

Concepts of Philanthropy

by Rupert Graf Strachwitz*

1. Introduction

„How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it.“¹ Adam Smith’s observation is as true today as it was in his time. As Marcel Mauss has explained², giving on the assumption that there may be some reward, but that the donor can neither determine its nature, nor its timing, value and circumstances, is deeply rooted in human nature, and no theories of *homo oeconomicus* have been able to shatter this conviction, however much economists have endeavoured to do so. On the contrary, *homo philanthropicus* has recently gained more attention than for many years, in that citizens have realized that a society based entirely on every man’s and women’s immediate interest in gaining a measurable advantage over his or her fellow citizens, as was widely believed in the 1990s, is doomed to fail, and that indeed human nature provides for a more sustainable option. Failing states and failing markets world-wide have shown dramatically what may happen if this failure is not acted upon vigourously and in time, while civic action has prevailed. The last few years have seen a paradigm shift to this end, prompted by market failures as much as by the successes civil society has achieved in Central and Eastern Europe, the southern border of the Mediterranean, and elsewhere.

One of the outcomes of this iconic turn is that philanthropy has become an ever more attractive and seemingly undisputed element of society. Gone are the days when the European welfare state aspired to provide tax-funded social services to every citizen and relegated voluntary action to the role of a „junior partner in the welfare firm“³. Broadly speaking, the state has had to admit that it can neither fund nor organize a complete and reliable framework of services, even if it increases the bur-

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¹ Adam Smith, *The Theory of Moral Sentiments* [1759]. Indianapolis 1982, 9

² Marcel Mauss, *Essai sur le don. [L’année sociologique 1923-1924]. Sociologie et anthropologie*, Paris 1950, 239

³ David Owen, *English Philanthropy 1660-1960*. Cambridge/Mass. 1964, 527

den of taxation, and that an enabling role would in the end be more advantageous both to the citizens and to those exercising political power⁴. Moreover, a state that does not encourage all forms of voluntary contributions, risks losing the social capital which has been recognized as a vital instrument of collective survival⁵. Though unwilling to share its power with non-governmental actors, the state has therefore had to accept this basic fact and invite and indeed encourage philanthropists and philanthropic institutions to participate in public affairs.

Gone are the days, too, when political theorists like Adam Smith worried about the „dead hand“ and advised against perpetuities when creating philanthropic institutions⁶, or even, as French enlightenment philosophers like Turgot⁷ did, clamoured for the abolition of philanthropic institutions as detrimental to society⁸. Philanthropy today, so it may seem, is universally popular, both with governments and citizens.

At the same time, however, the notion of philanthropy is undergoing substantial changes. While up to the 18th century, philanthropic action was deeply rooted in religion and was perceived predominantly as every man's obligation to show his love of God and to help his fellow man when in distress, the first shift was to allow for humanist rather than religious beliefs to provide the motivation for philanthropic action. This shift carried a widening of options for exercising philanthropy, which in turn led to a remodelling of the aims to be pursued. While before, help to the individual had been the prime goal, reaction to societal needs in a more general sense now became standard procedure. This shift may have been inspired by the Jewish philosopher Moses Maimonides (*Mosheh ben Maimon*, 1135 (?) – 1204), who in his principal work *Mishneh Torah* argued that the most elevated form of exercising *zedakah*, the religious obligation towards society, was to enable others to help themselves rather than to rely on constant help. This thought certainly influenced traditional Jewish philanthropy, and it may well not be accidental that the increasing involvement of Jewish citizens in society at large⁹ happened around the same time that philanthropy acquired a new dimension in that it concentrated more on chang-

⁴ Helmut Anheier and Siobhan Daly, Combining Roles and Visions; in: Anheier / Daly (eds.), *The Politics of Foundations, A Comparative Analysis*. London/ New York 2007, 63

⁵ Robert Putnam, *Making Democracy Work, Civic Traditions in Modern Italy*. Princeton 1994

⁶ Olivier Zunz, *Philanthropy in America*. Princeton/Oxford 2012, 204

⁷ Mattei Dogan, In Search of Legitimacy: Similarities and Differences Between the Continents; in: Prewitt / Dogan / Heydemann / Toepler (eds.), *The Legitimacy of Philanthropic Foundations: United States and European Perspectives*. New York 2006, 275

⁸ Anne Robert Jacques Turgot, *Fondation* (1757); in: Denis Diderot / Jean Baptiste Le Rond de'Alembert (ed.), *Encyclopédie ou Dictionnaire raisonné des sciences, des arts et des métiers*. 28 vols. 1751-1772. Reprinted in: *Oeuvres de Turgot, Nouvelle édition*. Paris 1844, 299-309

⁹ Amos Elon, *The Pity of it All, A History of Jews in Germany 1743 – 1933*. New York 2002, 259

ing conditions of distress in a general way than providing short-term relief to individuals¹⁰.

While this concept of philanthropy has prevailed, what we are seeing today is a broadening of means for exercising philanthropy. I would argue that firstly, charitable activities take many more forms today than even fairly recently. Secondly, that the equation between philanthropy and grant making as widely perceived by the general public was never true and is even less so today. And thirdly, that the strict division between charitable activities, supposedly undertaken with no self-interest, and others that would serve to satisfy individual needs and wishes, is crumbling. If it was ever easy to differentiate between intrinsic and extrinsic reasons for philanthropy, it is certainly no longer easy today. The purpose of this paper is to discuss some of the arguments put forward in defining and defending philanthropy in its traditional form. The paper will question some fundamentals of traditional philanthropy, most especially, whether the divide between altruism and self-interest can stand up to the contradicting evidence. It will however not attempt to present a new theory of philanthropy, all the more, since comparable questions have been asked and answers suggested by others. The purpose of the paper is to reassemble the arguments by combining historical fact and theory, to suggest a more cautious approach, and to urge a discussion.

2. Philanthropy and Foundations

In speaking about philanthropy, most commonly foundations as institutions come to mind. Olivier Zunz's recent history of American foundations in the 20th century is titled 'Philanthropy in America'¹¹, and Joel Fleishman, when summing up his study of American foundations in a 'Prophetic Epilogue', underpins the „evolution of new forms of philanthropy“ with the observation that they „essentially embody the foundation function, but ... differ from the traditional private foundation model¹²“. Frank Adloff, in providing a comparative analysis of long term big giving in Germany and the United States, devotes approx. 2/3 of his book to foundations proper and calls it

¹⁰ Maria Benjamin Baader, *Rabbinic Study, Self-Improvement, and Philanthropy: Gender and The Refashioning of Jewish Voluntary Associations in Germany, 1750-1870*; in Thomas Adam (ed.), *Philanthropy, Patronage and Civil Society – Experiences from Great Britain, Germany, and the United States*. Bloomington 2004, 163

¹¹ Zunz (2012)

¹² Joel Fleishman, *The Foundation, A Great American Secret*. New York 2007, 268.

„Philanthropic Action“¹³. Diana Leat opens an article on British foundations by remarking it was estimated “that 75 percent of the largest charities had a grant making function”¹⁴.

The terminological restriction to a certain type of institution is not the only one. David Owen, raises the question „Who were these philanthropists?“, and goes on to state they „may lay out large sums“, „might give more than generously“, or indeed „contribute considerable sums for special and nonrecurring purposes“¹⁵. Kathleen McCarthy, while making it clear that philanthropy for her includes „giving and voluntarism“, admits that „a definition of philanthropy that couples giving with voluntarism may at first glance seem startling“¹⁶. Philanthropy, so one may conclude, is commonly associated with donating material assets to a self-created or – possibly – existing institution that will responsibly dispense of the revenue from these assets to further a cause generally recognized as charitable. What charitable is to mean, is, at best, left to popular consent, at worst to the government bureaucracy. In practice, philanthropy is channelled towards an ever-growing, yet somewhat dated list of aims that have either once been defined as important to society by parliament or government, or have been added to the list as a result of successful lobbying. By way of example, all sports clubs in Germany have been charitable to mean tax exempt since the early 1900s when the government saw them as centres of pre-military training, while chess being played in a club got on the list in the 1960s by the lobbying efforts of chess-playing members of the political elite. Moreover, 20th century philanthropic institutions, especially in the United States, have tended to restrict themselves to financially supporting public and private bodies active in their particular field of charitable interest. The American philanthropic model, by which philanthropy was taken to be almost synonymous with a grant making foundation, was adopted in many countries¹⁷, occasionally superseding very different indigeneous philanthropic traditions.

This very narrow definition of philanthropy does not match the width and breadth of philanthropic action on several counts. Neither is philanthropy restricted to giving

¹³ Frank Adloff, *Philanthropisches Handeln, Eine historische Soziologie des Stiftens in Deutschland und den USA*. Frankfurt/Main 2010

¹⁴ Diana Leat, British Foundations, The Organization and Management of Grantmaking; in: Anheier / Toepler (eds.), *Private Funds, Public Purpose – Philanthropic Foundations in International Perspective*. New York... 1999, 121

¹⁵ Owen (1964), 4-5

¹⁶ Kathleen D. McCarthy, *American Creed, Philanthropy and the Rise of Civil Society 1700-1865*. Chicago/London 2003, 2-3

¹⁷ Giuliana Gemelli (ed.), *The Ford Foundation in Europe, 1950s – 1970s*. Brussels 1998

material assets, nor is it confined to institutionalized giving, nor indeed to what is commonly described as charitable causes. While not adopting the broadest possible view and arguing that to produce the citizens' daily bread may well be more philanthropic than many tax-exempt endeavours, a case may be made for a much broader definition.

3. Giving

It has often been said that philanthropy, although composed of two Greek words – *philos* = friend and *anthropos* = man – , was in fact an 18th century invention. But this is not so. The word first appears in the 4th century B.C.. Socrates describes himself as someone known to exercise *philanthropia*, as he distributes his wisdom freely and amongst everybody, without expecting a financial reward¹⁸. This definition obviously entails one that goes beyond giving in the sense that material assets are involved. Socrates aspires to be called a philanthropist because he parts with immaterial goods without claiming compensation. And indeed, in a wider sense, philanthropy can be exercised in offering a wide range of benefits to other individuals, the community or to society at large. These benefits might include ideas and creativity (as in the case of Socrates), reputation (as expressed by countless prominent patrons of charities), time (as given by millions of citizens in the shape of volunteer work), compassion (sometimes described as empathy, the gift of easing a fellow human being's emotional situation, most particularly his or her distress by sharing it), and finally material assets (in money or in kind). For him who considers himself a friend of the human race – it is in this sense that the term man is used here – there is no limit to the forms and expressions this friendship might take. If you think of man as basically a *homo philanthropicus*, there exists no apparent hierarchy of these expressions.

It would therefore be systematically wrong to restrict the chance to act philanthropically to those who have the financial means to give material assets, let alone to those who are in a position to institutionalize their material acts of giving. In a society based upon the principle of the equality of all men and women, such an attitude would necessarily result in delegitimizing the outcome of such philanthropy. Indeed, while it would be difficult to find anybody today to argue against the desirability of

¹⁸ Platon, *Euthyphron* 3 d. See Sitta von Reden, *Glanz der Stadt und Glanz der Buerger, Stiftungen in der Antike*. GWU 1/2 2012, 26

voluntary involvement in affairs of general concern, wealthy citizens' financial contributions do occasionally become a matter of dispute. On the other hand, modern society calls for every citizen to become involved and engaged philanthropically in the affairs and the well-being of the community according to his or her means, and it would be unthinkable to disqualify citizens who do not have the possibility of contributing financially, but who do give time, ideas, or compassion.

The discussion that preceded the 1969 Tax Reform Bill in the United States, as well as its outcome, provides a good example for this argument. Since 1969, private foundations, however charitable their causes, are precluded from engaging in political activities while public charities are entitled to do so. This provision was intended as a safeguard against individuals gaining too much influence over public affairs through their financial power, while this was deemed to be acceptable if a larger number of citizens were involved. In continental Europe, this is different. Large private foundations perform as political think tanks, and some very decidedly do act politically. Reinhard Mohn created the Bertelsmann Foundation in 1977 for two express reasons, firstly to ensure the continuity of the corporation he had built up from very small origins, and secondly in order to promote active citizenship by providing models for political action. For more than a generation, the Bertelsmann Foundation has provided and widely disseminated policy papers, set the agenda for upcoming issues, and moved issues by convening decision makers and confronting them with international expertise. What issues are touched upon, remains at the discretion of the foundation. No wonder there has been criticism on the grounds that the foundation may be subject to the whims of a wealthy family and the strategies of an international media concern and exert its political influence accordingly. Accountability and legitimacy have become topics of discussion, albeit not yet resulting in universally applied government policy¹⁹.

While one is tempted, for better or for worse, to think of very engaged philanthropists when using the word in the narrow sense outlined above, the majority of big donors may arguably not be described as engaged. They may be well-intentioned and generous, but their interest quite often dies down after a while, and their lives do not change in a substantial way after their philanthropic deed. Neither is their lifestyle constrained nor does it adapt to the cause they have been furthering. This does not compare well to those who give up everything and do devote their entire

¹⁹ Peter Frumkin, *Accountability and Legitimacy in American Foundation Philanthropy*; in: Prewitt / Dogan / Heydemann / Toepler (eds.) (2006), 99 - 122

lives to a particular cause, notwithstanding the fact that their engagement may become so time-consuming as to necessitate financial compensation. Is someone, one may ask, who devotes his or her life to common goals and accepts a lower level of income, a lesser degree or not at all a philanthropist, while a wealthy man, who performs just one act of giving in his lifetime, is publicly acclaimed and honoured as such?

In 18th century London, a naval captain of no private means, Thomas Coram, had the idea of providing a home for children who had been abandoned in the street. The Foundling Hospital was the outcome, funded (albeit at times precariously) by popular subscription and in due course by prominent artists including William Hogarth and George Frederick Handel. It took Coram many years to realize his dream, and for years after that he was denied an involvement in its development. Should Coram be denied the style of philanthropist as well, only because it was not his wealth that made the Hospital come about?²⁰ Coram was actually derided by Turgot in his contribution on foundations in the *Encyclopédie* (without being mentioned by name) for having invented the problem he had then attempted to provide the solution for²¹. This was wrong in fact, and grossly unfair, but Turgot, in including this argument in his treatise against foundations, did realize that money was not necessarily involved in every act of philanthropy.

4. The Endowment

The example of Thomas Coram leads us to a second set of arguments that will concentrate on material assets. Conventional usage has adopted the 20th century American notion of philanthropy in that a philanthropist is expected to make a substantial financial contribution to a charitable institution. Citizens hailed as philanthropists are regularly those who have indeed given large sums of money away. Thus endowed, the institution is in a position to make grants to recipients who in turn will perform the actual service. European philanthropy was always very different and very much more diverse. In the year 2 B.C., in the Roman town of *Leptis Magna*, now in Libya, a citizen named Hannobal Rufus had a theatre built at his own expense and opened it to the public in perpetuity. During his lifetime, performances

²⁰ Gillian Wagner, *Thomas Coram, Gent.*, 1668-1751. London 2004

²¹ Turgot (1841), 300

were paid for from the donor's pocket, who also oversaw the management²². This case, well documented by a stone plaque still to be seen in the impressive ruins of the theatre, is by no means exceptional. Roman towns abounded in foundations of this type, as Egyptian and Greek towns had before them. Medieval acts of philanthropy were near-exclusively connected with buildings: churches, hospitals, alms houses, and educational institutions. In the 16th century, the Fugger Foundation was endowed with enough money to build and subsequently operate a housing state for the poorest citizens of Augsburg, a task the foundation performs to this day after having rebuilt the houses after they had been destroyed by enemy action during World War II, with the help of the revenue from the land that constituted a separate part of its endowment.

For many centuries, large endowments were nearly always made in land. Some of Europe's most ancient foundations still manage the agricultural and forestry businesses entrusted to them centuries ago. The large portion of land owned by the 'dead hand' became one of the items that enraged Turgot²³, who believed real estate to be the most important asset of any nation, to be owned by the state and the citizens, and not by intermediary bodies. This attitude having largely been overcome, real estate today continues to be turned over to philanthropic bodies, both for use by the institution itself and as a source of income. For foundations to operate their own institutions was the rule rather than the exception.

Works of art also became objects of philanthropy²⁴. At the turn of the 18th to the 19th century, when art began to surpass religion as the propagated means to edify the soul, three important art collectors in places as far apart as London, Frankfurt and Hermannstadt (today's Sibiu in Romania) created philanthropic institutions based on art works. The Dulwich Picture Gallery, the Staedel Museum, and the Brukenthal Collection, while hugely different in their history and legal form, yet all bear witness to the philanthropic spirit of their founders, Sir Francis Bourgeois, Johann Heinrich Staedel, and Baron Samuel von Brukenthal. All major museums in Europe count important philanthropic donations of works of art among their treasures, as do those in the United States and elsewhere. Here in particular, to belong to the 'New World Aristocracy'²⁵ depended heavily on active involvement in and philanthropic giving to

²² Rupert Graf Strachwitz, *Das Theater in Leptis Magna*. *Maecenata Actuell* No. 52, 2005, 2

²³ Turgot (1841), 301

²⁴ Rupert Graf Strachwitz, *German Civil Society in the Realm of Culture*; in: Adalbert Evers / Annette Zimmer (ed.), *Third Sector Organizations Facing Turbulent Environments*. Baden-Baden 2010, 43

²⁵ Alexis Gregory, *Families of Fortune, Life in the Gilded Age*. New York 1993, 185.

the arts²⁶. Yet, not everybody would call a donor of art works a philanthropist, and some would suspect that the purpose of such exercises was to satisfy the needs and wishes of the donor's immediate circle rather than a service to the general public²⁷.

Following in the tradition of foundations as landowners, major industrialists from the 19th century made philanthropic gifts of their businesses. One of the first was Ernst Abbe, co-owner of the Carl Zeiss corporation, in the late 1800s, who not only named his foundation after his partner Carl Zeiss, but also eventually turned over all the shares in the corporation to his foundation after having acquired what did not yet belong to him from Zeiss's heirs. To this day, Zeiss is a foundation-owned corporation, as are Bosch, Bertelsmann, Koerber, and others. Unlike the US and Italy, Germany has never sought to restrict foundation ownership of commercial businesses. Also, some philanthropic ideas have survived through successful related or quasi-related nonprofit entrepreneurship. Probably the first to do so was the foundation started in 1698 by the penniless clergyman Georg August Francke in Halle. For centuries, the main source of income was the production of bibles, sold to customers world-wide. Others became nonprofit enterprises in relation to their charitable purpose. Some of Germany's most important institutions for the handicapped were started through small acts of philanthropy. The largest, in Bethel, today has a staff of 14,000 to look after the patients, which they do on the basis of contracts with the state and the national social security system.

So, while it could of course be argued that the definition of philanthropic giving may change over time, and that the early 20th century American philanthropists took a step in further developing the notion, this argument will not stand up to reality. A grant making foundation based entirely on liquid assets, while having become a standardized model of philanthropy in the US, remains just one of many types of philanthropic institutions alive and functioning today. And since foundations have a tendency to last for longer than the donor's life, original intentions and procedures have a right to be respected even a long time after his demise. Moreover, after many decades of advocating a strict division between funding and operating, philanthropic bodies everywhere are looking for possibilities to become more operational than in the past. Active identification of grantees rather than reacting upon applica-

²⁶ Karsten Borgmann, *The Glue of Civil Society, A Comparative Approach to Art Museum Philanthropy at the Turn of the Twentieth Century*; in: Adam (2004), 34-54

²⁷ David Hammack, *Patronage and the great Institutions of the Cities of the United States: Questions and Evidence 1800-2000*; in: Adam (2004), 79-100

tions has become standard procedure, while more and more philanthropists are becoming increasingly involved with pursuing the goals prescribed by the original deed. One example are Germany's non-governmental universities, a fairly recent achievement. Of the approx. 100 institutions, the great majority are owned and managed by philanthropic bodies.

5. Forms

In 1895, Albert Kahn, A French Jewish banker, who had made a fortune speculating in South African mining stock, acquired a large plot of land in Boulogne, on the outskirts of Paris. By 1910, his idea had materialized: on a comparatively small space, Kahn had realized a variety of typical gardens, including French, English, Alpine, and Japanese. Eminent visitors were invited for walks, not for their recreation, but in order for them to realize how small the world is and how important to make and preserve peace. Kings and Queens, Aristide Briand, Rabindranath Tagore, the Japanese delegation to the Versailles peace conference and many others became the focus of Kahn's philanthropic pacifism, while students fortunate enough to win a scholarship were travelling the world with no obligations except to observe the differences and commonalities between various cultural traditions²⁸. Kahn was certainly a philanthropist, but his idea did not – could not – materialize as a philanthropic institution. In the wake of the French revolution and of Turgot's polemics, the foundation as a legal form had been abolished in 1791 and was not to be revived until 1983. Somewhat strangely, a few old foundations survived all this, and between one and two new ones were created annually between 1815 and 1969. The spirit of giving, so one may conclude, remained, but obstacles were obviously multifold²⁹. Associations were legalized in 1901, and several of Kahn's endeavours were handed over to newly formed membership organizations. Others he continued to fund from his private purse, until the 1929 economic crash turned him into a poor man, who was permitted to go on living in a small apartment in the garden that had become the property of the local government. But Kahn's philanthropic intention lives on. To this day, however, anybody is welcome to wander around and meditate on how intertwined our globe is.

²⁸ Département des Hauts-de-Seine (ed.), *Albert Kahn 1860-1940 – Réalités d'une utopie*. Paris 1995

²⁹ Yannick Blanc, *Les fondations françaises et la tutelle de l'Etat*; in: Dogan / Prewitt (eds.), *Fondations philanthropiques en Europe et aux Etats-Unis*. Paris 2007, 190

Kahn's story serves to illustrate that many philanthropists, by force or choice, have resorted to other legal forms rather than creating foundations when setting aside parts of their material wealth for their philanthropy. Again, this could happen in a big or a small way. Cooperatives and mutuals became important in the 19th century³⁰, as did commercial companies which in fact pursued philanthropic goals. Social housing projects, agricultural distribution outlets, and many other vital community services were organized commercially by spirited entrepreneurs, who combined philanthropic and business goals. While in the course of the 20th century, many of these initiatives faltered or were closed by order of totalitarian governments, the 21st century is seeing a revival of old hybrids and the appearance of new ones. Philanthropic entrepreneurs³¹ quite commonly believed the legal form of a foundation not to be sufficiently flexible. Strategic philanthropy, effective philanthropy, venture philanthropy, philanthropic leverage etc. became by-words in the modernization process³². In China, nation-wide nonprofits are required to register anew with each provincial government if they wish to operate there and face different sets of difficulties in each province. Driven by engaged citizens, they register the same institution as a nonprofit in one and a forprofit in another province, since gaining legal personality is the overreaching goal. Social entrepreneurs have become heros of development and are widely recognized as modern philanthropists, who rely on their expertise and zeal rather than on their wealth. More often than not, they find it virtually impossible to meet the requirements for tax exemption, and again, the overreaching goal of pursuing their philanthropic goal makes them accept taxation. This is not only unfair. It also means that innovative philanthropists are opting out of the not-for-profit sector and will result in this sector as a whole becoming less and less entrepreneurial and innovative. The cause for this is that governments nearly everywhere are failing to assess the existing system of taxation and to develop a new strategy that would allow for the enablement and encouragement of new philanthropic ideas.

At the same time, wealthy citizens are looking at donor advised funds and social investment as means of expressing their philanthropic urge so that the foundation model today increasingly operates in a competitive market of philanthropic approaches that include not-for-profit as well as for-profit structures. Philanthropically minded business leaders are introducing business methods into philanthropic ventures, claiming that these are better suited to tackle the global challenges of our

³⁰ Brett Fairbairn, *Self-Help and Philanthropy: The Emergence of Cooperatives in Britain, Germany, the United States, and Canada from mid-19th to mid-20th Century*; in: Adam (2004), 55

³¹ Helmut Anheier / Stefan Toepler, *Why Study Foundations*; in Anheier / Toepler (1999), 256

³² Adloff (2010), 338

time, much to the chagrin of others who feel that philanthropy and business are worlds that should be kept apart at all cost³³. Even the associational model, long despised by wealthy philanthropists as unsuitable for anybody intent on prevailing upon the general public to do what they imagine should be done³⁴, has regained a degree of popularity in that it seems to correspond better than others to the democratic ideal. And finally, to give a very different example, an East German community foundation has invited jobless citizens to become donors and sit on the donors' board by pledging to give 10 € per month for four years. One of these philanthropists, by doing so and subsequently volunteering for services offered by the community foundation, has managed to reorganize his entire life, overcome his alcoholism, been elected to the local council, and regained his family.

6. The Philanthropic Urge

This last consideration renders it advisable to revisit the motivation argument. Philanthropists, so it is said, are driven by altruism. They give for religious reasons, in pursuit of humanist ideals, shattered by personal experiences and losses, out of concern for their communities, „to give back to society“, or for want of an heir to their fortunes. They are urged to do so also because, so they are told, this would add to their personal happiness, give them a „warm glow“. What is frequently overlooked is these arguments differ considerably from one another in nature. While some tend to give priority to the good philanthropy does for others, others look primarily at the good that results for the donor.

This dichotomy may be illustrated by taking the old European universities as an example. While all of them, with the exception of those in Bologna and Paris, started their lives through a foundation deed issued most commonly by a secular ruler, it is debatable whether this should be considered an act of philanthropy or a governmental act. Was the founder acting on his altruism? Did he believe that his deed would improve mankind in whatever way? Was he bent on improving the level of learning as such or of his young subjects who were eager to learn? Was it political expedience, to enhance the position of his realm in front of his neighbours or train young people for service in his government? Was it a deal with the Church, educated theo-

³³ Michael Edwards, *Philanthrokapitalismus – Nach dem Goldrausch*; in: Hoelscher / Ebermann / Schlueter (eds.), *Venture Philanthropy in Theorie und Praxis*. Stuttgart 2010, 70

³⁴ David C. Hammack, *Patronage and the Great Institutions of U.S. Cities*; in: Adam (2004), 87

logians being scarce and ecclesiastical support of essence for his rule? Was it his vanity and self-aggrandizement? Did philanthropy of this kind give him satisfaction, a 'warm glow'? We will no longer be able to ascertain the true motives. Certainly, the "staging of dynastic philanthropy combined the seemingly contradictory elements of horizontal community and social hierarchy; behind its language of solidarity stood social inequality."³⁵ Yet, common sense tells us that it was probably not just one thought that drove the donor, but rather an inextricable bundle. What he is remembered for, is his philanthropy³⁶.

The same would apply to Lorenzo de Medici and Jakob Fugger, who were ambitious successful businessmen set on becoming part of or even dominating the local elites not prone to accepting them. There is no reason to believe they had no altruistic urge, but they did have conflicts over usury they wished to see solved, and they did wish to be recognized as equals by the old local aristocracy. So they may well have analyzed needs and decided on a remedy for which of these would best serve their purposes. Lorenzo de Medici was surely a connoisseur of arts so that embellishing the city came somewhat naturally to him, and Jakob Fugger remained a staunch Catholic amidst a city increasingly turning to Lutheran protestantism, and was intent on benefitting other Catholics who might not benefit from the Protestant majority rule and might be thinking of converting to Protestantism. And just to make it even more complex, Jakob Fugger was the Emperor's banker and might not have been able to continue in that role had he become Protestant himself.

But is this then philanthropy at all? Is this not *homo oeconomicus* creeping back onto the scene? If the gain for the donor is the main motive for acting philanthropically, where is the difference between this form of action and professional business-like behaviour, which also contains a fair share of consideration for employees and customers, both for ethical reasons harboured by the business leader and as a wise long term strategy? Indeed, is not someone who treats his employees well, looks after them when they need it, does not cheat his customers, abides by the law, by accepted professional and compliance standards and overall principles of good behaviour, and watches out for the sustainability of his actions and output, a much better philanthropist than the famous robber barons were who boasted a terrible record of entrepreneurial misbehaviour only to suddenly become benevolent supporters of

³⁵ Jean H. Quataert, *Staging Philanthropy, Patriotic Women and the National Imagination in Dynastic Germany 1813-1916*. Ann Arbor 2001, 296

³⁶ Mohammed Rassem, *Entwurf einer Stiftungslehre* (1952); in Rassem, *Stiftung und Leistung*. Mittenwald 1979, 165

non-related societal goals towards the end of their lives³⁷? There is certainly a degree of schizophrenia to be observed with some of the greatest philanthropists of all ages, and, in ancient Greece as much as in 15th century Florence, 16th century Augsburg, 19th century Germany, and 20th century America social status was always a powerful driving force behind any philanthropic initiative³⁸.

Public opinion takes little notice of all this. It upholds a theory that pure altruism is a necessary precondition for philanthropy to be acceptable, and looks askance at suspected or real ulterior motives. The tax regime in most countries partly upholds this view. While granting tax relief to donors of assets – not usually to donors of time, and never to donors of reputation, ideas, and empathy – on condition the donation does not result in immediate material benefits to the donor, it does not and cannot assess what immaterial benefits a donation will carry. The many borderline cases render this distinction somewhat absurd. A donor who endowes a foundation with, say, 200,000 Euro, and it so happens that the local authorities rezone his agricultural land as residential, may or may not gain more from this deal than he has given up while enjoying the tax deduction on his donation without difficulty. A corporation that uses its web site for purposes of the corporate foundation might run into problems, and the corporate foundation that uses its own web site to advertise for the corporation certainly will.

Stragely enough, many states actually encourage citizens who are childless or do not want to leave everything to their next of kin, to bequeath their worldly goods to charity, notably a charitable foundation. In doing so, the state waives its claim to a considerable income by way of estate duties, and recognizes that this may be a source of funding for public services, while accepting that these goods might have reverted to the state itself if the rules did not exist.

To disentangle altruistic and non-altruistic motives becomes even more complex if non-material gains are considered. If a devout Christian donates large portions of his wealth to charity, because he feels this is required of him to ensure an afterlife in heaven, who is the prime target of his benevolence? The donor might not feel any true compassion and yet believe in sacrificing much of his fortune. Is he then a philanthropist? Theologically, this argument may easily be refuted. It is the spirit of

³⁷ Zunz (2012), 20

³⁸ Beate Wagner-Hasel, *Der Stoff der Gaben, Kultur und Politik des Schenkens und Tauschens im archaischen Griechenland*. Frankfurt/New York 2000, 152

compassion, of love for one's neighbour that ensures a place in heaven, not the transferal of worldly goods. But how can, and indeed should a secular society, let alone a government official measure whether a philanthropist is primarily thinking of himself or of others? Is it fair to praise the philanthropist who does it for his own soul, the sensation of feeling good, of a 'warm glow', and to despise those whose commercial interest is all too apparent? How, in fact, can anybody be in a position to judge whether someone else's good deeds originate in humanist altruism, calculated strategy, religious fervour, any other reasoning or indeed an inextricable combination of all or several of these?

7. Conclusion

In December 1952, the Nathan Committee, set up in 1950 as a government committee on charity law in the United Kingdom, presented its report. "Some of the demand for a fresh definition reflected an uneasy conscience over the outcome of the Diplock case³⁹. Why not devise a new formula which would include 'benevolent' as synonymous with 'charitable'? This kind of solution the Committee refused to countenance. If 'benevolent' were admitted, was there reasonable ground for rejecting 'philanthropic', 'pious', or 'patriotic'?"⁴⁰ It seems that 70 years on, we have not covered much ground. We are still far from precise when talking about philanthropy, charity and related terms. And we still have no applicable theory at hand when it comes to mapping a systematic approach to appropriate legal and fiscal regulation.

It has been the purpose of this paper to deconstruct the traditional notions of philanthropy by questioning both their scope and its underlying reasoning. Obviously, this may be carried forward to philanthropic institutions, some of whom enjoy a privileged status although they "may be competitive with and similar to public and commercial organizations in the same field" and "lack the special ... qualities traditionally assigned to Third Sector Organizations in general"⁴¹. Given that philanthropy is one of the decisive features of civil society, the uneasiness about philanthropy therefore resonates with the development of civil society as a whole. Furthermore, the questioning may extend to the philanthropists whose reasoning seems ade-

³⁹ The Diplock case involved the will of Caleb Diplock, in which he left his residual estate for such charitable or benevolent object or objects as his trustees and executors should select. See Owen (1964), 576

⁴⁰ Owen (1964), 579

⁴¹ Adalbert Evers and Annette Zimmer, Third Sector Organizations as Service Providers and Elements of Social and Political Integration: Main Trends and Key Observations; in Evers / Zimmer (2010), 331

quately clear at first site, but becomes less and less so, as various arguments are scrutinized. Clearly, self-asserted responsibility towards society at large does not suffice to explain why and to what end a philanthropist will become active. Status, feel-good, strategy, and very personal reasons will combine in an individualistic way, thus creating what Frank Adloff has described as the paradox of giving: philanthropy spells solidarity and compassion as much as it does hierarchies and competition⁴².

So, what stand should society take? What, in 21st century society, is the proper place for philanthropy? Is there perhaps a fundamental difference between giving assets, time, ideas, reputation, and compassion? Or are these different expressions of a single attitude the essence of which relates to the communication between human beings that make for the very essence of society? With civil society aspiring to be one of the three great arenas in which collective action develops and potentially decides the fate of many, what role is there for philanthropy? Should the state encourage it, as it is presently doing in Europe, let it happen, as it is argueably doing in the United States, or prevent it, as the first French Republic attempted to do in the 1790s⁴³. Should tax privileges be accorded to philanthropists, judging by their output, or refused them, on the basis of their personal motivation?

Bar the radical solution of a 'flat tax' and the ensuing abolition of all exemptions, no other systematic approach to the fiscal treatment of philanthropy is presently conceivable. Possibly, society will have to refrain from attempting to answer the 'Why'-Question altogether and will have to base its judgement exclusively on societal effects. This in turn would necessarily bridge the divide between what today is deemed to be charitable and what is not. Possibly, immediate material gains will remain as the only obstacle to classifying an activity as charitable. Or indeed, they might not, considering modern combinations of for profit and philanthropic activities and recognizing that *homo philanthropicus* is by no means extinct – on the contrary. One thing alone is clear: given the dynamism of non-governmental action in the public sphere, we cannot wait another 70 years to make up our minds.

⁴² Adloff (2010), 167

⁴³ Rupert Graf Strachwitz, *Die Stiftung – ein Paradox? Zur Legitimitaet von Stiftungen in einer politischen Ordnung*. Stuttgart 2010, 54-65