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Trends in Charitable Giving

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Abstract

The charitable giving of UK households has changed considerably over the past 20 years. In particular, the proportion of households giving to charity fell by 5 percentage points between 1974 and 1993–94. An increase in the average size of donations meant that total voluntary income increased in real terms over the period, but, since 1988, voluntary income has stagnated. The greatest falls in the number of givers are among households in their twenties and thirties. There are clear trends in giving across households by age and income, with younger and poorer households tending to give less. But not only are today's younger households less likely to give than today's middle-aged households; they are also less likely to give than today's middle-aged households did when they were young. These generational trends in giving do not bode well for levels of voluntary income in the future.

JEL classification: D12, D6.

I. INTRODUCTION

The Barclays/NGO Finance Index of the incomes of the top 100 charities shows a stagnation in the growth of voluntary donations in recent years. As a proportion of charities' total incomes, voluntary donations fell each year from 19 per cent in 1992 to 17 per cent in 1996. Much of the recent debate on voluntary income has focused on the impact of the National Lottery on individual giving. However, evidence from the Family Expenditure Survey (FES) presented in this paper shows that charities face a long-term decline in the number of people making donations.

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Furthermore, the decline in the number of givers is greatest among younger households. Not only are today's younger households less likely to give to charity than today's middle-aged households, but they are also less likely to give than today's middle-aged households did when they were young. Unless this trend can be reversed, the stagnation in voluntary income seems set to continue.

In this paper, we use FES data to describe who gives to charity and how much they give. We find wide disparities in the level of giving between households by age, income, education and region. We find evidence of a long-term decline in the proportion of households giving to charity, which fell by 5 percentage points over the period 1974 to 1993–94. We find no evidence in the FES that the introduction of the National Lottery had a significant effect either on the number of givers or on the size of donations.[1]

Voluntary donations are only one source of income for charities. In fact, the Barclays/NGO Finance Index shows that charities have been able to more than compensate for the decline in voluntary giving with increased income from investment and from grants and fees. But, independent of their value as a source of income, voluntary donations represent one way in which individuals express their support for the work of charities.[2] For this reason, the decline in donations may be a matter of concern for the voluntary sector.

What has caused this decline in giving? To be plausible, the explanation must fit the facts — that is, it must be consistent with a gradual and persistent decline in the number of givers over a period of more than 20 years. We discuss three possibilities — increasing income inequality, the decline in importance of religion and recent changes in the role of charitable organisations.

II. WHO GIVES TO CHARITY?

The Family Expenditure Survey is an annual survey covering approximately 7,000 households each year. Adult household members are asked to keep two-week diaries detailing everything on which they spend their money. Donations to charities[3] are aggregated across household members and averaged across the two weeks to provide a figure for household weekly spending on 'charitable gifts'. In

[1]In an article of this length, it is inevitable that the issues are discussed relatively briefly. Many of them are addressed in detail in Banks and Tanner (1997).

[2]Of course, individuals may also give their support to charities by giving their time. In fact, estimates of the value of volunteering typically show that the value of time given is greater than the total amount of money given (see Foster (1997)). An analysis of individuals' contributions to the charitable sector is incomplete without looking at both money and time given. It may be the case, for example, that individuals are choosing to substitute volunteering for money donations. A detailed analysis of volunteering behaviour is beyond the scope of this paper. It is worth noting, however, that evidence from the General Household Survey shows very little change in the proportion of the population who volunteer regularly between 1981 and 1992 (see Jarvis and Hancock (1997)).

[3]In the instructions to coders, the following categories are specifically mentioned to be included: 'Gold Heart (charity), Marie Curie memorial foundation, missionary box, mothers' union collection, poppy (charity), Red Cross donation, rugby life line, Salvation Army, school fund, sponsor money and Sunday school collection'.

TABLE 1

Charitable Giving in the FES, 1993–94

	Percentage of households	*Mean donation per week*	*Median donation per week*
Total giving	29.1	£4.11	£1.23
Prompted giving	23.2	£3.80	£1.17
Giving by standing order or direct debit	4.9	£4.84	£2.26
Giving by deductions from pay	5.7	£1.44	£0.30

addition to the information in the spending diaries, household members are asked in interview whether they make charitable deductions from pay and payments to charities by bankers' standing order or direct debit. The final total for 'charitable gifts' therefore includes the weekly equivalent amount of charitable donations through these planned methods of giving. It should be noted that this definition does not include charitable expenditure that yields something to the donor in return, such as expenditure on goods in charity shops and catalogues, payments for attending charity events or purchase of raffle tickets. In practice, this may constitute an important part of total charitable giving by individuals and households.

In general, the expenditure information in the FES has been shown to be reliable across time (see Tanner (1996)). In such a wide-ranging survey, however, there may be a concern that not all gifts to charity — particularly small, one-off donations — are recorded. In fact, the grossed-up FES total for charitable giving by the whole population does match Charities Aid Foundation figures for total income from individual giving.

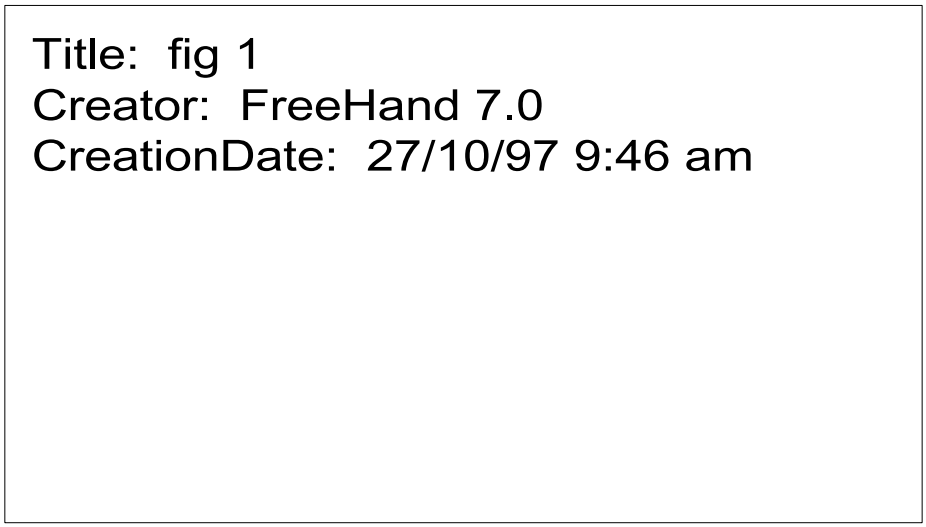
In total, just under 30 per cent of the 7,000 households in the 1993–94 FES were observed giving to charity during the two-week period over which they were sampled, and the average amount given was £4.11 a week.[4] This average figure conceals a skewed distribution — 40 per cent of donors gave less than £1 a week, while at the other end of the distribution, 9 per cent gave more than £10 a week. As Table 1 shows, the majority of giving is through prompted gifts as opposed to planned methods such as deductions from pay (6 per cent of households) or standing orders and direct debits (5 per cent). Planned methods of giving account for around one-quarter of total donations.

There are clear differences in the pattern of giving across households according to their total income and age. Richer households are more likely to give than poorer ones, and the middle-aged are more likely to give than the young. Both groups are also likely to give more. This is shown in Figure 1. For each income

[4]All values are given in constant 1996 prices.

FIGURE 1

Patterns of Giving



Note: The number reported at the top of each bar is the average (mean) weekly donation for all donating households within each group (in constant 1996 prices).

group and age-group, we show the proportion of households making a prompted donation to charity, the proportion making a prompted donation and giving through one of the regular forms of giving (standing order, direct debit or deduction from pay) and the proportion making only a regular donation. The number reported at the top of each bar is the average (mean) weekly donation for all donating households within each group (in constant 1996 prices).

The proportion giving to charity increases from 14 per cent of the poorest 10 per cent of households to nearly half of the richest 10 per cent of households, while the average size of donations rises from just over £2 a week among the poorest 10 per cent to nearly £9 a week among the richest tenth. As a proportion of income, poorer households actually give more to charity: the poorest 10 per cent of households give 3 per cent of their income to charity, compared with the richest 10 per cent which give only 1 per cent of their income.

The age profile of giving is humped: the proportion of households giving to charity increases as the age of the head rises, from just over 10 per cent of households with head aged 18–24 to nearly 35 per cent of households with head aged 45–54. Of course, the age of the head of the household and the level of household income are likely to be positively correlated. In order to isolate the effects of particular factors, such as income and age, we require a more formal model of charitable giving.

This raises an important question about how to treat the large number of households that are not observed to give anything to charity in the FES sample. In principle, there are three possible reasons why a zero observation may arise: households may simply forget to record their donations, they may give only infrequently and not be observed to give anything to charity during the two-week sample period, or they may be genuine non-givers.[5] If zero observations do represent non-givers and if the decision whether to give is non-random with respect to the decision about how much to give, the set of givers is likely to be systematically different from the set of non-givers. Estimating a model of giving using only the non-zero observations will produce biased results. We therefore model separately the decision about whether to give and the decision about how much to give and condition on the probability of giving in measuring the effects of different factors on the level of donations. This approach follows that of Heckman (1979).

We estimate a model of giving on a pooled sample of households drawn from 10 years of FES data from 1984 to 1993–94. In total, this gives us a sample of more than 70,000 households. As explanatory variables, we include on the right-hand side the age of the head of household and household income, zero–one dummy variables for education and employment status, proxies for household wealth (namely, home-ownership and the number of rooms in the household) and measures of household composition (number of adults, presence of children and proportion of females in the household).

It is worth noting that we do not include any measure of the price of giving in our estimation. In the US, there is a considerable literature on the effect of taxation policy on donations, and estimated models of the level of giving typically include individuals' marginal income tax rates which determine the tax price of giving (see, for example, Clotfelter (1980) and Reece and Zieschang (1985)). A previous model of giving estimated using one year of FES data also included the tax price of giving and found a small but significant negative effect (see Jones and Posnett (1991)). However, this result was treated with some scepticism by the authors, given that the extent of tax-free giving in the UK is limited and that marginal tax rates could possibly have been picking up non-linearities in the effect of income on charitable giving. However, given that we choose to exclude the tax price of giving from our regression, we cannot ignore the possibility that the coefficient on our income term may reflect an income effect as well as a price effect, given that total income and marginal tax rates will tend to be positively correlated.

TABLE 2

Estimated Results for a Model of Giving

[5]For further discussion, see Pudney (1989).

	Effect on whether or not households give to charity	*Effect on how much households give to charity*
Income or total spending	A 10 per cent increase in income increases the probability of giving by 1.2 percentage points.	A 1 per cent increase in total expenditure increases the level of donations by 1.1 per cent, implying that charitable gifts are a 'luxury' good.
Age of household head	Increasing the age of the head by 10 years raises the probability of giving by 3 percentage points.	Increasing the age of the head by 10 years increases the level of donations by over 30 per cent.
Household composition	Both a higher proportion of females in the household and the presence of children raise the probability of participation — in the case of children, by 3 percentage points.	The level of donations rises with the proportion of females in the household but the presence of children makes no significant difference.
Education	Compared with the control group (those with compulsory schooling only), the effect of A levels is to raise the probability of participation by 5 percentage points, while the effect of college education is to raise it by 11 percentage points.	Compared with the control group (those with compulsory schooling only), the effect of A levels is to raise the level of donations by nearly 40 per cent, while the effect of college education is to raise it by nearly 80 per cent.
Employment status	Compared with the control group (the employed), the effect of being self-employed is to reduce the probability of giving by 11 percentage points, while being out of work reduces it by 7 percentage points. Both these effects are significant.	Those not in work are likely to give significantly more than those in employment — by 20 per cent (conditional on their total spending). There is no significant difference between the employed and the self-employed.
Region	Compared with the control group (Scotland), all other regions have significantly lower rates of giving — nearly 12 percentage points lower in the south-east and around 6 percentage points lower in other regions.	The size of the regional effects is fairly large, with households outside Scotland giving 50 to 60 per cent less.
Quarter	Compared with the first quarter of the year, the probability of giving is significantly higher in the second and fourth quarters (by 3 and 4 percentage points respectively) and 1 percentage point lower in the third quarter.	Compared with the first quarter of the year, the level of donations is significantly higher in the fourth quarter (by 6 per cent) and significantly lower in the third quarter (by 9 per cent).

We summarise the results of our regression in Table 2. Income and age have separate significant and positive effects both on whether or not households give to

charity and on the level of giving. The effect of total household spending on the level of donations is positive, significant and greater than 1, implying that charitable giving is a 'luxury' good — i.e. a 1 per cent increase in total real spending would cause a rise in real charitable giving of more than 1 per cent. Higher levels of education also raise both the probability of giving to charity and the size of donations, independent of their effects on the level of income. The effect of being out of work is to reduce the probability of participation, but to increase the level of donations (conditional on total spending). The results also show that households in Scotland are more likely to give than those in any other region and are also likely to give more.

III. TRENDS IN GIVING

Evidence on giving over the period 1974 to 1993–94 shows a long-term decline in the number of households giving to charity. Overall, the proportion of households giving to charity fell by around 5 percentage points — from just over 34 per cent in 1974 to just over 29 per cent in 1993–94 (see Figure 2). Against this downward trend, the proportion giving by standing order or direct debit has more than doubled — rising from just under 2 per cent in 1974 to nearly 5 per cent in 1993–94. There has also been an increase in the average size of donations among those who give to charity. The mean size of donation increased by more than £1.50 a week in real terms — from £2.48 a week in 1974 to £4.11 in 1993–94. Similarly, the median donation increased over the period from 84 pence to £1.23. Taken together with the decline in the number of donors, this implies an increase in the inequality of giving — that is, fewer people give, but those who do

FIGURE 2

Trends in Charitable Giving

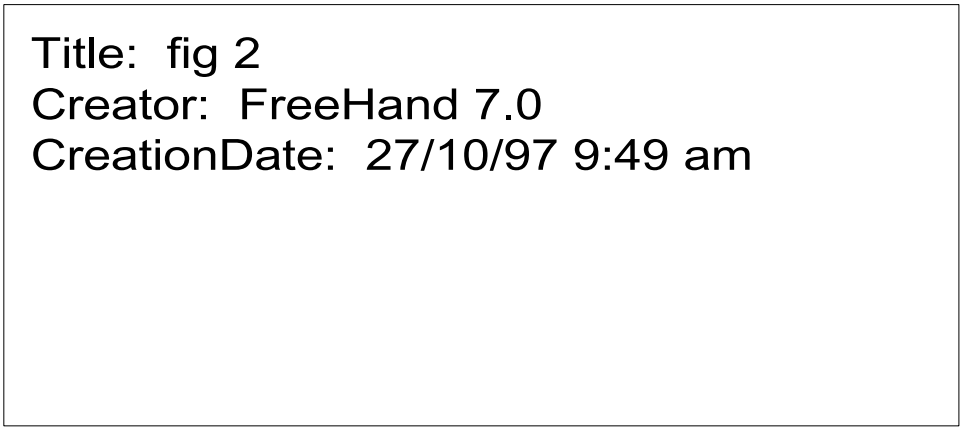


TABLE 3

Cohort Profiles: Proportion Giving to Charity

Age	*1974*	*1979*	*1984*	*1989*	*1993–94*
18–22	17%	15%	15%	11%	6%
23–27	23%	22%	21%	18%	17%
28–32	31%	28%	27%	27%	22%
33–37	35%	33%	36%	30%	25%
38–42	39%	36%	40%	34%	32%
43–47	44%	45%	37%	39%	33%
48–52	40%	42%	50%	36%	39%
53–57	39%	33%	35%	35%	34%
58–62	39%	35%	31%	32%	32%
63–67	32%	30%	34%	31%	31%
68–72	32%	26%	28%	28%	31%
73–77	31%	26%	30%	28%	33%
78–82	26%	22%	31%	27%	30%

give give more.

The biggest decline is in giving by households in their twenties and thirties. The evidence shows that younger generations of households are less likely to give to charity than older generations. This can be seen by comparing age profiles across time (summarised in Table 3). With the data presented in this way, it is relatively straightforward to analyse the behaviour of different date-of-birth cohorts. This can be done by starting with any age-group in 1974 (those aged 18–22 in 1974, say) and tracing their behaviour across the 20-year period through successive age-groups (aged 23–27 in 1979, 28–32 in 1984, 33–37 in 1989 and 38–42 in 1993–94).

As in cross-section, the proportion of households giving to charity increases as the age of the head of household increases. In 1974, aged 18–22, only 17 per cent of households in the cohort give to charity. This increases to 32 per cent by the time they are aged 38–42. However, the age profile of giving is flatter by cohort than in cross-section. A participation rate of 32 per cent at age 38–42 for the cohort of households aged 18–22 in 1974 compares with a participation rate of 39 per cent for those aged 38–42 in 1974. Also, a participation rate of 17 per cent for households aged 18–22 in 1974 compares with a participation rate of just 6 per cent among households aged 18–22 in 1993–94. Not only are today's young households less likely to give than today's middle-aged, but they are also less likely to give than today's middle-aged when they were young. The cohort patterns in giving are consistent with the overall trends in participation rates and in the level of donations in Figure 2. If younger generations have lower levels of giving than older generations, the overall proportion of households giving to charity will

tend to decline over time. Also, as giving is increasingly concentrated among older households, the average size of donations will tend to increase.

The introduction of the National Lottery sparked considerable debate about its effect on the level of charitable donations. Clearly, to the extent that individuals regard the proportion of Lottery money that is channelled to good causes as a substitute for their own donations, they are likely to reduce the amount of money given to charities in other ways. However, this raises a number of other issues. One issue is why people play the Lottery — whether for a gamble, for fun or because they see it as a way of giving money to charity. In fact, there is evidence that people's perceptions of how each pound is split up between prizes, profits, taxes, retailers and good causes is fairly confused. A second issue is the 'fungibility' of the money given to good causes. If people perceive that a cash-starved government (or other cash-starved individual donors) will take advantage of Lottery money to reduce money given to charities, they may carry on giving to charity themselves. Finally, it is not clear the extent to which money channelled through the Lottery to a range of charitable organisations (decided by the National Lottery Charities Board) is a substitute for individuals' donations to a particular organisation which may be favoured for personal or ideological reasons. Ultimately, therefore, the question of whether the introduction of the National Lottery affected individuals' donations to charities is an empirical one.

The 1995 British Social Attitudes Survey asked respondents to say whether they thought that buying National Lottery tickets would affect the amount given to good causes in other ways. When asked about *other* people's behaviour, there was an almost equal division between those who thought that buying Lottery tickets made no difference to the amount given and those who thought that less would be given to good causes as a result. However, when asked about their *own* behaviour, only 7 per cent thought that buying National Lottery tickets meant they gave less to good causes in other ways. More than 92 per cent felt it had made no real difference.

A simple comparison of giving before and after the introduction of the Lottery shows a slight increase in the proportion of households giving to charity, but a decline in the level of donations. But this does not capture the effect of the introduction of the Lottery. Rather, we need to compare what actually happened after the Lottery's introduction with what would have happened if the Lottery had not been introduced. This means controlling for other changes in households' characteristics that may also have caused the level of giving to change. We therefore extend our formal model of giving to include the period after the Lottery was introduced and include in the estimation a dummy variable that takes the value one if the Lottery was available. This will pick up any significant change in giving behaviour since the introduction of the Lottery, controlling for changes in other factors such as income. The results, given in Table 4, indicate that giving behaviour is not significantly different from what it would have been in the absence of the Lottery. The sign on the Lottery dummy in the regression on the

TABLE 4

The Effect of the National Lottery on Charitable Giving

	Effect on participation		Effect on contribution	
	Marginal effect	*t ratio*	*Marginal effect*	*t ratio*
Whether the Lottery is available	0.010	0.687	–0.101	–1.296

level of donations does indicate a fall in the amount given — by 10 per cent — but this effect is not significant. That is, it is not possible to dismiss the hypothesis that the Lottery has had no effect on household giving behaviour.

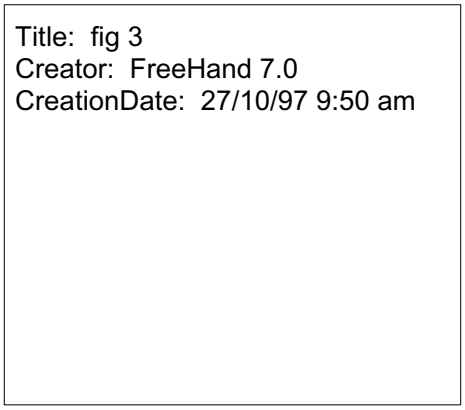
IV. DOES A DECLINE IN THE NUMBER OF GIVERS MATTER?

Despite the fall in the number of households giving to charity, the total amount given to charity over the period has increased. The increase in the size of donations among givers has more than compensated for the falling number of givers. This can be seen in Figure 3, which shows the average (mean) donation across all households (including non-givers as well as givers). This increased from 86 pence a week in 1974 to £1.18 in 1993–94 — an average increase of around 1.5 per cent a year in real terms. However, the growth in total donations has not kept pace with the growth in total consumer spending over the period, which was more than 2.5 per cent a year in real terms. Furthermore, the growth in average donations over the period as a whole was due largely to a period of strong upward growth during the 1980s. Since 1988, total donations have stagnated in real terms.

Of course, voluntary income is only one source of income for charities —

FIGURE 3

Average Donations: Givers and Non-Givers



accounting for less than one-fifth of total income of the top 100 charities according to the Barclays/NGO Finance Index. The index shows that the recent stagnation in voluntary income has been more than made up for by increases in income from investments (which grew by more than 50 per cent between 1992 and 1996) and income from grants and fees (which grew by more than 40 per cent over the same period). The National Lottery alone has generated grants to charities worth more than £1.3 billion during its first two years of operation.[6]

However, these figures may present a potentially misleading picture of the finances of the charitable sector as a whole. In part, this is because the charitable sector is so heterogeneous that any statistics that attempt to describe it in aggregate often tell us very little about trends in all its constituent parts. In particular, the Barclays/NGO Finance Index is based on a sample of the top 100 charities, identified on the basis of average total income. Defining the top 100 charities in this way leads to the inclusion of many large bodies such as the Church Commissioners for England and the Wellcome Trust which the public may not typically think of as being charities. Also, the income trends of these large bodies may be very different from those of small, local or single-issue charities, and even from those of other charities in the top 100. For example, almost all of the increase in investment income in the Barclays/NGO Finance Index was driven by an increase in the investment income of the Wellcome Trust alone.

Furthermore, the health of the charitable sector cannot fully be assessed on the basis of trends in its total income. This focus on 'economism'[7] — that is, measuring the sector by its economic weight alone — obscures the real value of the charitable sector as an agent of social and cultural action and change. In this context, the number of individuals giving to charity becomes an important indicator in its own right of the health of the sector, rather than as just another potential source of income. Individual philanthropy is a significant expression of the individual's relationship with the voluntary sector. Many fund-raising campaigns are as important for the development of public awareness, communication and support as for the actual level of income they raise.

The importance of individual philanthropy to the health of the charitable sector is highlighted in the particular approach to measuring the 'top' charities that the Charities Aid Foundation developed in the early 1980s, which ranked charities explicitly according to their fund-raising abilities. On this basis, neither the Wellcome Foundation nor the Church Commissioners of England is included in the top 100 charities, but most of the organisations that the public would typically identify as charities are. The income profiles of CAF's leading charities (shown in the Appendix) present a very different picture of the importance of voluntary giving to the finance of the charitable sector: on average, voluntary income

[6]The National Lottery Charities Board awarded grants worth around £500 million in 1995 and 1996. But charities have received a further £800 million from the grant-making activities of the other boards (see Smerdon (1997)).
[7]See Leat and 6 (1997).

accounts for just over 70 per cent of the total income of the top 30 charities.[8] Furthermore, as we have argued, individual donations to charities represent one of the major channels through which the public expresses its support for the work done by charities. The question, therefore, is not just whether the fall in the number of givers represents a threat to charities' incomes, but whether such a fall indicates some malaise in charities' relationships with the public. If so, the fall in the number of givers is a real cause for concern.

V. EXPLAINING THE FALLING NUMBER OF GIVERS

In this section, we discuss three possible explanations for the fall in the number of givers. Any plausible explanation must be able to fit the facts — that is, it must be able to explain a gradual, almost continuous decline in the proportion of households making charitable donations over the last 20 years. The three explanations that we discuss are increasing income inequality, the declining importance of religious beliefs and the changing role of charitable organisations.

1. Income Inequality

The gap between rich and poor widened dramatically during the 1980s as a result of the rich getting richer and the poor standing still. By 1991, for example, the incomes of the poorest 10 per cent of households were no higher than they had been in 1967 (see Goodman and Webb (1994) for further discussion). It is plausible that this increase in income inequality may underlie the recent trends in charitable giving. The results from our model of giving show that the level of household income is a key determinant of whether or not people give to charity and how much they give. Stagnant — and, in some cases, even falling — real incomes among low-income households may have meant a fall in the number of givers, while at the other end of the income distribution, real income growth would have meant an increase in the average size of donations.

However, a comparison of households at different points along the income distribution in 1984 and 1993 shows that there has been a fall in the number giving to charity among rich and poor alike. If anything, as Table 5 shows, the fall in the proportion of households giving to charity has been greatest in the middle of the income distribution and smallest among households at the bottom of the income distribution.

[8]This measure of voluntary income includes covenants and Giftaid, legacies, goods donated to charity shops, gifts in kind and other donations.

TABLE 5

Charitable Giving, by Income Quintile

	Proportion of households giving to charity	
Income quintile	*1984*	*1993*
1 (bottom 20%)	15%	14%
2	24%	21%
3 (middle 20%)	33%	27%
4	40%	36%
5 (top 20%)	48%	45%

Two further changes in households' economic circumstances over the same period are worth noting because of their possible effects on the number of givers. First, since the late 1970s, there has been an increasing divergence between work-rich (two-earner) and work-poor (no-earner) households and a near doubling in the proportion of the adult population who are dependent on means-tested benefits (see Gregg and Wadsworth (1996)). The results from our estimation show that the head of the household being out of work has a further negative effect on the probability of giving to charity in addition to any reduction in income caused by unemployment. Households that are themselves dependent on state benefits are unlikely to see themselves in any position to help others.

Second, at least part of the increase in income inequality has been driven by rising levels of income volatility (see Blundell and Preston (1997)). Greater uncertainty about future levels of income may cause an increase in precautionary savings at a time when the role of the state in providing insurance during periods of unemployment (for mortgage interest payments, for example) is diminishing. If individuals are increasingly being required to look after themselves in a more volatile world, their altruistic feelings may well be tempered.

2. The Role of Religion

One possibility is that the fall in the number of givers is linked to a decline in the importance of religion. While this is difficult to measure directly, indirect measures, such as church attendance, point to a steady decline in participation in religious activity occurring over the same period as the fall in the number of givers — for example, the adult membership of Trinitarian churches fell by one-sixth between 1975 and 1990.[9] Furthermore, comparison across different age-groups shows that the greatest fall in church attendance is among 15- to 29-year-olds, exactly the age-group with the biggest fall in the number of givers.

There is evidence of a link between religious participation and donations to charity. In the FES, the link is partly one of definition, since money given to

[9]Source: *Social Trends 1994*, HMSO, London.

church collections is included in the measure of charitable giving. But evidence from the 1993 Individual Giving Survey shows that whether or not individuals consider religion to be important to them has a significant effect on whether or not they give to charity — conditional on their age, income, education and region of residence. Those who consider religion to be very important are 9 percentage points more likely to give than those who do not consider it important at all, while those who consider religion to be quite important are 4 percentage points more likely to give than those who do not consider it important at all.

Individuals' religious beliefs may provide them with an ideological commitment to support the work of organisations that share the same beliefs. Indeed, the list of the top 50 fund-raising charities in the Appendix includes several religiously motivated organisations, including Barnardo's, Christian Aid and the Salvation Army. More generally, individuals' religious beliefs may affect their general attitudes towards giving in general. For example, religion may provide an additional moral imperative to ensure that altruistic individuals overcome the urge to free-ride on others' charity. An alternative, however, is that the decline in church attendance and the decline in charitable giving may both be consequences of broader social changes.

3. The Changing Role of Voluntary Sector Organisations

There is some evidence that trust in collective bodies — state, church and even charities themselves — has been declining (see NCVO/Henley Centre (1997)). One consequence of the perceived failings of the welfare state has been a greater role for charities as direct providers of services. Government provision of public goods is increasingly achieved via allocation of grants to outside organisations (including charities) in accordance with the so-called purchaser–provider split. But the images that make charities credible with the government as service providers may do little for their credibility with individual donors. Partly in response to changing government imperatives, charities are increasingly professional organisations. Charities have seen an increase in contracted income and grants from the government (and from the Lottery) relative to voluntary income, and, in raising money from the general public, they approach individuals with targeted marketing strategies instead of the collecting tin.

On the one hand, increasing professionalisation may be seen as an appropriate response to falling trust in collective organisations and a way of trying to restore public confidence in charities. On the other hand, it may only serve to alienate the public still further. Trust plays a key role in the relationship between charities and the public. One reason that individuals give to non-profit organisations rather than to private organisations (possibly at the expense of greater efficiency in the private sector) is because the absence of a profit motive provides them with some guarantee that the money donated will wholly benefit good causes. However, the unique role of charitable organisations may be threatened if non-profit

organisations are increasingly providing services in the same areas as (and sometimes in direct competition with) governmental and private organisations.

VI. CONCLUSIONS

The charitable giving of UK households has been changing considerably over the past 20 years. In particular, the proportion of households giving to charity fell by 5 percentage points between 1974 and 1993–94. An increase in the average size of donations has meant that total voluntary income did increase in real terms over the period, but, since 1988, voluntary income has stagnated.

Most worrying for the charitable sector is that the greatest falls in the number of givers are among households in their twenties and thirties. There are clear trends in giving across households by age and income, with younger and poorer households tending to give less. But not only are today's younger households less likely to give than today's middle-aged households; they are also less likely to give than today's middle-aged households did when they were young. These generational trends in giving do not bode well for levels of voluntary income in the future.

There has been some concern that the Lottery may have had an effect on the level of giving. However, we find no evidence of any significant impact on either the number of people giving to charity or the level of donations. Moreover, the decline in the number of givers began long before the introduction of the National Lottery. More plausibly, the decline in giving is linked to wider social and economic changes, such as increasing income inequality and uncertainty and changes in the role of charitable organisations.

APPENDIX
THE INCOMES OF THE TOP 30 FUND-RAISING CHARITIES, 1996

See overleaf

APPENDIX
THE INCOMES OF THE TOP 30 FUND-RAISING CHARITIES, 1996

Charity	*Voluntary income (£ thous.)*	*Total income (£ thous.)*	*Voluntary income as a share of total*
Oxfam	92,308	129,397	71%
National Trust	77,014	151,057	51%
Imperial Cancer Research Fund	70,980	80,431	88%
Cancer Research Campaign	60,211	66,221	91%
British Heart Foundation	57,204	64,992	88%
Royal National Lifeboat Institute	55,741	64,462	86%
Barnardo's	47,300	96,057	49%
Help the Aged	43,178	52,453	82%
British Red Cross	38,446	95,221	40%
SCOPE	37,237	79,234	47%
Salvation Army	36,310	74,460	49%
NSPCC	35,091	44,782	78%
Marie Curie	34,316	44,372	77%
Cancer Relief Macmillan Fund	34,153	38,205	89%
Save the Children	33,075	84,385	39%
RSPCA	30,009	37,311	80%
Royal National Institute for the Blind	27,117	54,227	50%
RSPB	26,839	34,775	77%
Actionaid	26,015	37,321	70%
Christian Aid	22,919	39,545	58%
Guide Dogs for the Blind	21,554	28,700	75%
National Trust for Scotland	20,867	29,389	71%
Royal British Legion	20,751	29,802	70%
Tear Fund	20,573	23,277	88%
Institute of Cancer Research	18,922	24,529	77%
WWWF	17,716	21,145	84%
Charity Projects	16,935	21,364	79%
People's Dispensary for Sick Animals	16,887	21,892	77%
Arthritis and Rheumatism Council	16,025	17,814	90%
Children's Society	15,641	24,485	64%

Source: CAF Information Unit, 1997.

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