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## **Are Foundations Hijacking Philanthropy?** Why Philanthropy is about more than Donors and Foundations

*By Rupert Graf Strachwitz*

### 1.

Impact has become a catchword of what is commonly described as organized philanthropy, but by concentrating on measurable results, three essential aspects have got lost:

- (1) the importance of empathy as the driver of philanthropy;
- (2) accountability and relevance to underpin its legitimacy;
- (3) the knowledge of the history and real meaning of philanthropy.

These aspects are intertwined. While many people today associate philanthropy with the output of what donors in general, and big donors in particular and with what foundations do, this is a distorted notion. As Hugh Cunningham makes abundantly clear in his most recent publication<sup>1</sup>, philanthropy is actually a much wider concept of social

interaction and deserves to be treated as such. Philanthropy has in fact little to do with rich men's (and increasingly women's) whims or even, for that matter, their serious endeavours, while it is probably due to Andrew Carnegie, John Rockefeller and their contemporaries that the term became closely associated with the notion of people who had accumulated wealth by whatever means and their being nudged to create and endow institutions dedicated to what they believe to be the public good, and with the institutions thus created.

### 2.

As with so much that is connected to the idea of a civic spirit and modern-day civil society, Europe has tended to follow the American example. As a result, European foundations, too, think of themselves as philanthropies, notwithstanding the fact that doing whatever one may be doing by one's own free will is a cornerstone of philanthropy. Boards, managers, and program officers of so-called philanthropic institutions, today regularly just called 'philanthropies', do not meet this requirement. They are appointed, and in many cases paid for doing what they do: carrying out the founder's and donor's will. This is of course legitimate, but it is not philanthropy. It is

<sup>11</sup> Hugh Cunningham: The reputation of philanthropy since 1750 Britain and beyond. Manchester University Press 2020.

mandatory. And not only do they all have to do something. They are required to do exactly what is in the deed. To associate philanthropy with foundations is equally legitimate, but not exclusively.

It seems whimsical that the organizers of the new lobbying body for foundations at European level, due to emanate from the merger of the European Foundation Centre and the Donor and Foundations Networks in Europe (DAFNE) by the end of this year, have decided it should be called the 'Philanthropy Europe Association' (PHILEA). While again perfectly legitimate in representing the European foundation sector versus the European institutions, it does seem rather pretentious to claim to be representing or encompassing the whole of philanthropy, especially as it will be a rather exclusive body, membership being in fact (by the membership fee this entails) restricted to fairly large individual foundations (some of them created by governments) and national umbrella organisations.

Many other philanthropic institutions, not organised as foundations, might not cherish this. Take the '*Société Philanthropique*' in Paris as an example: Founded in 1780 and still thriving, it claims to be the oldest existing non-religious charity in France, and provides services to a large number of people in distress. The *société philanthropique* is a membership organisation, not a foundation. Interestingly, the founding date of the *Société Philanthropique* provides a clue to what modern philanthropy is really about.

### 3.

*Philanthropia* is easily recognizable as a Greek word or rather two: *philos* – the friend, and *anthropos* – the human being, or 'man'. It first appears in Greek treatises. Generally speaking, it was used to denominate action

taken by wealthy and influential people to provide relief and assistance to others who were not so fortunate. Interestingly, it carried a connotation of condescension, and the expectance of a reward, most commonly public acclaim and honour. In his dialogue *Euthyphron*, Plato famously gave the expression a larger meaning, when he had Socrates describe himself as a philanthropist because he let others partake of his wisdom liberally and free of charge. Other authors, like Xenophon, highlighted the spirit in which philanthropy was to be exercised, while Demosthenes, the famous orator, used philanthropy as a way to make a difference between the noble Greeks and the barbarians (including King Philipp of Macedonia, Alexander the Great's father). Aristoteles, who was Alexander's tutor, wrote about *philanthropon* (that what is philanthropic or humane in Greek tragedies) in his *Poetics*, without making it very clear what he actually meant. In Hellenistic Egypt, philanthropia was used in describing a humane attitude adopted by rulers towards their subjects. A decree announcing an amnesty would be called a *philanthropon*. Cicero and others translated *philanthropia* as *humanitas*. Anything that made humans different from animals could be summed up as *humanitas*, and a friendly attitude towards other humans was an essential part of this. A few centuries later, the philosopher Themistios, delivering an address before the Emperor Constantius II. in A.D. 351, titled it 'On Philanthropy', and made a point of telling the ruler that he would be perfect only by exercising *philanthropia*, a virtue reserved for rulers elevating them above other virtues that anybody might observe. In many cases, philanthropy was exercised in practice by setting up an endowment. The history of foundations in antiquity was indeed closely connected to the spirit of philanthropy. Rulers and members of urban elites throughout the Roman Empire practised their philanthropy in this way. It was in fact expected of them, and they would let it

be widely known. In Byzantium, this attitude was kept up much longer than in Western Europe, where the Christian idea of loving God, and one's neighbour as oneself<sup>2</sup> became the dominant norm. However, the word does appear in Paul's letter to Titus, and in Constantinople, Christ himself was frequently described simply as 'The Philanthropist'<sup>3</sup>. Muslim theology made a different distinction, talking about *zakat* as part of man's religious obligations, and *sadaqa*, as what he did on top and voluntarily. Setting up a foundation (*waqf*) would be considered part of the latter.

#### 4.

One may of course assume that a term undergoes changes of meaning over a period of 2,500 years. This happened to the term civil society, to take an obvious example, which originally applied to society as a whole, was used in the 18<sup>th</sup> century by John Locke, Adam Ferguson and others to describe society in a positive normative sense, and later to differentiate the whole of the citizens from government, while being universally applied today to a specific arena of society as opposed to the arenas of the state and the market. Charitable foundations, whether they like it or not, are of course part of this arena.

This is the same with 'philanthropy' – but not quite. It came back into use in the 18<sup>th</sup> century to distinguish charitable and other voluntary public orientated activities borne by a civic spirit from those of old connected to religious beliefs and communities. More often than not, philanthropic activities had something to do with reforms based on ideas to do with the

enlightenment. In England, for instance, from about 1750, philanthropy "was paraded before the British reading public. Many people had written about philanthropy, many readers had felt it. Letter writers signed themselves 'Philanthropist' or sometimes '*Philanthropus*'."<sup>4</sup> The first person to be hailed as a philanthropist by others was John Howard<sup>5</sup>, who had made a name for himself as a prison reformer. He was an activist – and a successful one at that – but certainly not a donor. With other philanthropists, he sought to reduce imprisonment for debt and the extent of capital punishment. All this did not go unchallenged. In 1821, in a debate in the House of Commons, an MP quoted a minister, adding, "nobody would accuse [...] of being an enthusiast, or, what might be deemed worse by some persons, a philanthropist!"<sup>6</sup>

Yet, in 1788, Robert Young, returning from France where he may well have witnessed the founding of the *société philanthropique*, set about founding the Philanthropic Society, which was finally instituted in 1788 "for the prevention of crimes and for a reform among the poor, by training up to virtue and industry vagrant children, and such who are in the paths of vice and infamy: to save them from ruin and prevent their becoming injurious to society"<sup>7</sup>. Before long, "numerous individuals and organisations laid claim to philanthropy"<sup>8</sup>. "No one could dispute that philanthropy played a major role in the build-up to the abolition of the British slave trade in 1807"<sup>9</sup>.

<sup>2</sup> Mark 12, 30-31.

<sup>3</sup> Demetrios J. Constantelos: A note on Christos Philanthropos in Byzantine ikonography. In: Byzantion. vol. 46, 1987.

<sup>4</sup> Cunningham 2020, p. 48.

<sup>5</sup> Ibid.

<sup>6</sup> Loc. cit., p. 77.

<sup>7</sup> Loc. cit., p. 70.

<sup>8</sup> Loc. cit., p. 85.

<sup>9</sup> Ibid.

**5.**

In Germany, Samuel von Pufendorf (1632–1694) was the first to observe a difference between the Christian notion of loving your neighbour as yourself, and a general humanitarian social feeling (*socialitas*) that did not need to be impressed on human beings but was there by their very nature. Christian Wolff took this a step further<sup>10</sup> and firmly established a notion of gaining pleasure by giving, thus echoing the opening lines of Adam Smith's not quite so famous second publication 'The Theory of Moral Sentiments' (1759): "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it."<sup>11</sup>

In this spirit, the first modern use of philanthropy in Germany was again in the context of reform. Johann Heinrich Basedow and Christian Heinrich Wolke established a school of thought they called philanthropism and developed the idea of a new way of teaching. The first real school to follow these principles opened in Dessau in 1774, was named the *Philanthropin*, and was copied in several other places in Germany. In the spirit of the enlightenment it became a model well received all over Europe<sup>12</sup>. The original school closed in 1793, but a modern school honours the tradition by its name *Philanthropinum*. The *Philanthropinum* in Frankfurt, a Jewish school, lived on until 1942.

In France, notwithstanding the creation of the *Société Philanthropique*, and the mention of

philanthropy in the *Encyclopédie*, the prime publication of the French enlightenment, the term acquired a rather different meaning, but again, this had nothing to do with foundations. The French revolution politicized philanthropy. While initially, it seemed to embody its principles in that they were universal<sup>13</sup>, it was precisely this universalism that came under attack as the revolution progressed and wars were fought against other nations. Patriotism was called for, and to be a philanthropist came to be equated with not being patriotic. "To be called a 'citizen of the world' ceased to be a compliment."<sup>14</sup>

**6.**

One may of course argue that all this happened well over 200 years ago and the meaning of the word may still have changed since then. But this argument is not only not supported by fact; it also has a normative aspect one should think about before supporting it and a political angle to be reckoned with. For one, tying the term to large scale donating of financial means and creating an institution in perpetuity would not only crowd out a plethora of cases that may rightly claim to be expressions of philanthropy without conforming to this rule. It would also virtually exclude citizens of lesser means from ever becoming philanthropists. In an age where social change aims at providing equal chances to all citizens regardless of their state and fortune, this would seem an extraordinarily dated concept. Contributing to the endowment of a community foundation offers no compensation.

Politically, large scale donors should face up to the fact that they are meeting with increasing

<sup>10</sup> viz. Antonia Karaisl von Karais: *The House is in a State*. Christian Wolff's *Oeconomica* in the context of public welfare. Berlin/Boston: De Gruyter 2021 (Maecenata Schriften no. 19).

<sup>11</sup> Adam Smith: *Theory of Moral Sentiments, or An Essay towards An Analysis of the Principles by which Men naturally judge concerning the Conduct and Character, first of their Neighbours, and afterwards of themselves, to which is added a Dissertation on the Origin of Languages*. (6<sup>th</sup> ed.). London 1790.

<sup>12</sup> Daniel Schmidt: *Der pädagogische Staat: die Geburt der staatlichen Schule aus dem Geist der Aufklärung*. Baden-Baden: Nomos 2000.

<sup>13</sup> Cunningham 2020, p.86-94.

<sup>14</sup> Loc. cit., p. 202.

criticism, both in civil society and in academia, and that one may suppose this will increase. Rob Reich and many others argue that large foundations are incompatible with democracy<sup>15</sup>. Obviously, donors like Bill Gates and Mark Zuckerberg are prime cases to show that people of enormous wealth who become philanthropies have easy access to the elected officers of state and wield a disproportionate measure of power in the public sphere (highlighted by Joan Roelofs almost two decades ago<sup>16</sup>). By assuming an exclusive legitimacy as philanthropies, foundations unvoluntarily support this argument. And by concurrently concentrating so very much on output and impact, they are depriving philanthropy of its fundamental reasoning – to be friends of man moved by the spirit of it, not by the success they might want to achieve. Besides, what is successful, is not always apparent within the time frame of a three-year project funding scheme.

## 7.

To this day, in the Jewish tradition, *gemilut chassadim* (to give kindness in love) remains one of three pillars on which the world may survive. It seems far removed from the urge to be recognized as an important player in society.

Many foundations see this as their goal. Moreover, large foundations see themselves in the driving seat when determining the scope and goals of any project. The condescension noted in antiquity seems to have survived over the

centuries, as a common civil society spirit is painfully absent from foundation – CSO partnerships. At the same time, with very few exceptions, large foundations are neither interested in the groundwork behind the projects they seek to support nor in ways to overcome the lopsided concentration on ‘impact’ in favour of a more comprehensive assessment of their efforts<sup>17</sup>. Even while refraining from introducing the public responsibility argument, there can be no doubt that given these deficiencies there remains very little ground for foundations and their private donors to claim an exclusive use of the term philanthropy for their activities. It would seem that in an age in which a universal approach to global challenges is of essence and participative partnerships on a level playing field are the way to save liberal democracy while reforming it and bringing society forward, philanthropy should be marketed as a spirit and attitude to be adopted by all citizens regardless of their religious, secular or other outlook. Foundations would do well to adopt a more modest attitude.

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<sup>15</sup> viz. Rob Reich / Lucy Berholz / Chiara Cordelli: *Philanthropy in Democratic Societies: History, Institutions, Values*. The University of Chicago Press 2016.

<sup>16</sup> Joan Roelofs: *Foundations and Public Policy. The Mask of Pluralism*. State University of New York Press 2003.

<sup>17</sup> viz. Rupert Graf Strachwitz and Rolf Alter: *Improving trust in trusts: Introducing the Philanthropy.Insight tool*. In: *Trust & Trustees*: Vol. 26, No. 6, July 2020. Oxford University Press, pp. 483–492.