A Paradigm Change: The Case for Private Philanthropy in the Arts in Germany, the Netherlands, and France

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Introduction

In January 2013 the *New York Times* reported an abrupt shift in Dutch public funding for the arts. With a new conservative government in power, led by Prime Minister Rutte, a dramatic series of cuts had been enacted with traumatic results. Perhaps most surprisingly, they were combined with a lacerating attack on the heavily subsidized sector. "The Rutte government painted artists as elitist, parasitic, sophisticated beggars, living off state subsidies, basically procrastinating," said Ann Demeester, director of the de Appel Arts Center in Amsterdam. "It's hard to say why they felt a need to use this very vile, very poisonous kind of critique. If you introduce such sweeping budget cuts, there's no reason to also rhetorically demoralize the sector." ¹

Dutch national funding for culture dropped by 22%, while regional and municipal governments cut their budgets between 10 and 20%, leading to an overall loss of 632 million EUR to the sector as a whole. About two dozen organizations closed their doors entirely; others merged.² The public subsidy system had not encouraged arts groups to build up reserves, since grants needed to be spent in full each year, and endowment funds are virtually unknown in the Netherlands. So, when annual support was slashed, many organizations were left without reserves to navigate the transition—let alone the paradigm change.³

Early warning signs could have been seen just across the English Channel, since the United Kingdom government embraced private funding for the arts as early as 1997. Though continental Europe has been slower to move in this direction, it is now clear that the mid-to-late 20th-century European model for cultural funding, with government carving out a special, protected space for the arts, is slowly being compromised and dismantled. ⁴ This is particularly the case in The Netherlands, France, and Germany.

Conversely the signs of rising private philanthropy are also evident.⁵ In 2003, in France, only 2,000 corporations gave to charitable causes. Now, Admical, an association that promotes corporate philanthropic engagement, counts roughly 37,000 donors.⁶ The number of foundations is increasing at a rapid pace in Germany, making it a European and even worldwide leader in this area. Of its 20,500 foundations boasting a cumulative portfolio

¹ Nina Siegal, "Dutch Arts Scene is Under Siege," *New York Times*, January 29, 2013, http://www.nytimes.com/2013/01/30/arts/30iht-dutch30.html? r=0.

² Nina Siegal, "Euro Crisis Hits Museums," *Art in America*, May 2013, http://www.artinamericamagazine.com/news-features/magazine/euro-crisis-hits-museums.

³ Nina Siegal, "The New Normal in Europe," *Art in America*, June 2013, http://www.artinamericamagazine.com/news-features/magazine/the-new-normal-in-europe.

⁴ Phyllis Shaw, "The Funding Challenge," in *The Responsive Museum: Working with Audiences in the Twenty-First Century*, ed. Caroline Lang, John Reeve, and Vicky Woollard (Abingdon, Oxon, GBR: Ashgate Publishing Group, 2006), 156.

⁵ See also Theo N. M. Schuyt, "Philanthropy in European Welfare States: A Challenging Promise?" *International Review of Administrative Sciences* 76, no. 4 (2010): 774.

⁶ Laure Chaudey, "Trends and Best Practices in Corporate Philanthropy for Culture." Presentation at Culture Invest Congress, Berlin, Germany, October 2014.

of 17 billion EUR, 15.2% report arts and culture as a funding priority. Anecdotally, in the Netherlands, one interviewee guipped that the only jobs now available in the cultural sector were going to fundraisers. 8

While these trends are widely noted in Germany, many bemoan the perceived increased influence of corporate business interests and wealthy eccentrics with private agendas. Others cite the need for private fundraising as a practical reality, if not a necessary evil. It is rarely said in Germany that philanthropy has a positive impact on arts organizations by making them more accountable and responsive to the broad communities they serve. In short, the positive case for private funding for the arts is not yet being made.

Before we proceed, a quick word on definitions. Robert Payton, a founder of Indiana University's Center on Philanthropy, characterized philanthropy as "voluntary action for the common good," with volunteer work, inkind donations of goods and services, and financial contributions under a broad umbrella. This is a definition U.S. practitioners generally accept, following guidance from the Association of Fundraising Professionals. In contrast, historian Thomas Adam, writing about 19th-century charity in the U.S., Canada, and Germany, defines philanthropy as "the process of providing financial, materials, and intellectual resources for cultural, social, and educational institutions by upper-class citizens." It is often thought, and not just in academia, that philanthropy relies on Gilded-Age income inequality paired with significant wealth at the very top—the notorious one percent.

Yet research has shown that giving to charity is broadly spread across U.S. social classes. In fact, a large majority of Americans, 63% according to the 2015 World Giving Index, contribute to a charitable sector worth \$358 billion in 2014. The *Chronicle for Philanthropy* further reported in October 2014 that, "The wealthiest Americans are giving a smaller share of their income to charity, while poor and middle-income people are digging deeper into their wallets, according to a new *Chronicle* analysis of IRS data that shows how charitable giving has been changed by the Great Recession. Some nonprofit leaders, especially those who serve the poorest people, say it was the loyalty of people with low and moderate incomes that sustained them in the roughest periods of the economy and is continuing to do so now in the recovery." In fact, philanthropy as it is practiced in the U.S. relies fundamentally on gifts both large and small, from \$1 million to \$10, representing a zone of exchange and dialogue between the organization's leadership and its economically diverse stakeholders.

Private and Public Support for the Arts in the United States and Northern Europe

For as long as the World Giving Index has been published, the U.S. has ranked at the very top. For its 2014 report, the Charities Aid Foundation examined three sets of data from 145 countries participating in Gallup's World View World Poll: the percentage of people who donated to a charity, helped a stranger, and volunteered in the last month. The U.S.'s results were 63%, 76%, and 44% respectively. The U.S. system's has

⁷ Tobias Henkel, "The Different Approaches of Foundations Operating in Europe." Presentation at Culture Invest Congress, Berlin, Germany, October 2014.

⁸ Renate Buijze (PhD Candidate at Erasmus University Rotterdam), in conversation with the author, November 18, 2014.

⁹ Thomas Adam, "Philanthropy and the Shaping of Social Distinctions in Nineteenth-Century US, Canadian, and German Cities," in *Philanthropy, Patronage, and Civil Society: Experiences from Germany, Great Britain, and North America*, ed. Thomas Adam (Bloomington, IN: Indiana University Press, 2004), 16-17.

¹⁰ Charity Aid Foundation, *World Giving Index 2015*, accessed April 3, 2016, https://www.cafonline.org/docs/default-source/about-us-publications/caf worldgivingindex2015 report.pdf?sfvrsn=2. *Giving USA 2015* (Indianapolis, IN: Lilly Family School of Philanthropy, Indiana University, 2015).

¹¹ "Alex Daniels and Anu Narayanswamy, "The Income-Inequality Divide Hits Generosity," *The Chronicle of Philanthropy*, October 5, 2014, https://philanthropy.com/article/The-Income-Inequality-Divide/152551.

¹² World Giving Index 2015

its advantages and disadvantages, and whether it meaningfully addresses deep societal problems remains a subject of heated debate. Regardless, the field is now highly professionalized, with a voluntary certification process, and is well represented by the Association of Fundraising Professionals and its 30,000 individual and organizational members.¹³ In short, philanthropy matters in the U.S.

Looking more closely at funding for arts organizations, we can draw from Americans for the Arts, which in 2015 reported that, on average, 60% of arts organizations' total income derives from earned income (such as ticket sales, proceeds from a museum shop and café, parking revenue etc). Individual and institutional donors give the remaining 40%. Individual giving at 24% is the largest source of this contributed income. Government support at 9% is almost negligible. This last percentage constitutes the single largest contrast with German arts organizations, which report average government funding at 90%. Unfortunately, data comparable to that of Americans for the Arts is currently not available for Germany.

In the U.S., as in northern Europe, arts funding is distributed at three levels: national or federal level, the regional or state level, and the local or municipal level. U.S. funding amounts to \$1.23 billion or \$3.89 per person, with just \$146 million made available at the federal level, mostly through the National Endowment for the Arts (NEA).¹⁶ In stark contrast, government funding for the arts in France and Germany totals 15.6 billion EUR and 9.13 billion EUR, equivalent to 236 EUR per capita and 112 EUR per capita, respectively.¹⁷

The French channel most of their support for the arts through the national government and the *Ministère de la Culture et de la Communication*, reflecting the historically important role of a centralized government; the personal engagement of prominent leaders, from Louis XIV to President François Mitterrand; and Paris' enormous stature as a mecca for culture. Moreover, access to the arts and education is guaranteed in the French constitution. In contrast, arts and culture are emphatically a regional and local responsibility in

¹³ "About AFP," Association of Fundraising Professionals, accessed March 23, 2015, http://www.afpnet.org/about/?navltemNumber=500.

¹⁴ Americans for the Arts, "Source of Revenue for Nonprofit Arts Organizations," last modified April 2015, accessed May 11, 2015, http://www.americansforthearts.org/sites/default/files/pdf/2015/by_program/reports_and_data/ research_studies_and_publications/Source_Revenue_Nonprofit_Arts_Organizations.pdf. The National Endowment for the Arts' 2012 report, "How the United States Funds the Arts," provides somewhat different income figures for performing arts organizations and museums: 40.7% earned income; 14.4% interest and endowment income; 20.3% individual donors; 8.4% corporate support; 9.5% foundation support, and 6.7% government (3.3% local; 2.2% state; 1.2% federal). How the United States Funds the Arts (Washington, DC: National Endowment for the Arts, November 2012). ¹⁵ Rob Burns and Wilfried van der Will, "German Cultural Policy: An Overview." *International Journal of Cultural Policy* 9, no. 2: 145. There is little data about private funding for arts and culture in Germany generally. What little exists is summarized in the Compendium Cultural Policies and Trends in Europe, accessed May 11, 2015, http://www.culturalpolicies.net/web/germany.php?aid=63.

Americans for the Arts, "Twenty Years of Government Support for the Arts, Federal State, and Local 1995-2015," accessed May 11, 2015, http://www.americansforthearts.org/sites/default/files/pdf/2015/by_program/reports_and _data/ research_studies_and_publications/Government_Funding_for_the_Arts_%2820%20Years%29.pdf.

Tor the Netherlands: 2009 data cited in Ministry of Education, Culture and Science, The Netherlands, *Quadrennial Periodic Report On Measures to protect and promote the Diversity of Cultural Expressions*, May 8, 2013. For France: "Financing of Culture," World CP International Database of Cultural Policies, accessed May 9, 2015, last updated May 8, 2015, http://www.worldcp.org/france.php?aid=621#. Citing data from « Chiffres clés 2014 / 2014 Key Figures; Effort financier de l'État dans le domaine de la culture et de la communication, Annex to the State Finance Bill for 2015. » For Germany: "Financing of Culture," World CP International Database of Cultural Policies, accessed May 9, 2015, last updated September 4, 2013, http://www.worldcp.org/germany.php?aid=61. Citing 2009 data from "Kulturfinanzbericht 2012."

Germany, with almost half of funding for arts and culture, 4 billion EUR, distributed at the municipal level.
Local governments take pride in this role and in 1998 resisted the establishment of a federal ministry for culture, which even today is a modest affair: a junior ministry under the German Chancellery.

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This striking difference with France can be attributed to Germany's circuitous historic path toward unification. Germany's many small, historic princely courts and proud, independent cities established a dense cultural infrastructure that survives to this day. For example, while the Netherlands has one opera house, and France 27, Germany has a whopping 56. The Dutch have 775 museums, France has 1,220, but Germany has 4,710 such institutions, which 107 million visitors patronize annually. The cultural and creative economy sector further represents 137 billion EUR in annual revenue, putting it on par with Germany's celebrated automotive and engineering sector. 12

In sum, this data confirms that the U.S. and the northern European models for cultural funding represent diametric opposites. They reflect their historical legacies and a varying understanding of the role government should play in fostering the arts. Interviewees for this research frequently claimed that Europe does not have a "culture of philanthropy," in contrast to the U.S., and that tax payers already support the sector via their government. "Isn't that enough?" they ask.

It is worth pausing to consider that money carries layers of symbolic and emotional value in the U.S. cultural funding system, beyond that of social status and belonging. In the hands of a philanthropic donor, at all levels of support, funds become a vehicle for expressing allegiance to and even endorsement of a museum's mission and programs. Current research in the U.S. museum field has convincingly connected an organization's ability to raise funds to its ability to engage its audience and community in a meaningful, mission-driven fashion.

In *Magnetic: The Art and Science of Engagement*, authors and arts management professionals Anne Bergeron and Beth Tuttle recount their survey of best practices among U.S. museums and characterize high performance institutions as "magnetic" museums. These possess "a superior ability to attract and retain the resources necessary to deliver sustained programmatic excellence and growth over time." In addition, these organizations "deliver cultural and civic value, and achieve superior business results through a commitment to service, engagement, and empowerment of others. They are distinguished by powerful alignment around a compelling vision and the lasting bonds they create through meaningful experiences that enrich and strengthen their internal and external communities." ²³

Similarly, Michael Kaiser, who now spearheads the University of Maryland's Devos Institute of Arts Management after a storied international career, addresses the arts sector as a whole when he connects mission, programming, marketing, and fundraising in a cyclical relationship. He characterizes an arts organization's stakeholders as its "family" and connects the institution's ability to foster a growing and enthusiastic family of audience members to its financial sustainability. Simply put, "If [the family] is happy,

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¹⁸ "Financing of Culture," World CP International Database of Cultural Policies, accessed May 9, 2015, last updated September 4, 2013, http://www.worldcp.org/germany.php?aid=61. Citing 2009 data from "Kulturfinanzbericht 2012." ¹⁹ Burns and van der Will, "German Cultural Policy," 144.

²⁰ "Country Information," Network of European Museum Organizations, accessed May 15, 2015, http://www.nemo.org/about-us/the-network/country-information.html.

²¹ Germany Quadrennial Periodic Report to UNESCO on Measures to protect and promote the Diversity of Cultural Expressions, 2012 (Berlin: Federal Foreign Office, 2012).

²² Anne Bergeron and Beth Tuttle, *Magnetic The Art and Science of Engagement* (Washington, DC: AAM Press, 2013) 8. ²³ Ibid. 9.

growing and engaged, and marketing and fundraising efforts are strong, the organization will enjoy a high level of earned and contributed income."²⁴

In this model, private sector donations, among other possible interactions between an arts organization and its public, such as visitation or attendance, represent a currency of exchange with life or death implications for the institution. The stronger the museum's community engagement, the more its public will reward it with financial resources. A museum struggling to find an audience for its work, however, will likely underperform on all counts. ²⁵

The Netherlands: Promoting Cultural Entrepreneurship

The public debate around funding for the arts has subsided in the Netherlands since the Rutte government was replaced, but interviewees reported that the 2013 cuts are here to stay. ²⁶ Evidence that the "new normal" has become enshrined as cultural policy is easily found in the Netherlands' 2013 Quadrennial Periodic Report to the UNESCO on Measures to Protect and Promote the Diversity of Cultural Expressions, drafted by the Dutch Ministry of Education, Culture and Science (Ministerie van Onderwijs, Culture en Wetenschap) (italics mine):

"As a result of changes in society, support for funding culture has diminished and the extent of the funding has declined in society. As a result, support has also declined in the political sphere. The feeling has arisen that, when providing funding, the government has paid insufficient attention to the audience or to entrepreneurship when providing funding. The government expects cultural organizations and artists to be more entrepreneurial and earn a greater part of their income themselves."²⁷

The Ministry further sees audience development and philanthropy in the cultural sector as two sides of the same coin. Thus, entrepreneurship "generates more public and own income for the sector. Giving to culture helps to increase the public's engagement with the cultural sector. General support for culture and cultural policy is increased in both cases." The promotion of cultural entrepreneurship and philanthropy represents a key goal in the current four-year cultural planning cycle (2012-2016), and the ministry's annual report, *Cultuur in Beeld*, indicates progress against this and other stated priorities.

In order to soften the impact of its funding cuts, the Dutch government has implemented several measures that encourage private sector actors to support arts organizations. Thus, giving has been incentivized via a substantial short-term tax benefit. From 2012 through 2016, individuals or households who make gifts to

²⁴ Michael Kaiser with Brett Egan, *The Cycle: A Practical Approach to Managing Arts Organizations* (Waltham, Massachusetts: Brandeis University Press, 2013), 3.

²⁵ Conversely, the generous German public subsidy system means that arts organizations can afford to be less reliant on finding an audience for their work. A German consulting firm, Actori, compared European and U.S. opera houses, seeking to understand the relationship between funding streams and artistic creativity. Though their research method is neither comprehensive nor foolproof, they conclude that European organizations can afford to produce riskier work, including new commissions, because the public subsidy allows them freedom to create art for art's sake. Under this paradigm, a work can be considered artistically worthwhile and important, even if a contemporary audience is slow to warm up to it. *Offentliche Zuschüsse fördern Vielfalt und Innovationskraft von Opernhäusern*, Insight Nr. 2/2012 (München: Actori, 2012).

²⁶ Bas van den Bosch (owner, B&D Funding), in discussion with the author September 25, 2014; Michel van Maarseveen (director, Paleis Het Loo), in discussion with the author September 26, 2014.

²⁷ The Netherlands Quadrennial Periodic Report to UNESCO on Measures to protect and promote the Diversity of Cultural Expressions, 2012 (Den Haag: (Den Haag: Ministerie van Onderwijs, Cultuur en Wetenschap, 2013), 7.
²⁸ Ibid, 12.

cultural entities may deduct them from their personal taxable income at a boosted rate of 125% and up to 1,000 Euro. Corporations may claim a tax deduction for gifts to culture as a business expense. Through 2016, they also have the option to deduct charitable donations from company profit, up to 50% and up to 100,000 Euro. To promote use of these incentives, the Dutch Ministry deployed a promotional campaign, "Cultuur, Da Geef Je Om," which loosely translated means," culture, worth caring about," though the use of the verb "geven," to give, also carries a clear double meaning. To promote use of the verb "geven," to give, also carries a clear double meaning.

The Dutch government recognized that it needed to help its cultural infrastructure develop the capacity to fundraise. As part of its cultural entrepreneurship program, the Ministry is making experts available for demand-led coaching and training and plans to offer 300 to 400 sessions per year. A leadership development program has also been made available for 10-15 emerging arts leaders, which includes instruction on fundraising. Lastly, Cultuur-Ondernemen, an independent foundation established in 2010 that promotes cultural entrepreneurship, organizes training and activities for the sector, while monitoring and evaluating progress and providing loans. Total support for this initiative totaled 3.4 million EUR in 2013, a relatively small investment.³¹

The results of this comprehensive package remain unclear for the moment. On the one hand, the Ministry has argued that giving to the arts has increased by 246% between 1995 and 2011, much faster than any other sector. Yet private giving for culture totaled just 287 million EUR in 2011, 345 million EUR short of the total cut from government spending.³² It is also important to acknowledge that fundraising does not happen overnight. It takes years, as well as staff and financial resources, to develop a meaningful income stream from loyal donors. One interviewee commented that the enhanced tax subsidies will likely be phased out just as arts organizations develop a donor pool that can take advantage of them.³³

Paleis Het Loo near Apeldoorn represents a valuable case study, largely because it illustrates the depth and level of oversight the Dutch government is willing to pursue in order to accomplish its new goals. This member of the Association of European Royal Residences showcases not only the history of its palace and gardens, but also explicates the historical role of the Dutch monarchy, which maintains a strong presence in contemporary culture. Perhaps because it fulfills this meaningful national role, this 21-million-EUR organization emerged relatively unscathed from the 2013 budget cuts, with only 800,000 EUR (or 3.8% of their budget) being sliced. However, the remaining subsidy, roughly half of its annual budget, was tied to an earned income goal of 17% and an annual visitation goal of 350,000. In other words, government funding was newly contingent on explicitly stated performance targets. To close the gap in the short term, Het Loo increased admission by 2 EUR to 14.5 EUR.

In the fall of 2014, Director Michel van Maarseveen reported plans to finalize a gift policy and hire the organization's first professional fundraiser in 2015. He argued persuasively that private gifts are not a matter of survival for Het Loo. Institutionally stable, philanthropy allows the organization to grow and take on innovative, new projects, which government subsidies would not typically support. He also pointed out that philanthropy serves as a vehicle for organizational transparency and accountability to the audiences it serves.³⁴

²⁹ Prof. Dr. Sigrid J. C. Hemels, *Taxation of Charities, The Netherlands*, Rotterdam Congress National Reports (Rotterdam: Erasmus Universiteit, 2013)

³⁰ Cultuur in Beeld 2013, 85.

³¹ The Netherlands Report to UNESCO, 13.

³² Cultuur in Beeld 2013, 80-81.

³³ Renate Buijze, November 18, 2014.

³⁴ Michel van Maarseveen, September 2014 and *Jaarverslag 2013* (Apeldoorn: Paleis Het Loo, 2014).

The Dutch example is hardly a happy story. Many arts organizations were taken by surprise and unable to mount fundraising campaigns that could ensure their survival on such short notice. The result is perhaps exactly what the conservative government had in mind: a leaner, meaner, more efficient arts sector. Time will tell whether a more competitive, more market-based environment will, in fact, yield stronger arts and culture for the Netherlands. But the story does have a moral: a cultural organization's political environment can change quickly and unexpectedly for the worse. Organizations that are unable to demonstrate their value or show significant stakeholder engagement can become especially vulnerable in times of change.

France: Sharing Responsibility for the Nation's Heritage

A far more encouraging picture emerges from France. It helps that access to arts and education are guaranteed in Article 13 of the French Constitution: "The nation guarantees children and adults equal access to education, professional training, and culture. The administration of free public and secular education at all levels is a responsibility of the state" As a result, the French invest in the arts with seriousness of purpose, if not patriotic fervor, to promote their celebrated cultural heritage and boost tourism and other forms of economic development.

Cultural leaders will also often mention how culture fosters "l'insertion sociale," the political and cultural assimilation of immigrant and second-generation populations. Supporting culture and education represents a bulwark against instability caused by disenfranchised and marginalized groups. Though this perspective often functions as a fig leaf over a much larger set of societal challenges, culture's value in reaching underprivileged and underserved populations seems to be more generally appreciated here than in Germany.

The French also claim a tradition of corporate giving—specifically, *mécénat*—with examples such as the wine industry's support for the renowned Hospices de Beaune and the guild tradition. These historic exceptions aside, the state has, since the second half of the 20th century, borne the responsibility for funding and often managed key parts of its artistic infrastructure. The result is a robust annual budget for arts and culture, roughly 15.77 billion EUR per year, with a little more than half (8.54 billion EUR) flowing from the national government. This roughly equals 240 EUR per French citizen.³⁷

Yet, faced with declining economic conditions even before the recession, the French government announced a significant policy shift as early as 2003. For little more than a decade now, the French administration has explicitly shared responsibility for arts and culture with the private sector.³⁸ The results of this three-way partnership provide strong evidence for the use of legal and tax reform as an effective means to promote donations, even in the context of a lackluster culture of giving.³⁹ Indeed, France's World Giving Index ranking—74 out of 145—is nothing to brag about.

³⁵ In an interview in November 2014, Renate Buijze, a PhD candidate whose research centers on international fundraising, reported concerns that many Dutch organizations were moving forward too hastily with poorly conceived fundraising programs that cost more to implement than the actual value of the gifts received. While this is just an anecdotal observation, it confirms that there is a real learning curve associated with fundraising and that successful programs take some time to establish.

³⁶ «La Nation garantit l'égal accès de l'enfant et de l'adulte à l'instruction, à la formation professionnelle et à la culture. L'organisation de l'enseignement public gratuit et laïque à tous les degrés est un devoir de l'Etat.»

³⁷ Mini Key Figures Culture Statistics 2013 Edition

³⁸ Robert Fohr, "Intervention à Kulturinvest Berlin." Presentation at Culture Invest Congress, Berlin, Germany, October 2014.

³⁹ In fact, a 2015 study, the "Rules to Give By Index," from Nexus, the Charities Aid Foundation, and McDermott, Will & Emery LLP, substantiates this point. In its research of international charitable giving and tax policy, it found that, "tax

Thus, the French 2003 *Loi Aillagon* combined a strong symbolic statement in support of private philanthropy with a robust tax deduction. Interestingly, this law was developed within the cultural sector, but benefits organizations with a wide range of nonprofit missions such as sports, human services, and the environment. It is fair to say that in this instance arts and culture represented an engine for innovation for the French nonprofit sector as a whole. Whereas most tax laws governing charitable donations allow donors to deduct gifts from their taxable income, the new French law allowed individuals to deduct 66% of their gifts from their tax load (up to 20% of taxable income, with the option to spread an amount above this limit over five years). In addition, corporations could deduct 60% of charitable gifts from their tax load, up to 0.5% of revenue. The *Loi Aillagon* further identified three kinds of gifts that call for special tax treatment: financial support, as well as in-kind gifts of services or expertise and products. At

Two earlier laws usefully complemented the 2003 Loi Aillagon, which itself continues to be refined. In 1987 the Loi Léotard established a legal basis for foundations, which had previously not been recognized. The 1990 Loi Lay further allowed for corporate foundations. Lastly, a 2008 law permitted the establishment of endowment funds (or fonds de dotation). All measures are governed by the notion of impôt choisi, in that the law encourages French citizens to make active choices about the use of their tax money. In 2003, the Ministry of Culture further instituted a division charged with promoting and monitoring the growth of private giving, the Mission du Mécénat, which Robert Fohr currently spearheads. Two additional organizations, Recherches et Solidarités and Admical, which focus on individual and corporate giving respectively, also assess trends and outcomes in this area.

With clear guidance from the national government and strong tax incentives in place, private giving, including to the arts, has grown by leaps and bounds. French taxpayers declared over 1 billion EUR in gifts to the charitable sector in 2001, but this amount had doubled by 2012 (2.127 billion EUR). According to Robert Fohr, an estimated additional 2 billion EUR remain undeclared. *Recherches et Solidarités* further conducts an annual survey to track individual giving trends. In their 2014 report, 40% of surveyed donors indicated that they had supported a cultural organization in the past, and 33% planned to continue this support into the future. ⁴² About 1,600 endowment funds have been established since the new law, and foundations are also growing at a rapid pace. France counted 2,000 foundations in 2012, of which 500 had been instituted since 2008 (Germany, in contrast, counts well over 20,000 foundations), and the Ministry of Culture acknowledges that this remains an opportunity for growth. ⁴³

Admical's research demonstrates similar growth on the corporate side. Before 2003, 2,000 corporations were active philanthropic actors; now that figure is closer to 37,000, though it is also true that only 12% of French corporations report giving to charitable causes. In 2013, this amounted to 2.8 billion EUR in annual giving.

incentives are linked to an increase in people's propensity to give. The proportion of people donating money to charity is 12 percentage points higher in nations offering tax incentives to individuals (33%) than in those that do not (21%). Special Focus: Giving Philanthropy a Break," European Fundraising Association, March 30, 2015, accessed May 15, 2015, http://www.efa-net.eu/features-and-opinions/special-focus/425-special-focus-giving-philanthropy-break?utm_source= EFA+Contact+List&utm_campaign=40bb588b8a-E133_26_2015&utm_medium=email&utm_term=0_63dea2abd4-40bb588b8a-324697917

⁴⁰ Fohr.

⁴¹ Fohr and "Mécénat," Ministère de la Culture et de la Communication, accessed May 15, 2015, http://www.culture.communication.gouv.fr/Politiques-ministerielles/Mecenat

⁴² Cécile Bazin, Marie Duros, and Jacques Malet, *La Générosité des Français 2014* (Saint Sebastien sur Loire : Recherches et Solidarités, 2014)

⁴³ Fohr.

More specifically, 23% of corporate donors gave to culture and heritage, representing 364 million EUR.⁴⁴ It is worth flagging that the *Loi Aillagon* seeks to distinguish between pure philanthropy (*mécénat*), which is uninterested, and sponsorship (*parrainage*), which is inherently interested, in other words, a marketing tool. In practice, there is often a fine line between the two, and corporate support, whether as a gift or a sponsorship, generally represents a combination of pure and impure motivations.

Thus, Admical's annual survey of corporate philanthropy (specifically excluding sponsorship) demonstrates that 55% of large companies (with over 250 employees) gave to the arts and culture because their contribution represented a "unique communication strategy." An additional 29% indicated that public relations opportunities were a motivator. While large companies are only 2% of corporate donors, their support represents 58%, or more than half, of corporate giving. ⁴⁵ Admical's philanthropic charter (« *Charte du Mécénat »*) acknowledges that corporate giving can be self-interested: "application of corporate philanthropy can be linked to the corporation's role in society, but not to its business goals. Thus, philanthropy illuminates mission and enriches the corporations' brand identity, without direct impact on its business activities."

However, as this language indicates, the differences are subtle and not necessarily clear to all parties. At stake is a simple question: are business interests inherently in conflict with nonprofit goals? Or, can corporations be trusted to be positive philanthropic actors? Similarly, writing about the diametric relationship between government (social equality) and the market (social inequality), a Dutch researcher focusing on European philanthropy, Theo Schuyt asks, "Is the market not in a position to create solidarity...? Is it not possible to create solidarity via the social mechanisms of kinship and philanthropy?"⁴⁷

The Château de Versailles illustrates how corporate giving and sponsorship is handled at a practical level. Famously built by Louis XIV to house his court, Versailles is not only an influential work of architecture and decorative arts, it also represents a remarkably successful historic initiative to promote luxury goods as an economic engine and export market. Today, companies who trade on France's historic expertise and flair, such as Dior, find in Versailles a natural partner for expressing an exclusive, elegant, and prestigious brand.

Serena Gavazzi heads up Versailles development office, and while she modestly describes her department's work as "artisanal," her results—18 million EUR raised in gifts and pledges in 2013—demonstrate significant sophistication, comparable to any major U.S. institution. She emphasizes that the *Loi Aillagon* and subsequent clarifications from the Ministry of Culture established that the sponsored organization could provide recognition and benefits to corporate donors up to 25% of the value of their support. Gavazzi argues that Versailles' corporate donors recognize that the museum cannot drive, let alone support, actual product sales. It is, however, able to bring attention to the corporation's philanthropy and align with its public relations objectives in a productive and mutually respectful way. Sensitive to criticisms of the Louvre's recent fundraising successes, Gavazzi is also aware of the need to strike a middle ground, a *juste milieu*, where both the museum and its sponsors meet its goals. She affirms that giving to Versailles cannot be a commercial transaction; like any act of giving, it should be valued and treated as exceptional.⁴⁸

⁴⁴ Laure Chaudey, "Corporate Philanthropy Trends in France." Presentation at Culture Invest Congress, Berlin, Germany, October 2014.

⁴⁵ Ibid.

⁴⁶ « ...la politique de mécénat peut être en lien avec le rôle de l'entreprise dans la société, mais pas avec ses objectifs commerciaux. Ainsi, le mécénat éclaire la mission et enrichit l'identité de l'entreprise, sans impact direct sur ses activités marchandes. » « La Charte du Mécénat,» Admical, accessed May 15, 2015, http://www.admical.org/sites/default/files/uploads/basedocu/charte_du_mecenat2014_admical_et_signataires.pdf.

⁴⁷ Schuyt, "Philanthropy in European Welfare States," 776.

⁴⁸ Serena Gavazzi (Responsable du Service Mécénat, Versailles), in conversation with the author, December 19, 2014.

Germany: Room for Growth

When Johann Friedrich Städel wrote his last will in 1815, the Frankfurter banker, spice merchant, and art devotee became "the first private citizen in the German-speaking world ... to found a public art museum and art academy." Two centuries later, in 2015, the Städel Museum celebrated this noteworthy occasion and highlighted its role as Germany's "most important civil culture foundation." Above and beyond its outstanding collection and diverse public programming, the Städel is well known as a pioneer in private-sector fundraising and community engagement. Director Max Hollein, whose background includes five years at New York's Guggenheim Museum, is both praised and roundly criticized for an entrepreneurial approach to museum leadership. Yet his philosophy is completely consistent with the institution's substantial history of private involvement, well recorded on the walls of the museum itself. In fact, wall labels accompanying art works in the museum's permanent galleries often not only mention a donor's name, but can sometimes also provide a thumbnail photograph and brief donor history or testimonial—an unusual level of recognition.

The results are difficult to deny. In the 2000s, the Städel made the ambitious decision to expand its contemporary art galleries underground by 3,000 square meters, in addition to much-needed renovations to its core structure, for a total cost of 52 million EUR. While municipal funding for the project was roughly half, the museum sought the second half from private sources, including from Frankfurt's substantial business community. Most remarkably, the museum opted for a \$5 million public campaign, designed to engage Frankfurter's citizens in the institution's future. In fall 2013, the European Fundraising Association cited the Städel Museum's resulting campaign as a best practice case study, stating: "Apart from the financial aspect, all measures and activities were geared to raise awareness and enthusiasm for the project, generate new friends and visitors to the museum while also creating a sense of community amongst supporters." ⁵¹

Using a yellow rubber boot as its logo, the Städel campaign successfully involved 53 community and grassroots partners, such as the first-league soccer club, a neighborhood school, a golf club, and the taxi association, reaching 30,000 people, including 4,000 donors. The fundraising effort reached its goal three months before the building opened, besting its objective by 8%. Campaign director, Sophie Athié (who also has experience fundraising in New York), said, "The campaign developed its own spirit and we had wonderful support from so many citizens. Donors told us that the Städel was not 'just a museum' to them, but rather that they felt like being part of a big family." The Städel capital campaign represents what fundraising does at its best: creating close relationships between the organization and the community it serves, where patrons reward the museum's meaningful commitment to them with private financial support. No doubt Anne Bergeron and Beth Tuttle would describe the Städel as "magnetic."

Widely recognized for this work, the Städel is also viewed as the exception that proves the rule. While acknowledging the Frankfurt museum's achievements, observers see the institution, as well as its notorious director, as being so far out of the norm as to be irrelevant to more mainstream organizations.⁵³ Yet, private

⁴⁹ "Two Hundred Years Städel: A Gift for Everyone," Städel Museum, accessed May 15, 2015, http://www.staedelmuseum.de/en/200-years.

⁵⁰ "About the Städel Museum," Städel Museum, accessed May 15, 2015, http://www.staedelmuseum.de/en/about-stadel-museum.

⁵¹ "Case Study: Major Gift Fundraising," European Fundraising Association, accessed May 15, 2015, http://www.efanet.eu/features-and-opinions/41-case-study/254-case-study-major-gift-fundraising.
⁵² Ibid.

⁵³ Wilfried Eckstein (Executive Director, Goethe Institut Washington), in discussion with the author, April 30, 2014.

support of culture is both more widely spread than is commonly thought across Germany. Arts organizations do not always recognize the benefits philanthropy confer, and misconceptions abound. The Dutch and French case studies indicate that given the proper incentives, private giving has the potential to grow exponentially and provide a more diverse, and therefore more sustainable, funding base for German cultural organizations.

In the absence of sector-wide reliable data, the Prussian Palaces and Gardens Foundation is a useful example for exploring the advantages and disadvantages of public funding in Germany. Headquartered in Potsdam, an hour outside of Berlin, the Foundation is charged with the legacy of the Hohenzollern dynasty, representing 400 years of momentous Prussian history. Holdings include a stunning 33 castles, most of which are museums or open to the public in some form; 800 hectares of parks and gardens; 100,000 artworks; and 150 historic structures and memorials. Its most renowned sites are Frederick the Great's Sanssouci Palace and Park in Potsdam and the Charlottenburg Palace in Berlin. Prussian Palaces and Gardens Foundation, like Het Loo and Versailles, is a member of the Association of European Royal Residences, making this a useful peer group for comparative purposes.

Established by legislation shortly after the German Reunification, the Foundation enjoyed 67.2 million EUR in annual income in 2013, though little actual capital of its own. Including a special infusion of support for comprehensive, and therefore expensive, restoration work, 71% of its budget comes from three government agencies: the federal *Staatsministerin für Kultur und Medien* and the regions of Berlin and Brandenburg. Representatives from these three entities mostly constitute the Foundation's *Stiftungsrat* (council). This body, roughly equivalent to a board of directors in the U.S., is largely responsible for overseeing proper management of government funds, among other roles. With 1.67 million visitors to its 33 palaces, the foundation's earned income was 16.2 million EUR, or 29%.⁵⁴

Now more than 25 years after the fall of the Berlin Wall, the Foundation's primary charge remains to preserve and restore its remarkable portfolio of palaces, which had been at worst damaged, at best neglected for much of the 20th century. There is still much work to do, and the Foundation's leadership is laser-focused on a long-term vision of protecting this significant heritage for future generations. Reliable, generous government support is proving essential in accomplishing this mission and represents just one example of Germany's willingness to invest substantially and over the long term in its cultural heritage. Other instances may be found on Berlin's Museum Island.

Government funders closely monitor the Foundation's financial management and ensure optimal use of public funds. This is, of course, completely appropriate, but it comes with significant limitations. The Foundation is severely restricted, for example, in its ability to manage overhead, and especially personnel. Staff positions are negotiated with government stakeholders on a biannual basis, with the result that personnel can only be added every two years, if at all. This effectively limits the Foundation's ability to act flexibly as a enterprise, since it is unable to respond promptly to market opportunities that could drive non-government revenue. Whereas an U.S. executive director would spend a great deal of his time meeting with donors, General Director Hartmut Dorgerloh spends most of his time on "Lobbyarbeit," working closely with these major government stakeholders. In other words, the government's determination to closely monitor use of public monies contributes to the organization's long-term dependence on them.

A particular bone of contention is Potsdam's Park Sanssouci, a UNESCO World Heritage Site. With maintenance expenses climbing inexorably, the Foundation wishes to implement a park admission fee mostly targeted at tourists. The City of Potsdam has negotiated a 1 million EUR contract for five years to stave off the inevitable and unpopular implementation of this measure, but the possibility remains highly controversial. Civic

⁵⁴ Anne Biernath, *Jahresbericht 2013* (Potsdam: Stiftung Preussicher Schlösser und Gärten, 2014).

engagement of Potsdam's growing populations is remarkably absent from the discussion, though this population could be a sustainable and loyal source of philanthropic support for restoration and maintenance of the park if engaged in a positive and constructive manner.

The result is more problematic than a simple missed opportunity. Over time an unfortunate adversarial relationship has, in fact, developed between Foundation and its regional residents, who take their complaints about the institution to the media and online with strident petitions. The Foundation is often criticized for being heavy handed and indifferent to the community surrounding it, and as long as the Foundation is reliant on government funding and a small number of interlocutors, local residents are likely to remain a secondary audience for outreach and communications. Philanthropy not only generates needed income, it also creates mutual accountability.

Faced with the reality that government funds did not cover all of its needs, the Foundation did establish a fundraising department in 2009. A small team (one full-time person, one part-time) has encountered significant success in raising funds from corporate and family foundations, as well as a small number of prominent local business leaders. In fall 2014, the *Stiftungrat* further authorized the Foundation to seek sponsorships, provided benefits were limited to event rentals, special tours, admissions, and the like. Shortly afterwards, it inked its first official sponsorship with a local developer.

Having taken these steps, General Director Hartmut Dorgerloh believes that contributed income will in time become an essential source of revenue, a "third pillar," complementing government subsidies and earned income. These two contrasting case studies, the Städel Museum and the Prussian Palaces and Gardens Foundation, illustrate the positive role that private philanthropic money can play in fostering a relationship of dialogue and interaction between the arts organization and its immediate community. An interface between its external and internal stakeholders, the fundraising function has the beneficial result of fostering an institution's accountability to its audience and provides a clear vehicle for rewarding an organization that addresses the needs of the community it serves. Yet, the German government, despite its ostensible role as a representative of the common good, stands in the way by fundamentally disrupting this important feedback loop.

The remarkable growth of foundations in Germany represents another bright spot for arts and culture, most likely because these organizations, instituted to benefit the public good, are viewed as inherently less problematic than corporations. Michael Naumann, a brilliant intellectual as well as the first federal commissioner for culture and the media, linked foundations to cultural policy as early as 2001, highlighting their important role as a vehicle for citizen engagement with the arts: "[foundations] open up new opportunities for Germany's citizens to participate in its cultural life. They are the expression of an active and self-confident civil society." 55

Unlike other aspects of private giving in Germany, the foundation sector is well represented by industry associations such as the *Bundesverband Deutscher Stiftungen*, whose 2014 survey results I use here. Germany now counts roughly 20,500 foundations, more than any other nation in Europe (the French count an unremarkable 3,320 foundations, including endowment funds), of which 15.2% cite arts and culture among their priorities—a large enough percentage to merit fundraisers' sustained attention. Their cumulative portfolio represents some 17 billion EUR.⁵⁶

⁵⁵Quoted in Burns and van der Will. "German Cultural Policy." 145.

⁵⁶ Henkel, "The Different Approaches of Foundations Operating in Europe."

As in France and the Netherlands, this foundation growth spurt owes a great deal to appropriate and encouraging legislation. The German federation first modernized the basic principles of civil law as applied to foundations as late as 2002, with the *Gesetz zur Modernisierung des Stiftungsrechts*. The 16 *Bundesländer* have widely adopted, and in some cases adapted, these provisions. In 2007, the German *Bundesrat* further established substantial tax incentives, allowing donors who are starting a foundation to deduct up to 1 million EUR from taxable income (up to 20%), with the option to carry overages onto future tax returns for up to 10 years.⁵⁷

The Robert Bosch Foundation represents a valuable case study in this context, since, unlike public sector funders, this organization specifically seeks out innovative cultural programming that addresses current social and political issues. A recent initiative is the German-Arab Film Prize, which underwrites productive collaborations between German film professionals and their peers in Arab countries. Generous funding seeks to establish dialogue and exchange at an artistic level, and the hope is that the resulting films will themselves have an impact on how viewers perceive the relationship between Western European and Arab countries. The political relevance could hardly be clearer. The film prize's program officer, Frank Albers expresses concern that many German arts organizations, from leadership to staff, tend to resist programs that explicitly tie culture to society. He reports working closely with arts leaders to instill greater awareness of community needs, but admits that progress remains slow, despite an occasional success story.⁵⁸

Donor support for the restoration and revitalization of Germany's historic churches is perhaps the most overlooked form of support for arts and culture. In its 2013 *Quadrennial Periodic Report to UNESCO on Measures to Protect and Promote the Diversity of Cultural Expressions*, 2013, Germany rightly singles out this heritage for special notice:

"Religions and belief systems within society are important vehicles for culture. Through them, cultural experiences, abilities and customs are developed, maintained and evolve, as common cultural heritage. With their stock of sacred edifices, Christian churches define the skyline of German cities and towns; they disseminate and preserve valuable national cultural goods through their treasures, monastic libraries and church music." ⁵⁹

As early as 1880, the citizens of Cologne, with some Prussian assistance, rallied to complete their iconic cathedral, and to this day it remains one of Germany's most visited historic sites. More recently, and especially since the fall of the Berlin Wall, fundraising campaigns large and small have helped rebuild and restore churches across East, as well as West, Germany. In August 2014, Hildesheim's St. Mary's Cathedral (or the Hildesheimer Dom) re-opened after five years as Germany's largest church construction site. The project's total cost amounted to 35.6 million EUR, of which the diocese contributed 7.3 million EUR. Individuals and other private sector actors provided the last 2.3 million EUR.

In celebration of the Reformation's 500th Anniversary, the city of Wittenberg is completing a comprehensive project to restore signature structures associated with Martin Luther, including the City Church, which alone

⁵⁷ "Steuern," Bundesverband Deutscher Stiftungen, accessed May 15, 2015, http://www.stiftungen.org/de/news-wissen/recht-und-steuern/steuern.html Verband info?

⁵⁸ Frank Albers (program officer, Robert Bosch Stiftung), in discussion with the author, September 9, 2014. On this topic, the Komische Oper's Selam Opera! program, which is targeted at Turkish populations, is often cited as a rare best practice example.

⁵⁹ Germany Quadrennial Report to UNESCO, 14.

⁶⁰ "Kosten und Bauabschnitte," Hildesheimer Dom, Zukunft für das Erbe, accessed May 16, 2015, http://www.domsanierung.de/de/kosten-und-bauabschnitte.

will cost 7.5 million EUR.⁶¹ Donors are being encouraged to join the *Freundeskreis Luther* (Friends Association Luther). Only a few hours away, visitors entering Leipzig's *St. Thomas Kirche* to visit Johann Sebastian Bach's tombstone, will find giving envelopes, conveniently in German and English, soliciting support. In Görlitz's St. Peter and Paul Church, tourists are invited to attend a weekly free organ concert, which concludes with a direct ask to support the renowned *Sonnenorgel* (Sun Organ). A volunteer conveniently holds a basket at the exit as concert attendees leave the church.

The examples are countless, from Dresden's iconic Frauenkirche to Aachen's Dom—a shining reflection of how church, history, art, culture, and identity are inexorably intertwined in German culture. These campaigns have one further element in common: the case for financial support has little to do with religion. For instance, Bonn's Münster is currently soliciting restoration funds, which it advertises with a banner hung outside the church and a brochure available inside. The campaign's slogan is: "Does your heart beat for the Bonner Münster?" and is supported by a graphic that suggests the peaks and valleys of a heart EKG. The brochure's text clearly appeals to citizens' sense of local pride, "Our city's cradle stands not very far from the Rhein: Bonn's Münster. The Christian, historical, cultural, and everyday have combined here for 1,300 years. Bonn without its Münster – unimaginable."

In campaign after campaign, German churches have drawn on their role at the center of their communities to solicit private support, and increasingly, donations from individuals are seen as an important complement to public funds. Rather than focusing on their religious role, these organizations have underlined how their cultural, architectural, and artistic treasures are worthy of broad support. The lesson for cultural organizations is quite clear: nonprofits that find their place at the heart of their community, literally or metaphorically, can successfully leverage this position to secure private funding.

Conclusion

On the evening of September 2, 2004, a devastating fire took hold in the upper levels of Weimar's prized UNESCO World Heritage Site, the Duchess Anna Amalia Library. As 900 volunteers rushed in to save as many antique volumes, manuscripts, and maps as they could carry, fire fighters battled the flames with a steady stream of water, itself highly damaging. Over the next months the full extent of the damage would become clear. While 62,000 books were rescued from the largest library fire in Germany since the Second World War, 50,000 were burnt and beyond repair. The original Rococo Hall, a crown jewel among Weimar's historic sites, was a charred wreck.

The meticulous effort to repair each damaged book, many of them otherwise irreplaceable, is documented in a riveting exhibition and film at the newly restored and reopened Library, but the monumental effort to raise the necessary funds is no less noteworthy. In August 2014, the Library reported that 38.8 million EUR had been raised, including 11.3 million EUR from private donors and 2.5 million EUR in special project funds from public and private foundations. In a country that reportedly has little culture of private philanthropy for the arts,

⁶¹ "General Sanierung," Evangelische Stadtkirchen Gemeinde Wittenberg, accessed May 16, 2015, http://www.stadtkirchengemeinde-wittenberg.de/de/stadtkirche/generalsanierung-2017.htmlWittenberg.

⁶² Andreas Henning (Konservator für italienische Malerei der Gemäldegalerie Alte Meister, Staatliche Kunstsammlungen Dresden) in conversation with the author, December 12, 2014.

⁶³ "Nicht weit vom Rhein steht die Wiege unserer Stadt: das Bonner Münster. Seit über 1300 Jahren verbindet sich hier Christliches, Historisches, Kulturelles und Alltägliches. Ein Stück Bonner Identität. Bonn ohne das Münster – nicht vorstellbar."

about 22,000 individuals and organizations supported the library reconstruction, including the *Vodafone Stiftung Deutschland* with \$5 million EUR and the *Allianz Kulturstiftung* with 1.38 million EUR.⁶⁴

Though many German stakeholders are slow to question the current status quo, this dramatic example illustrates the positive role that private donors can play in supporting a thriving national arts and culture. Like many of the case studies already mentioned, it also demonstrates that giving from individuals, private foundations, and corporations usefully complements public sector giving, by bringing a far broader cross-section of society to the table.

Reliable public funding provides arts organizations with a stable base for general operations. They keep the lights on and copy paper well stocked. Where public funding shies away from risk and innovation, private funding can encourage new programmatic directions, address special or urgent needs, and respond to audiences' demands in a timely fashion. Private donors can single out specific projects and groups whom they want to support, particularly underserved or immigrant audiences, in ways that align with the organization's goals. These new programs, subject to high standards of performance and transparency, are often the ones that foster the most growth and learning in a healthy sector.

Philanthropy provides a concrete vehicle for exchange and dialogue between the organization and its community stakeholders. Individuals who have supported their local museum, theater, or symphony orchestra have literally and figuratively "bought into" the organization and often identify with it in ways that are deeply personal and meaningful for them. This is a powerful expression of civil society, and European philanthropy's current growth spurt reflects a citizenry increasingly engaged in the process of shaping their arts and culture. Organizations that rely steadfastly and exclusively on government support will remain in a closed-loop conversation with a limited number and variety of stakeholders. Those willing to engage with an active audience of stakeholders now have an opportunity to open the doors to their institutions, establish greater transparency, and become even more relevant to the communities they serve.

⁶⁴ "Buchbestand der Herzogin Anna Amalia Bibliothek nach dem Brand am 2. September 2004" (Weimar: Klassik Stiftung Weimar, 2014) and "Spenden und Dank," Klassik Stiftung Weimar, accessed May 16, 2015, http://www.anna-amalia-bibliothek.de/de/spendenunddank.html.