



Wealth

Charity must harness power of politics

By Robert Egger

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In you were savvy enough to have invested \$1,000 in Microsoft when it went public in 1986, the value of your stock today would be close to \$½m.

But what if you had invested the same amount in a high-performing non-profit group; one that could show measurable, financial impact in your community? All you would have been eligible for is a one-off tax deduction.

Think boldly for a moment. Imagine if there was a way to measure and then reward strategic investments in non-profits in the form of an annual and potentially growing tax deduction based on the same rate of return principle as the dividend. Imagine how that would revolutionise the productivity of non-profits, as well as create an incentive for individuals to seek out and support some of the most dynamic social and economic stimulators in their communities.

More importantly, since Americans donated \$295bn to non-profits in 2006, while businesses spent \$1.2bn on cause-related marketing to trumpet their philanthropy, a shift like this might also lead to coverage of the sector with the same level of critical analysis that is afforded traditional businesses.

Imagine how this might challenge the entire notion of “charity” in the US and usher in a bold new era of social and economic innovation.

Leaders in the non-profit sector have been asking questions such as these for years, but for the first time charitable organisations are speaking directly to political candidates. And, like their peers at the boards of trade and chambers of commerce, non-profits have also discovered the power of speaking with a shared voice.

And there has never been a better year, or more important time, to inaugurate this strategy. In November, the US will elect a new president. But over the course of the year, there will also be 404 mayoral elections, as well as 11 races for governorships, many taking place in cities and states at the forefront of a rapidly shifting economic landscape.

Simply put, the US's once dominant role in the world economy is waning. As the global economy changes, white-collar jobs will most likely begin to leave our shores at a rate similar to that of blue-collar jobs in the 1970s. This decreasing tax base will leave municipalities throughout the country faced with growing fiscal pressure that will be compounded by the financial costs of caring for the 80m ageing baby boomers.

The social impact of these economic realities, as well as the sector's growing cognisance of its own economic potential, are why so many charitable organisations are eager to explore their political options.

As significant employers in every city, and the conduit for more than 80m volunteers annually, non-profits are no longer willing to be sidelined, limited by their perceived ineligibility to engage in political discourse. Now, in elections taking place throughout the country, they are joining together to ask one, strategic

question of each candidate for higher office: “If elected, how would you partner with the sector, and strengthen it to be a good partner in order to achieve your vision?”

What kind of partnerships are they seeking? A good example recently came from California, where Governor Arnold Schwarzenegger announced that he was elevating the state’s volunteer co-ordinator to a cabinet-level position. The governor’s foresight has the potential to effectively channel the creative energy of the state’s students, who have been raised to perform community service, while also tapping into the professional experiences of retiring boomers. When combined, this could greatly increase the capacity of his government to address natural disasters, while also mitigating predictable economic shortfalls that might put critical human services in jeopardy.

The goal of this new political awakening is not for non-profits to become another special-interest lobby, fighting for a larger slice of a shrinking economic pie. Rather, it is to ensure that the full spectrum of our country’s assets is utilised to maximum potential at this critical juncture in our history.

America’s fabric is going to be truly tested in the years ahead. In many cities, the difference between solvency and bankruptcy and social order and chaos could hinge on the way non-profits are valued and their energy channelled. Now is the time to move beyond the limited constructs of charity and fully explore the powerful potential of the US non-profit sector.

The writer is director of V3 Campaign, an effort to get non-profit views considered in elections at the city, state and federal level. He is also president of DC Central Kitchen, a non-profit organisation that combats poverty

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