

– CAN PHILANTHROPY SAVE DEMOCRACY? –

Rien van Gendt lecture – Den Haag, 25 Oktober 2018

In most Western countries, democracy is under pressure. Can liberal democracy survive the erosion of its current institutions? Can it cope with the rise of populism? Democracy seems unable to save itself. Business is silent and freeriding on the highways of democracy. Academia is speechless when rational arguments are brushed aside in the heat of political debate. What can philanthropy do?

Motives for philanthropy have been diverse over time. Plato founded his Academy in 347BC to preserve his heritage – with success: The school lasted for 876 years until AD529. In medieval times, philanthropy was often connected with the aim to save the soul of the philanthropist. William Sinclair founded the Rosslyn Chapel (15th century) to advocate for science and secure for himself a place in heaven. An orientation towards the public good, personal motives often played a role. But much has been achieved with genuine charity: hospitals, orphanages, houses for the poor. Some of these houses, founded centuries ago, still exist. The oldest existing German Foundation is the Fuggerei in Augsburg. Up until this day the poor can live there for €0,88 per year (if they are Catholic, without debt and have been an inhabitant of Augsburg for over two years).

Philanthropic institutions are always children of their time. They reflect the values and visions of their era, taking up topical challenges. The industrial revolution came with economic progress, but also generated new social needs. Work was relocated from outdoors to factories and mines, often in deplorable conditions. Unlike in agricultural, rural areas, housing and work were separated, families were no longer together. Children grew up in the streets. Education was needed to serve the economy and teach behavior and obedience. Communism and Socialism came with revolutionary ideas and Christian politicians launched social programs. To realize all this, the role of the state became central. Philanthropy played a role, but was not political, not system-oriented.

In the 20th century, world war and revolutions led to millions of victims. Political elites concluded to build society on human rights, on principles like freedom, equality and brotherhood. Democracy was extended to encompass the principle of 'One (Wo-)Man One Vote'. International organizations were established "to end all wars", in the words of Woodrow Wilson in 1919. And welfare states came into being. Philanthropic institutions were active in responding to the needs of these times, but were still not political, not system-oriented. After the Second World War, the volume and the role of philanthropy in the Western world became more important. Newly acquired wealth put entrepreneurs in a position to give something back to society. A new debate emerged: how does philanthropy relate to the public agenda? Foundations do a lot of good things but are also an expression of big differences in wealth. Foundations care about social needs, but can we be sure the money does not come from the exploitation of human beings or nature? Are foundations part of the establishment? How democratic are they? Are they transparent, accountable?

In 2018 we live in a bizarre paradox. Life expectancy is at an all-time high and increasing. Our education levels are at an all-time high and increasing. Our incomes are at an all-time high and increasing. We have lived in peace in Western Europe for a length of time that is unprecedented. But, prosperity is not distributed equally, inequality is rising. Health risks (especially chronic diseases!), poor education, low income and exclusion from democratic processes reinforce each other. Philanthropy is rightly active in these areas, not least because the generous state has stepped back over the last decennia under the pressure of fiscal reforms. Foundations often have

the knowledge and the networks to be effective at the local level, close to the deprived. Foundations can find solutions with a potential leverage and test them in practice. Philanthropy can also connect with public programs as an operational or supporting partner. For example, the Bertelsmann Stiftung cooperates with the German Employment Agency in a project called MySkills, to provide an assessment tool for the competences of refugees.

Democracy in the 21st century is widespread, but also under pressure. In our recent Sustainable Governance Index, democracy is in decline in 26 countries from a total of 41. Poland and Hungary are well-known cases but in many other countries press freedom, an independent judiciary and fair elections score lower than some years ago. Corruption has always been a huge danger for the rule of law and democracy. Nowadays we see tendencies towards populism and autocracy. It might be that we expected too much from democracy. Has the idea that parts of the population are represented by political parties and actively participate in decision-making regarding policy and leadership ever been realistic? I quote Rien van Gendt: "Confidence in representative democracy is waning and foundations are taking this opportunity to position themselves in this new context." We see populism rising on the waves of jealousy, nostalgia, nationalism and narcissism. According to our last survey, the number of German citizens that is "very satisfied" with democracy dropped from 68% in 2017 to 59% in just one year. What is behind this growing dissatisfaction? Globalization has long been seen as "a tide that lifts all boats". Digitalization brings formidable progress for science, medical treatment, education and economy. But, these trends can also be threatening. In our ageing society many cannot keep up with disruptive changes, this comes with ignorance and fear and therefore should be met with clarity and compassion.

The role and the meaning of philanthropy are thus relevant once again. We expect the commitment of civil society organizations to be automatically recognized, but this is not self-evident today. In 2016 Rien van Gendt addressed the "shrinking space of civil societies". Those in power increasingly see free foundations as potential critics. Foundations are increasingly subject to restrictions. And how are we to understand the plans of Steve Bannon to establish a foundation to support nationalism in Europe? Can the new German party AfD run an education program with public resources? What if governments start to scrutinize foundations on shared values? How tolerant should we be towards intolerance? How can we pay democratic respect to those who reject democratic rules?

These themes must be debated with governments, academia, business, society. It is not enough to meet each other at yearly conferences. We have to cooperate internationally, we have to defend our democratic values loudly and clearly, we have to align our strategies and actions. What can we do? We can financially support those who suffer from restrictions and repression. The Open Society Foundation is already very active in this regard. And they count on Germany - in 2018 they relocated their European headquarters to Berlin. Other foundations are often more reluctant to act openly. They prefer to stay politically neutral or are connected with a company which has business in autocratic states. Still, foundations can play a role where political officials have no room to maneuver. Foundations can help actors who build, on a small but steady scale, a democratic future for their country, who deliver education. Foundations can empower scholars and youngsters, support grassroot movements. Examples are "Die offene Gesellschaft", "The Pulse of Europe". And in Central and Eastern Europe, we see foundations carefully exploring new mechanisms to support civil society initiatives that stand up to autocratic forces in defense of democratic values. Fortunately, here in Europe we have mechanisms in order to channel financial support effectively and anonymously. This lowers the barrier for traditional foundations. I mention "Transnational

Giving” and the “Network of European Foundations”. The European Foundation Centre can serve its members to find the most suitable connection.

Philanthropy can also reach beyond specific and incidental projects, designed instead towards systemic improvement. This kind of in-depth investment into education, health, sanitation etc., is of particular interest in developing countries. The Bill & Melinda Gates Foundation is already active in this regard. And they count on Germany – in 2018 they located their European office to Berlin. Other foundations are often reluctant when it comes to taking a systemic approach. They lack sufficient knowledge and scale to execute these types of programs effectively. Still, foundations can provide the impetus to move governments forward. Rob Reich has described this role of foundations in “Philanthropy in Democratic Societies” (2016). He calls philanthropy “a democratic society’s risk capital” – the power to think innovatively and to try out new solutions. Foundations also can contribute to agenda-setting, initiate debates, or represent the voice of the deprived.

The question is not – what can philanthropy do? But – what do we want to do? Do we want to use our freedom, our knowledge, our resources? Or do we want to continue on well-trodden pathways, and are we satisfied to do our things correctly instead of asking ourselves if we are doing the right things? Personally, I think the sector can move in the right direction. We have started to think more about the serious challenges faced by Western society. We have more information about what is necessary, relevant and urgent. We have more financial resources than ever before. We have the technical instruments and infrastructure to connect internationally. Besides the foundations that are related to political parties, most foundations have the freedom to set their own agenda. We can think long term. We cooperate more and more with actors outside our own sector. And we have to continue in this direction – there is no time to lose!

We can use the new Sustainable Development Goals (2015) as a common reference. This “Agenda 2030” is unique – unprecedentedly holistic, universal and legitimate. It encompasses the broad spectrum of sustainability in 17 goals, has a message for every country and for every responsible actor - and therefore everybody! - and has been agreed upon by all government leaders of member states of the United Nations. Foundations who base their work on the SDGs can free themselves from the suspicion of acting politically or in the interest of a company. Foundations can focus on monitoring, on raising awareness, and on implementation, in legislation, in the economy, or in education. Foundations can use their convening power to bring together different actors to work together on the SDGs. The SDGs offer foundations an opportunity to position themselves externally as unbiased.

Philanthropy in the 21st century has arrived at a point where we have to be clear about our position in regard to democracy. We should not hesitate to contribute to systemic improvement. Philanthropy cannot save democracy from all evils. But – philanthropy can play a role which politics and governments cannot in supporting citizens and institutions who are victims of autocracy and populism. Secondly, philanthropy can be a pioneer in tackling worldwide social and ecological questions, which – if we fail to act – will disrupt our Western democracy completely. The SDGs offer a very useful reference. We have to leave our comfort-zone, let us inspire our peers, and have the courage to rise up. Foundations cannot stand aside!

Aart de Geus, Chairman and CEO Bertelsmann Stiftung, October 2018