**European Philanthropy: social indispensable but politically invisible. Lessons from the EUFORISTUDY[[1]](#footnote-1)**

**Paper to be presented at the ERNOP 2023 conference in Zagreb**

Theo Schuyt

Professor Philanthropic Studies

Center for Philanthropic Studies, Vrije Universiteit Amsterdam (www.giving.nl)

[t.schuyt@vu.nl](mailto:t.schuyt@vu.nl)

**Summary**

What is the problem this paper aims to answer? Despite intensive lobbying by the European Association of Foundations, Philea, and other European Branche organizations towards the European Parliament, EU-politicians pay little attention to European philanthropy. The recently published Social Economy Action Plan also hardly shows any interest[[2]](#footnote-2). While at the same time civil society, societal engagement, citizen-initiatives, philanthropic donations, bequests and volunteering flourish due to the social, political and economic problems Europe faces. At the same time national governments in Europe reach the limits of their financial and policy capacities.

This paper first examines reasons for the disinterest, ignorance or uneasiness among European politicians[[3]](#footnote-3). Secondly, insights from organization – and political sciences are used to analyze how - and under what conditions - this may change[[4]](#footnote-4). What may – according to these theories - European philanthropy expect from EU-politicians with regard to recognition, acknowledgement and collaboration in the years ahead? As proof or test the policy of the EC Dept. R&I towards European philanthropy is examined over the period 2006 – 2019.

**Reasons for the disinterest among European politicians**

In twentieth-century Western Europe, responsibilities in matters relating to social security, healthcare and education were taken over by welfare-state regimes. Philanthropy did not disappear – it remained active in health, religion, welfare, culture and education – but it was sidelined by the expansion of the welfare state.

Once the financial boundaries of the welfare state were reached, however, the market was embraced as a remedy. Driven by a neo-liberal political philosophy deep cuts in social services occurred in the late 1980s, coupled with deregulation. Public utilities were “sold out” into the private market sector. But now the market’s own shortcomings become all too apparent, one should expect a new fresh look at philanthropy and the role it might play. With some exceptions, however, this is not happening.

To understand this political disinterest several cultural and “institutional” barriers can be found. We now examine some of these in particular as potential explanations why a Brussels shift towards greater prominence for philanthropy may not be that easy, after all.

:

* the welfare-state paradigm,
* path dependence
* power
* image

The first and perhaps the most plausible possible explanation is intertwined with the welfare-state paradigm itself. Politicians, administrators and social policy researchers may see philanthropy as a stage in European social development that is passé, a concept which belongs in an era long before the welfare state. It has a mediaeval ring to it and clear associations with patronage, Christian values and charity. The welfare state and its facilities represent civil and social rights, the opposite of the inequality, paternalism and arbitrariness associated with philanthropy.

Secondly, one could suggest a “politico-cultural” or “politico-institutional” explanation in the form of path dependence. At root, the ultimate question facing European politics and policymakers is: which services should be provided by the state and which should be left to the market? And, derived from that: how does one regulate the relationship between the state and the market? Philanthropy plays no role in this bipartite scenario.

The third explanation originates from a theory of power. Politicians are unlikely to be amused when philanthropic foundations, wealthy philanthropists or leading businesses increase their influence in the public domain. Of course they are welcome to fund government policies in a supplementary way, but pursuing their own private agendas could be perceived as a threat: “Philanthropy always has something to do with power and the shaping of the future of society”.[[5]](#footnote-5)

A fourth explanation refers to the distorted image of philanthropy, dominated by media. “Those are the rich, and wealthy”, forgetting that ordinary households make the largest share of philanthropic contributions in Europe[[6]](#footnote-6). Philanthropy shortly includes all kinds of voluntary action for the common good: from volunteering time and expertise to giving money, legacies, social investments and even blood /organ donations. To reframe properly the distorted image of philanthropy will take time.

**Input from organization - and political sciences**

To overcome the gap caused by ignorance, misunderstanding or unwillingness, an organization – and political sciences be of help? Can they offer theoretical options to understand if, when and how these two worlds could meet?

Central in processes of rapprochement among different parties is the concept of interdependency. Interdependency and awareness of interdependency arises if parties realize and experience that they influence each other’s goal achievement. Mutual dependency of parties are fueled by:

1. external pressures; challenges/ urgent problems
2. internal pressures; lack of expertise, legitimacy or sources

If parties transform their mutual dependency into readiness to take steps to encounter depends on:

1. availability of brokerage

Ad 1. External pressures: Urgent problems

If we look at what happened during the Covid pandemic, if we look at climate change (the EU Green Deal policy), (war) migration, EU -economy competitiveness in relation to the USA - China and loss of democratic political legitimacy, then we may conclude that these issues are “urgent common problems”, shared threats so to say, that touch parties involved. Indeed, Philanthropic foundations, like the Wellcome Trust – and many other EU foundations invested seriously in research to combat Covid.

Large international nature preservation NGO’s, like World Wide Fund, Greenpeace and others take action, run projects and invest in new energy solutions; they are supported by a growing number of foundations focusing on eco-issues and numerous occurring local energy collectives. Volunteer organizations and citizen initiatives in many EU member states contributed effectively to support Ukrainian refugees.

These “old” and “new” forms of societal engagement and commitment operate in the same domain of the EU politicians and administration. If rapprochement occurs, contacts will made with opportunities for alliances and collaboration, depends on the urgency of the problem-issues at stake[[7]](#footnote-7) . This brings us to the second condition for mutual dependency:

Ad 2. internal pressures; lack of expertise, legitimacy or sources

As well as succumbing to this external pressure, parties can also choose to collaborate on their own initiative. There can be good reasons to do so: in some cases because of the lack of own expertise or (financial) sources. In other cases to enhances effectiveness and waste caused by working separately[[8]](#footnote-8). Special attention will be paid now to the issue of democratic legitimacy of the EU politics.

Berger and Neuhaus stressed in their 1977 (!) publication “*To Empower People. The Role of Mediating Structures in Public Policy”*  the importance of mediating structures, they define as follows: “those institutions standing between the individual in his private life and the large institutions of public life.”[[9]](#footnote-9).

The concept of “mediating structure” is presented by Berger and Neuhaus as a *fundamental societal category*. Both sociologists take a stand against neoliberal positions that place too much emphasis on individualism and the possibilities of the individual. But they also criticize the “left” where they eclipse the meaning of intermediate structures from the pursuit of steering social developments by increasing government influence.

Berger and Neuhaus argue that “mediating structures” are indispensable for a democratic society: “Without institutionally reliable processes of mediation, the political order becomes detached from the values and realities of individual life. Deprived of its moral foundations, the political order is ‘delegitimated’. When that happens, the political order must be secured by coercion rather than by consent. And when that happens democracy disappears”.

Overall, philanthropy functions in the EU as societal “broker” by supporting citizen initiatives, volunteering, NGO’s and/or by conducting its own common good programs. If democratic values are threatened the political awareness of the significance of the EU social midfield will increase [[10]](#footnote-10).

Ad 3 Availability of brokerage

James Austin[[11]](#footnote-11) has studied rapprochement in strategic collaborations between non-profits and business organizations. What elements are crucial to successful partnerships? Austin identifies seven decisive factors. First, the collaboration should have a clear purpose. Second, key individuals on both sides should connect at a personal and professional level. Other vital aspects are close alignment between the two types of organization in terms of mission, strategy and values, as well as genuine value-creation for all involved. In other words, the chances of successful collaboration are higher if the participating organizations have missions and strategies which resonate with each other, and when the partnership is beneficial for all of them. Finally, constant communication, continual learning, ongoing development of the partnership and genuine commitment to it are all essential.

Jos Rath, meanwhile, has explored encounters between entrepreneurs and non-profits. What considerations could be helpful when these two worlds meet? In his PhD thesis, Rath develops and tests a so-called “Entrepreneurial Philanthropy Alignment Model” (EPAM) to facilitate collaboration.[[12]](#footnote-12) His main conclusion is that key individual players – corporate CEOs and non-profit directors – play a crucial role in the encounter process. In addition, he concludes “that patience is required of both partners to allow in-depth reflection on the development of mutual trust in the process of developing an entrepreneurial philanthropy partnership”.[[13]](#footnote-13)

**The case: the policy of the EC Dept. R&I towards European philanthropy over the period 2006 – 2019.**

Why should EU politicians and administrators seek contact with philanthropy and philanthropic organizations? In this respect, the United Kingdom and the Department Research and Innovation of the European Commission in Brussels give us two examples.

In 1998 the Blair government entered into a partnership with England’s voluntary and charitable sector known as The Compact. Through this, the Blair administration sent out a political signal in the form of a covenant stating that philanthropic contributions are welcome to strengthen the quality of society. The government, it admitted, cannot and does not want to do everything alone. The Compact has no legal status, however: it is merely a “gentlemen’s agreement.” Nonetheless, in its wake approximately 80 per cent of all English local authorities concluded comparable compacts with the voluntary sector in their own areas.

In 2005 this collaborative process resulted in the creation of the Voluntary and Charitable Giving Unit (VCGU) – later to become the Office of the Third Sector – at the Cabinet Office, thus giving the philanthropic sector “a place at the negotiating table”.

This development can be analyzed as follows: the cultural shift in the welfare-state paradigm initiated by the Blair Government and known as “the Third Way”, whereby private efforts were integrated in the public domain, led to the institutional recognition of voluntary philanthropic contributions. The *policy* and *politics* of increasing partnerships thus became *polity.* In 2011 the Netherlands followed the lead set by the UK with the conclusion of a covenant between the government and the philanthropy sector.[[14]](#footnote-14)

Likewise, on 4 December 2007 the EC Directorate-General for Research and Innovation (DG RTD) established the European Forum on Philanthropy and Research Funding in collaboration with the European Foundation Centre. This move came after the Commission had noticed the benefits US universities gain from private philanthropic contributions. In an effort to stimulate comparable benevolence in Europe, from 2005 onwards DG RTD commissioned research, formed advisory groups and held conferences on philanthropic research funding. Resulting publications included *Giving More for Research in Europe: Strengthening the Role of Philanthropy in the Financing of Research* (EC 2006), [[15]](#footnote-15) *Engaging Philanthropy for University Research. Fundraising by university from philanthropic sources: developing partnerships between universities and private donors – Report by an Expert Group* (EC 2008)*,[[16]](#footnote-16) Giving in Evidence – Fundraising from Philanthropy in European Universities* (EC 2011), [[17]](#footnote-17) and *The European Foundations for Research and Innovation Study* (EC 2015).[[18]](#footnote-18) There were also the conferences Building Capacity for the Future (2015) and Philanthropy and Social Investments Fostering Research and Innovation (2016)[[19]](#footnote-19), plus the report *Driving Progress* by the Expert Group on Foundations, Venture Philanthropy and Social Investments (2018).[[20]](#footnote-20)

This development can be analyzed as follows. The urgent need to heighten Europe’s competitiveness was facilitated by the availability of personal “brokerage” between the EU academic world and the EU DG Research and Innovation. Particularly the role of leading DG officials together with representatives of the European University Association (EUA) that continuously recommended the “Diversification of income streams for EU – universities” has to be mentioned here. This diversification issue included the promotion of philanthropic income next to government-funding and market-valorization sources. These financial diversification also reflects the “societal constituencies” of the EU research institutions. In this way it also reflects the EU – value system. Europe harbours a strong civil society alongside its government and market sectors. The integration (or perhaps that should be re-integration) of philanthropy into the European welfare-state model signifies a step beyond the dual-state model – either “government” or “market” – to create what we can describe as the “European diversified social model”.

The “Social Economy Action Plan”, launched December 2021 by the EC Department Employment, Social Affairs and Inclusion, however, didn’t capitalize the results of the 15 years investment of the EU DG R&I in EU - Philanthropy.

1. *EUFORISTUDY,* Synthesis Report, www. Euforistudy.eu. [↑](#footnote-ref-1)
2. *Social Economy Action plan*. European Commission: Brussels, December 2021

   [↑](#footnote-ref-2)
3. Beth Breeze (2021) . *In Defense of Philanthropy*. New York: Columbia University Press; Giridharadas, A. (2018). *Winners take all; The Elite Charade of changing the World.* London: Penguin Books; Reich, R. (2018), *Just Giving: Why Philanthropy Is Failing Democracy and How It Can Do Better*. Princeton: Princeton University Press.; Rogers, R. (2011), “Why Philanthro-Policymaking Matters”. *Society* 48(5), 376-381.; Edwards, M. (2008), “Just another emperor? The myths and realities of philanthrocapitalism”. *Non Profit Quarterly,* March. [↑](#footnote-ref-3)
4. Austin, J. E. (2000). *The Collaboration Challenge: How Nonprofits and Business Succeed through Strategic Alliances*. San Francisco, CA: Jossey-Bass.; Clarke, A. en Fuller, M**.** (2010). *Collaborative Strategic Management: Strategy Formulation and Implementation by Multi-Organizational Cross-Sector Social Partnerships*. Journal of Business Ethics, p. 85-101. DOI 10.1007/s10551-011-0781-5; David, R. P. Tolbert, J.Boghossian (2019). ‘Institutional Theory in Organization Studies’. In: *Business and Management* <https://doi.org/10.1093/acrefore/9780190224851.013.158>; Rath, J. (2019). *Entrepreneurial Philanthropy Partnerships*. *In Search of Alignment.* Amsterdam: Vrije Universiteit. (Doctorate thesis). [↑](#footnote-ref-4)
5. Adam, (2004). op. cit., pp. 4-5. [↑](#footnote-ref-5)
6. Hoolwerf, B. and Th. Schuyt (Eds.). 2017. *Giving in Europe. The State of Research on Giving in 20 European Countries*. Amsterdam: Lenthe. [↑](#footnote-ref-6)
7. # Vries, M. de (1990). Interdependence, Cooperation and Conflict: An Empirical Analysis. In: Journal of Peace Research, Vol. 27, no. 4, pp. 429-444

   [↑](#footnote-ref-7)
8. Sanyal, B. (1991). ‘Antagonistic Cooperation: A Case Study of Nongovernmental Organizations, Government and Donors' Relationships in Income-Generating Projects in Bangladesh’ . Massachusetts Institute of Technology, Cambridge. The paper concludes with the paradoxical outcome that both tripartite cooperation and conflict be better explained by varying and converging institutional interests than by the theory of comparative advantage. [↑](#footnote-ref-8)
9. Berger, P. and R. Neuhaus (1977). *To Empower People. The Role of Mediating Structures in Public Policy*. Washington: American Enterprise Institute; Reprinted chapter in: St. Ott and L. Dicke. (2021). *The Nature of the Nonprofit Sector*. New York: Routledge [↑](#footnote-ref-9)
10. [Johanna Hedlund](https://besjournals.onlinelibrary.wiley.com/authored-by/Hedlund/Johanna), [Örjan Bodin](https://besjournals.onlinelibrary.wiley.com/authored-by/Bodin/%C3%96rjan), [Daniel Nohrstedt](https://besjournals.onlinelibrary.wiley.com/authored-by/Nohrstedt/Daniel) (2020). Policy issue interdependency and the formation of collaborative networks. In: *People and nature* <https://doi.org/10.1002/pan3.10170> [↑](#footnote-ref-10)
11. Austin, J. E. (2000), *The Collaboration Challenge: How Non-profits and Business Succeed through Strategic Alliances*. San Francisco: Jossey-Bass. [↑](#footnote-ref-11)
12. Rath, J. (2019), *Entrepreneurial Philanthropy Partnerships:* *In Search of Alignment.* Amsterdam: Vrije Universiteit. PhD thesis. [↑](#footnote-ref-12)
13. Ibid., p. 180. [↑](#footnote-ref-13)
14. *Ruimte voor geven: convenant tussen het kabinet en de sector filantropie* [Room for giving: covenant between the Dutch government and the philanthropy sector] (2011). www.rijksoverheid.nl. [↑](#footnote-ref-14)
15. Breeze, B., Wilkinson, I., Schuyt, T. N. M., & Gouwenberg, B. M. (2011), *Giving in Evidence: Fundraising from Philanthropy for Research Funding in European Universities*. Brussels: European Commission, Directorate-General for Research and Innovation.ISBN 978-92-79-18784-1., pp. 4-5 [↑](#footnote-ref-15)
16. Ibid., pp. 4-5 [↑](#footnote-ref-16)
17. Breeze, B., Wilkinson, I., Schuyt, T. N. M., & Gouwenberg, op. cit. [↑](#footnote-ref-17)
18. [www.euforistudy.eu](http://www.euforistudy.eu) [↑](#footnote-ref-18)
19. [www.phisiconference.eu](http://www.phisiconference.eu) [↑](#footnote-ref-19)
20. Schuyt, T., & Gouwenberg, B. (eds.) (2018), *Driving Progress for Research and Innovation in Europe: The Potential of R&I Foundations.* Brussels: European Commission, Directorate-General for Research and Innovation, Directorate B – Open Innovation and Open Science, Unit B3 – SMEs, Financial instruments and State Aid. ISBN 978-92-79-86892-4. [↑](#footnote-ref-20)