutely right to do so. A person who can only give to charity if they get higher rate tax relief is not making a charitable donation and is not a philanthropist. They are simply a person seeking influence and self aggrandisement. And that has never been a charitable goal.