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Beware of ‘crying wolf’ during recession, charities warned

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New historical evidence to be published on Tuesday 7 April suggests that voluntary organisations may weather the current recession better than expected.

Recent surveys predict a miserable future for the sector, with a steep decline in donations, legacies and government funding, just as demand for services increases. But in a new History & Policy paper, Professor John Mohan of the University of Southampton and Karl Wilding, Head of Research at the National Council for Voluntary Organisations, dismiss this blanket picture of gloom.

In [*Economic downturns and the voluntary sector: what can we learn from historical evidence?*](#), they use the accounts of British voluntary hospitals during the interwar period and trends in charitable-giving in North America during the Great Depression of 1929-31 to assess the likely impact of the current recession on charities. This research will inform a National Council for Voluntary Organisations and Economic and Social Research Council policy seminar on [*Voluntary action and the economic downturn*](#), taking place on Tuesday 7 April.

History suggests that:

- Charities have been creative in developing new sources of income and the impact of the current recession will depend as much on the internal management, decision-making and resources of individual charities as on the external environment – as was the case of the British hospitals in the interwar years, survival of the fittest will prevail.

- The proportion of individual income given to charity will remain generally constant – as in the USA during the Great Depression – but as unemployment rises, fewer people will be in a position to give anything.
- However, some sources of income, such as major gifts, tend to march in step with the stock market and may recover quickly, so the sector needs to retain the capacity to respond to an upturn in income.
- The biggest charities will not necessarily be best placed to maintain donations; giving may be redirected towards local, community-based organisations, as was the case with local appeals during the 1930s depression in the UK and the self-help initiatives founded during the miners’ strikes of 1984-5.
- Long-term data from the Charity Commission suggests there have been steady increases in the rate of formation of new charitable organisations, even during recessionary periods.
- Requests for state aid are likely to be met with demands for greater accountability, partnership and rationalisation – during the 1930s, voluntary hospitals’ claims of penury were met with scepticism by the Ministry of Health, while state grants were rare and always tied to reform.

Professor Mohan said:

“Charities should beware of crying wolf. There will be casualties of this recession, but predictions of widespread gloom are likely to prove exaggerated. History suggests long-term stability in the resources available to voluntary organisations, but inevitably some causes or types of organisations will suffer more than others. It is important that policy responses are flexible and aimed at protecting organisations and sectors which appear likely to be strategically significant.”

Karl Wilding said:

“In the midst of so many surveys about the impact of the recession it can be hard to see the wood for the trees. Previous recessions might provide more insight - and one such insight is that the voluntary sector might be more resilient than some of the more alarmist surveys are suggesting.”

Notes to editors:

1. *Economic downturns and the voluntary sector: what can we learn from historical evidence?* by John Mohan and Karl Wilding will be published on Tuesday 7 April on the [History & Policy website](#). It is available to preview [here](#).
2. John Mohan is Professor of Social Policy, University of Southampton, Deputy Director of the recently-established Third Sector Research Centre, a collaborative venture between Southampton, Birmingham, Kent and Middlesex Universities, funded by the Economic and Social Research Council (ESRC), the Office of the Third Sector, and the Barrow Cadbury Trust (see the [TSRC website](#)), and Director of the ESRC Centre for Charitable Giving and Philanthropy's strand of work on charity and social redistribution (in collaboration with colleagues at Kent University). He is co-author of *Mutualism and Health Care* (with Martin Gorsky, 2006), and author of *Planning, Markets and Hospitals* (Routledge, 2002), as well as of numerous historical and contemporary studies of voluntarism and volunteering. He is also the author of [*The past and future of the NHS: New Labour and foundation Hospitals*](#), published on the History & Policy website in June 2003.
3. Karl Wilding is Head of Research at [the National Council for Voluntary Organisations](#). His research interests include mapping the changing third sector economy and the relationship between new technologies and voluntary action. He is trustee of the Association for Research in the Voluntary and Community Sector and an Honorary Senior Visiting Fellow at the Centre for Charity Effectiveness, Cass Business School in London.
4. [History & Policy](#) is an independent initiative working for better public policy through an understanding of history. The initiative was founded by historians at the Universities of Cambridge and London and is based in the [Centre for Contemporary British History](#), at the [Institute of Historical Research](#), University of London. History & Policy is funded through a charitable grant from the Philanthropic Collaborative. For further information or to request an interview with a historian, please contact: Mel Porter, History & Policy External Relations Manager, tel: 020 7862 8768 or 07979 867765, email: mel.porter@sas.ac.uk or Ruth Evans, External Relations Assistant, tel: 020 7862 8781, email: ruth.evans@sas.ac.uk.
5. For further information about the National Council for Voluntary Organisations or to speak to Karl Wilding, please contact Grant Imlach, Media & Communications Manager, tel 020 7520 2468, email grant.imlach@ncvo-vol.org.uk.