

Chapter 11

Giving in the Netherlands: A Strong Welfare State with a Vibrant Nonprofit Sector

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Published as:

Wiepking, Pamala, and René Bekkers. (2015). Giving in the Netherlands: A Strong Welfare State with a Vibrant Nonprofit Sector. Pp. 211-229 in Wiepking, Pamala and Femida Handy (Eds.). *The Palgrave Handbook of Global Philanthropy*. Palgrave MacMillan: Hampshire, UK.

1.1 The philanthropic landscape

1.2 History

The Netherlands has a rich philanthropic history, dating back to the late Middle ages (Prak, 1998). Before the modern welfare state, poor relief in the Netherlands was predominantly provided by the religious elites. As early as 1500, local clergy and noble men provided poor relief to those who lacked substantial means (Prak, 1998). The main motive for these elites to provide poor relief was to maintain order in the municipalities (De Swaan, 1988). However, the elites also received some private benefits by providing poor relief: they gained status, involvement in influential networks, and salvation for their soul (Van Leeuwen, 1994). A famous example of Dutch private poor relief are the ‘hofjes’, a privately funded courtyard with almshouses built around it. These almshouses provided social security in the form of housing for primarily older women, who had no other place to live (Looijenstein, 2011). Well into the twentieth century, Dutch poor relief remained organized locally by religious institutions. During the first half of the twentieth century, Dutch society was divided vertically along its four ‘pillars’—Roman Catholic, Protestant, social democratic, and liberal—to which all people belonged. All four pillars had their own political parties, broadcasting associations, and nonprofit organizations, including educational institutions, hospitals, sport clubs, and leisure organizations (Bax, 1988). The social distance between people from different pillars was large, and people from one pillar rarely interacted with people from another pillar.

In the early twentieth century, the national government in the Netherlands laid the foundation for the current day welfare state. It introduced several laws for social security arrangements, including arrangements for those who could no longer work because of an injury (1901), those who fell ill (1913 and 1930), those of older age (1919), and those in need of general assistance (1965) (Van Leeuwen, 1999). These laws slowly diminished the need for private poor relief organized by religious institutions and made welfare a responsibility of the state. These changes were by no means the end of philanthropy in the Netherlands. The existing religious charities remained active, but shifted their focus to groups in society that the state found difficult to reach, such as the homeless, the addicted, and the mentally ill. The second half of the twenty century also saw a surge of new religious and secular philanthropic organizations, who focused their attention on public goods and services that were

perceived to be outside the realm of core government tasks: for example, in the areas of human rights, international relief, culture, sports, and recreation.

Also playing a special role in Dutch philanthropic history are the Maecenas, who provide funding for culture and the arts. Since the Golden Age, the Maecenas have taken it upon themselves to support artists and cultural institutions to enable them to create and exhibit their work.

1.3 Size and scope of the nonprofit sector in the Netherlands

As of 2012, the Netherlands has about 55,000 nonprofit organizations that are registered with the tax authorities (Belastingdienst, 2012). The country also has a strong welfare state system, in which the government is responsible for the provision of most public goods and services. In terms of the nonprofit sector classification of Salamon and Anheier (1998), the relationship between the government and the nonprofit sector in the Netherlands can be classified by the social-democratic model. In line with this model, nonprofit organizations in the Netherlands are primarily active as “vehicles for the expression of political, social, or even recreational interests” (Salamon & Anheier, 1998, p 229). The government is in control of the provision of typical public sector goods and services in the fields of health, education, and social services.

The Netherlands has a high level of public social expenditures, which accounted for 20 per cent of GDP in 2007 (OECD, 2012). Although there is a very large and vibrant nonprofit sector as illustrated by the 55,000 nonprofit organizations per 16.6 million inhabitants, the sector mainly plays a complementary role to the state.

1.4 Government policy in the nonprofit sector

1.4.1 Government subsidies

Given the high level of public spending, it is not surprising that the Global Civil Society Project by Salamon and Anheier shows that the nonprofit sector in the Netherlands relies heavily on income from the public sector, which provides 59 per cent of nonprofit revenue (Burger, Dekker, Toepler, Anheier, & Salamon, 1999). This reliance on public sector income is especially pronounced in the areas of health care, education, and social services, whose revenue relies 96 per cent, 91 per cent and 66 per cent on public sector income, respectively (Burger et al., 1999). The Dutch government also provides

subsidies for many organizations active in the area of international relief, who use the funds to carry out their work abroad.

Since the introduction of the welfare state, there has been a large division between government and the nonprofit sector in the Netherlands. As the modern Dutch government assumed responsibility for providing most of the essential public goods and services, it typically perceived the role of the nonprofit sector as marginal and at best supplementary to the role of government. However, with the economic turndown of 2008, this perspective gradually changed. Economic deficits forced the government to tentatively seek for supplementary sources of funding for public goods and services. Thus, the government was forced to look at the nonprofit sector for additional resources. In 2011, the government and the nonprofit sector signed a covenant, in which they agreed to collaborate in the provision of public goods and services in the Netherlands. Most pronouncedly, the government seeks collaboration in the funding of the cultural sector—a sector viewed as providing non-essential public goods and services. Hence, the government sees the cultural sector as a ‘safe’ sector to give nonprofits greater control. Whether the Dutch government plans stronger collaboration in sectors providing essential welfare state goods and services, such as health care, education, and social services, remains to be seen.

1.4.2 Fiscal incentives

The Netherlands is a country with a relatively high income tax level. The Dutch pay up to 52 per cent of their household income in income taxes. The system is progressive: the marginal tax rate increases with income. The Dutch have two options for charitable gift deductions from income tax (Hemels, 2011). The first option is to deduct any gift (in the form of money and goods) to a nonprofit organization registered with the tax authorities from taxable income. This option is only possible when a household has donated beyond the threshold: either over 60 euros, or a minimum of one per cent of total taxable household income (whichever of the two is higher). The amount donated exceeding the threshold can be deducted from total taxable household income and is exempted from income tax. The maximum amount that can be deducted is ten per cent of the taxable household income. The tax authorities can request receipts or proof of money transfers.

As the Dutch tax system is progressive, this first option leads households with higher incomes to receive more benefits from charitable deductions. Figure 11.1 displays the different taxation levels of private income in the Netherlands in 2012. In the Netherlands, there is no capital gains tax. A fixed percentage (four per cent) of an individuals' assets exceeding 20,785 euros is taxed at 30 per cent (ITA, 2001).

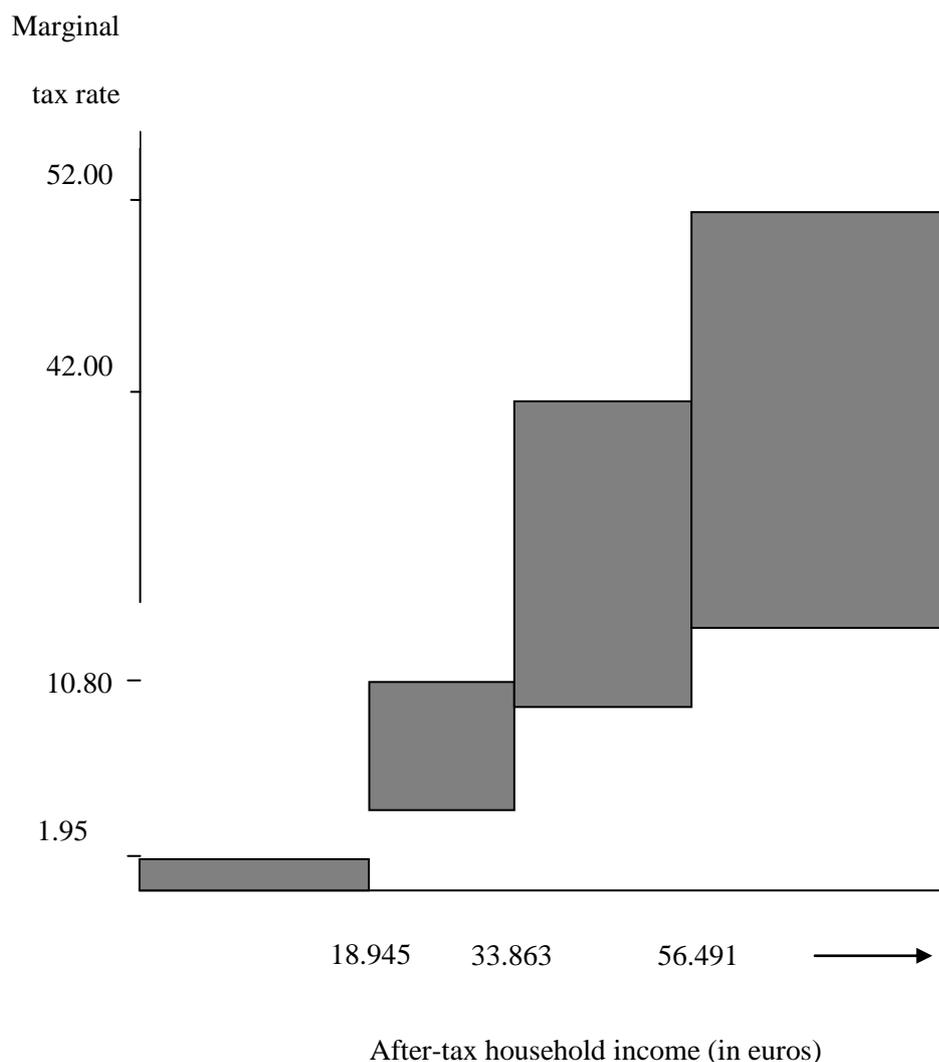


Figure 11.1 Taxation of private income in the Netherlands in 2012 (Mariani, 2011).

The second option for charitable gift deductions from income tax is through the donation of periodical gifts. When a donor pledges in a notarial act to make a recurring donation to a nonprofit organization over the course of five years, the donor receives a full, unlimited deduction of the donation from income tax. This act is annulled when the donor becomes deceased.

Interestingly enough, not many people use either option to deduct gifts from their income tax. Less than five per cent of the Dutch population deducted donations in 2005 (Bekkers & Mariani, 2009). The use of the charitable deduction increases with income and wealth. Information from the High Net Worth Study in the Giving in the Netherlands Panel Study (GINPS10_HNW, 2010) reveals that 38 per cent of the households with a combined level of income and wealth over 60,000 euros deduct their charitable gifts (Boonstoppel & Wiepking, 2013). The reasons people indicate why they do not use this system is that either they do not donate enough to reach the threshold or they do not find it necessary to deduct their donations.

1.5 Regulation of the nonprofit sector

In the Netherlands, the Ministry of Justice is responsible for regulation of the nonprofit sector. There is a double system of regulation.¹ The first system of regulation functions through the Dutch tax authority. Donors may only deduct their gifts from taxable income when the nonprofit is registered as a Public Benefit Institution [Algemeen Nut Beoogende Instelling; ANBI]. In order to register with the tax authority no specific legal form is required, but the nonprofit organization needs to be independent from the funders. Also, the organization needs to pursue the public benefit almost exclusively, and the organization cannot be seeking to make a profit (Mariani, 2011).

The second system of regulation is a system of voluntary regulation. Nonprofit organizations can apply for an accreditation seal from the Central Bureau of Fundraising [Centraal Bureau Fondsenwerving; CBF], an independent monitoring organization. Organizations who apply for this seal are accredited based on accountability regulations regarding their board, monitoring principles, policy, fundraising, and reporting (Bekkers, 2003, 2010). The most well-known criterion is that organizations with a CBF accreditation seal are only allowed to spend 25 per cent of the average proceedings from its own fundraising over the past three years on fundraising costs (CBF, 2012). While the accreditation seal is not a legal obligation, donors seem to prefer donating to accredited organizations (Bekkers, 2010).

1.6 Culture

1.6.1 Religion

Historically, the Netherlands is a heterogeneous religious country, in which Protestants dominated the part of the country situated north of the three big rivers (Waal, Rhine and Maas), and Catholics dominated the southern part of the country. The exception to this division is the so-called ‘Bible belt’, which connects a small strip of communities dominated by orthodox Reformed Protestants from the South-West to the North-East of the country. People belonging to this religious denomination are known to be very generous philanthropic donors (Bekkers, 2002). Figure 11.2 illustrates the Dutch Bible belt by graphically showing the percentage of voters for the Dutch Reformed Political Party, the political party affiliated with the Reformed denomination, per municipality in 2003.



Figure 11.2 Percentage of voters for the Dutch Reformed Political Party in 2003 (Vos, 2006).

However, the Netherlands is secularizing rapidly. While in 1960 only 18 per cent of the population reported no religious affiliation, 44 per cent of the population reported the same in 2009 (CBS, 2012). The remainder of the population that year was 28 per cent Roman Catholic, 18 per cent Protestant denomination, and five per cent Muslim (CBS, 2008, 2012). Furthermore, only 17 per cent

of the Dutch population attends religious services once a week or more (CBS, 2012). This religiously heterogeneous Netherlands has no State Church or National Church, nor does it have a State Church Tax.

1.6.2 Professionalism of fundraising

1.6.2.1 Organization of fundraising

In the Netherlands the Association for Fundraising Organizations [Vereniging voor Fondsenwervende Instellingen; VFI] represents the 120 largest fundraising organizations, which typically employ a professional fundraising staff. The average fundraising costs of these largest organizations are eight per cent of total annual revenues, and the overhead costs are on average four per cent. Altogether this 12 per cent is well below the Central Bureau of Fundraising rule that fundraising expenditures cannot exceed 25 per cent of annual revenues (VFI, 2012a).

Typical solicitation methods employed by Dutch fundraising organizations are direct mail letters, door-to-door solicitation, and direct dialogue in busy shopping areas. When asked with which methods they were asked to donate over the last two weeks, a representative sample of the Dutch population answered that they most frequently were asked through door-to-door collections, followed by direct mail letters and then charitable lottery solicitations. (Schuyt, Gouwenberg, & Bekkers, 2011). Although there have been campaigns to motivate people to leave a charitable bequest in their wills, only three per cent of the Dutch does so. The main obstacle for charitable bequests appears to be the relatively low percentage of Dutch people with a will, a prerequisite for leaving a charitable bequest. Only 30 per cent of the Dutch have registered a will (VFI, 2012b).

Recently, donor loyalty to charitable organizations has declined (Bekkers & Boonstoppel, 2011), and incidental or yearly recurring fundraising events such as Alpe D'huzes (a cycling event in France for the Dutch Cancer Foundation) and Serious Request (a national public radio event in major cities for the Dutch Red Cross) have been very successful. Online fundraising, however, has not been developed successfully thus far.

1.6.2.2 Major donors

Until recently, limited attention has been paid to the role of major donors in the Netherlands. One reason is that there are very few major donors active in philanthropy. Furthermore, those who are

active usually prefer to donate anonymously. Typically, the Dutch do not like to discuss issues of money and wealth, and often talking openly about one's philanthropic engagements is perceived as bragging.

In a 2010 survey study questioning 1,474 High Net Worth (HNW) households, 95 per cent indicated to have made any donation to a charitable organization in 2009 (GINPS10_HNW, 2010). This is comparable to regular Dutch households, of which 94 per cent indicated to have made a donation. The HNW households donated on average \$2,000 a year, compared to an average donation of \$152 among regular Dutch households. Hence, the Dutch HNW households do donate more generously than regular households, but it is still a relatively small donation compared to their wealth. Over 90 per cent of the HNW households do not give more than \$3,500 euros on a yearly basis, and only two per cent indicates to have made donations of over \$18,000.

1.6.2.3 The role of financial advisory professionals

The Netherlands does not have a well-developed professional philanthropic advisory sector, at least not in comparison to countries like the United States and the United Kingdom. Only very recently, financial institutions and wealth management professionals have shown interest in including philanthropic advisory in their portfolio of services offered to those with substantial financial means. This limited role of financial advisors in philanthropic giving could explain why they wealthy are on average very modest donors (Boonstoppel & Wiepking, 2011). The wealthy thus only donate 13 times as much as the average Dutch person. Only fifteen per cent of wealthy households indicated to have spoken with a financial advisor about their philanthropic donations (own calculations GINPS10_HNW, 2010).

1.7 Other relevant characteristics for the Netherlands

1.7.1 National campaigns

The Netherlands does have a very professional culture of organizing national fundraising campaigns, especially in relation to international natural disasters and tragedies. Initiated after the humanitarian disaster in the Horn of Africa in 1983, the Dutch Cooperative International Aid Organizations [Samenwerkende Hulporganisaties; SHO] was initiated as a long-term collaborative effort between international aid organizations of different signatures. Whenever a large natural or human-made

disaster occurs, the SHO organizes a national campaign to support the victims. The most successful campaigns in the history of the SHO were the campaigns for victims of the Indian Ocean Tsunami in 2004 (raising 317 million US dollars in private philanthropic donations) and for the victims of the Haiti earthquake in 2010 (raising 106 million US dollars in private philanthropic donations).

1.7.2 Media scandals

Over the past ten years, philanthropic giving in the Netherlands has substantially changed. The Dutch public has become much more educated about philanthropy. This increased awareness was set in motion by a few scandals made public by the mass media, such as the level of nonprofit directors' salaries and miscommunication about the use of donations. Consequently, people have become more distrusting of nonprofit organizations. While ten years ago donors were perfectly content when organizations told them to trust them, their attitudes have shifted slowly since the scandals, from 'trust me' to 'tell me and show me': tell and show me how you are spending my donation (Jacobs, 2006). The Dutch even invented a word for money that is not well-spent by nonprofit organizations: 'strijkstok', which is the Dutch word for the bow that violists use to play their instruments. People say that too much money sticks to the 'strijkstok' at nonprofit organizations, meaning the Dutch perceive that too much money is spent on directors' (and other employees') salaries and other 'overhead costs'. A survey study does show that people overestimate the amount nonprofit organizations spend on salaries and these 'overhead costs' enormously. While people believe nonprofits spend on average 25 per cent on non-project related costs, in reality this figure is twelve per cent (VFI, 2012a; Wiepking et al., 2007).

1. Explaining philanthropy in the Netherlands

2.1 Data and measures

For the data on the Netherlands, we use the third wave of the Giving in the Netherlands Panel Study 2005 (GINPS05, 2006), conducted by the Center for Philanthropic Studies at the VU University in Amsterdam. The GINPS is a bi-annual longitudinal study on charitable giving and volunteering in the Netherlands, which started in 2001. Respondents for the first wave of GINPS (GINPS01, 2001) were randomly drawn from a pool of 72,000 respondents who regularly participate in survey research. The respondents in this large pool were included through a random sample drawn from population

registers, and they were contacted through postal mail. Special attention was paid to avoid sample bias with regard to internet use due to stratification based on age, gender, and geographical region. Respondents without direct access to a computer were provided with one in exchange for participation in surveys.

In GINPS01, 1,964 respondents completed the questionnaire. For GINPS03, conducted in May 2004, 1,557 persons were requested to fill out a questionnaire on their households' donating behavior in 2003. In both GINPS01 and GINPS03, 1,246 respondents participated. GINPS03 includes an additional sample of 70 new respondents. In total, 1,316 respondents (85 per cent of 1,557) completed the GINPS03 questionnaire, using Computer Assisted Self-Administered Interview procedures (CASI). For GINPS05, conducted in May 2006, 1,868 persons were questioned about their donating behavior in 2005 (of which 752 were new respondents). In total, 1,474 respondents (79 per cent) completed the GINPS05 questionnaire, using Computer Assisted Self-Administered Interview procedures (CASI). In GINPS01, an oversampling of 257 Protestants were included. In GINPS03, 168 of the respondents in this oversample were still included in the sample. In GINPS05, this number was reduced to 107. We have excluded the Protestant oversample from the analyses, resulting in a basis sample of 1,367 respondents in GINPS05, which is representative of the Dutch population after applying weights.

The dependent variable in the analyses is the natural log of the total amount of money that a household donated to charitable organizations in 2005. GINPS05 measures donations made to eleven charitable sub-sectors: Religion, Health, International Aid, Environment protection, Nature protection, Animal protection, Education/Research, Culture, Sports/Recreation, Public/Social Benefits, and other causes. The questions on donations are asked using an adaptation of the 'IU-Method-Area'-module (Rooney, Steinberg, et al., 2001). First, respondents were questioned regarding which method they used to make a donation, for example, a collection tin or via a direct debit. Secondly, respondents were asked whether or not their household made a donation to each of the sub-sectors. Thirdly, the respondent was asked to state the exact amount of money given to each sub-sector in 2005. Out of all respondents, 13.5 per cent had no idea how much they donated to at least one charitable subsector, or did not want to say how much their household donated for at least one charitable subsector. We

replaced this small proportion of missing donations with a conservative estimate of two euros per subsector, in line with Wiepking (2008).

2.2 Descriptive results

In 2005, Dutch households donated a total of 2.8 billion US dollars, which is equivalent to 0.4 per cent of the Gross Domestic Product (Schuyt, Gouwenberg, Meijer, Bekkers, & Wiepking, 2007). In GINPS05, 94 per cent of the Dutch households indicated to have made at least one donation to nonprofit organizations in 2005. The average Dutch household donated 338 US dollars² (GINPS05, 2006). Table 11.1 displays the percentage of donors and level of donations made by Dutch households to different types of nonprofit organizations in 2010.

Table 11.1 Percentage donors and average amount donated among donors to different charitable sectors in the Netherlands in 2005 (N=1,367; GINPS05, 2006).

	% donors	Conditional donation in US dollars³
Health	85	60
International relief	59	122
Nature, environment and animals	54	62
Public and social benefits	37	30
Sports and recreation	17	35
Culture and arts	13	45
Education and research	7	78
Other causes	4	206
Total secular causes	93	206
Total religious causes	37	394
Total all causes	94	359

Dutch households donate most frequently to organizations active in the health sector (85 per cent). Examples of these organizations are the Dutch Heart Association [Hartstichting] and the Dutch Cancer Fund [KWF Kankerbestrijding]. These health organizations do not provide regular health care services

or fund hospitals or other health institutions, as these are all funded by the Dutch state. The health organizations raise funds primarily to conduct research into diseases and to educate the public about these diseases. 59 per cent of the Dutch households made a donation to organizations active in the international relief sector. Popular organizations in this sector are often Dutch chapters of large international organizations, such as UNICEF, OXFAM NOVIB, Save the Children, and Plan. 54 per cent of the Dutch households donated to organizations active in the fields of nature, environment, and animal protection. These organizations include typical Dutch organizations such as Animal Protection [Dierenbescherming], Nature Monuments [Natuurmonumenten], and the Dutch chapter of World Wild Life. Donations to religious organizations include the collections during religious services and 40 per cent of the Dutch households donated to religious organizations. 37 per cent of the Dutch households indicated to have donated to public and social benefit causes, such as support for the elderly, disadvantaged, and sick children. Less popular causes in the Netherlands are organizations active in the fields of sports and recreation, culture and arts, and education and research. On the one hand, this finding can be explained by the fact that organizations in these sectors have long relied on government funding and subsidies for financial support. Therefore, these organizations do not need to seek philanthropic donations from the Dutch public for support. On the other hand, the Dutch public is also reluctant to give to these types of organizations, because many of them believe that the government is responsible for public goods and services in these sectors. However, the Dutch do have a strong tradition of giving to health organizations, even though health care is considered one of the key public goods and services that should be provided by government. This is because health organizations typically do not solicit money for hospitals and care facilities, but rather for research into diseases such as cancer and heart failure.

The Dutch households give on average the most money to religious organizations (394 US dollars) and international relief organizations (122 US dollars). Whenever they do give to 'other' types of organizations, such as directly giving to an orphanage in a developmental country, Dutch households give a rather high amount (206 US dollars). The average donations to organizations active in the other nonprofit sectors range from 78 US dollars to organizations active in education and

research, to 30 US dollars for public and social benefits organizations. Dutch households donated on average 206 US dollars to secular causes.

2.3 Explaining philanthropic giving in the Netherlands

In this paragraph we look at the relationships between characteristics known to influence philanthropic behavior and the likelihood and amount people give to all charitable organizations, religious organizations, and secular organizations.

2.3.1 Incidence of giving

Table 11.2 displays the results of a logistic regression analysis of whether or not people give to any charitable cause (total giving), to religious causes, and to secular causes. When interpreting the results for total giving, it is important to keep in mind that in the Netherlands no less than 94 per cent of the people made a donation to a charitable organization over the course of 2005. Thus, it is not surprising that there is no difference in the probability to give for people in different age categories. Those with higher education have a higher probability of giving. People who completed a secondary education have a 62 per cent higher probability of making donations compared to those with only primary education or less. People who completed a tertiary education have a 117 per cent higher probability of making a donation compared to people with only a primary education.

Furthermore, men in the Netherlands have a 35 per cent lower probability of making a donation compared to women. Marriage, homeownership, and after-tax household income do not influence the probability to give. Religious affiliation, however, does influence the inclination to give. Compared to Dutch people who are not religiously affiliated, Roman Catholics have a 146 per cent higher probability of giving, Protestants have a 714 per cent higher probability, and people who belong to one of the smaller Christian denominations have a 468 per cent higher probability. Attending religious services more frequently does not influence the probability of giving, because most people who attend religious services already are donors. Finally, the level with which people trust other people (generalized trust) positively relates to their giving. People who completely trust generalized others have a 211 per cent higher probability of giving compared to people who completely distrust other people.

The results for incidence of religious giving largely resemble the results for total giving. However, in contrast with the results for total giving, no differences in probability of religious giving exist with regard to both gender and level of generalized trust. Whereas there was no significant relationship between total giving and both marriage and religious attendance, we find that the likelihood of making religious donations is higher for those who are married and who attend religious services more often.

The results for incidence of secular giving also largely resemble the results for total giving. The only differences are that people between the age of 35 and 65 have a higher probability of making secular donations than those under 35 years of age, and those with another religious affiliation do not have a lower probability of making secular donations than those not religiously affiliated.

Table 11.2 Logistic regression analysis of total, religious and secular giving in the Netherlands in 2005 (N=1,367; GINPS05, 2006).

	Total giving			Religious giving			Secular giving ⁴		
	B	S.E.	Odds ratio	B	S.E.	Odds ratio	B	S.E.	Odds ratio
Constant	1.02*	.44	2.77	-2.76**	.32	.06	1.13**	.41	3.10
Aged under 35 (ref.)	-	-	-	-	-	-	-	-	-
Aged between 35-65	.40	.29	1.50	.08	.20	1.08	.50 ⁽⁺⁾	.28	1.66
Aged over 65	.19	.42	1.21	.39	.26	1.47	.26	.38	1.30
Primary education (ref.)	-	-	-	-	-	-	-	-	-
Secondary education	.48 ⁽⁺⁾	.29	1.62	.45*	.19	1.58	.53 ⁽⁺⁾	.27	1.69
Tertiary education	.78*	.36	2.17	.53*	.23	1.70	.89**	.34	2.43
Male	-.44 ⁽⁺⁾	.24	.65	-.01	.15	.99	-.38 ⁽⁺⁾	.23	.68

Married	.20	.28	1.22	.40*	.18	1.50	.16	.26	1.17
After tax household income ¹	-.02	.06	1.02	.00	.03	1.00	-.01	.05	.99
Home ownership	.34	.26	1.40	.13	.17	1.14	.32	.24	1.37
Not religious (ref.)	-	-	-	-	-	-	-	-	-
Roman Catholic	.90**	.35	2.46	2.04**	.17	7.69	0.62*	.31	1.85
Protestant	2.10*	1.02	8.14	5.54**	.60	254.1	1.02 ⁽⁺⁾	.61	2.77
Other religious affiliation	1.74*	.80	5.68	2.66**	.26	14.31	.75	.52	2.12
Religious attendance ²	.04	.15	1.04	.49**	.10	1.63	-.02	.09	.99
Generalized trust ³	1.13*	.51	3.11	-.04	.35	.96	.96*	.49	2.61

Notes: ¹ After tax household income in US dollars/10,000; ² Religious service attendance in times a month; ³ scale 0-1; ⁴ secular giving comprises of giving to organizations in the fields of health, international relief, nature, environment and animals, public and social benefits, sports and recreation, culture and arts, education and research and 'other' causes; ** $p \leq .01$; * $p \leq .05$; ⁽⁺⁾ $p \leq .10$.

2.3.2 Amount donated

Table 11.3 displays the results from a Tobit regression analyses of the natural log of the total amount people gave to any charitable cause, to religious charitable causes, and to secular charitable causes in 2005.³ For total giving, the results show that age matters for the level of total philanthropic donations. In comparison to Dutch people under 35 years of age, people who are between 35 and 65 years of age are predicted to donate 41 per cent more money, and people who are over 65 years of age are predicted to donate 85 per cent more money. A higher education also matters; in comparison to people with only

a primary education or less, people who completed a secondary education are predicted to give 39 per cent more, and people who completed a tertiary degree are predicted to give 83 per cent more.

Men not only have a lower probability of making donations in the Netherlands but also donate lower amounts. Men are predicted to give 21 per cent less than women. Marriage does not affect the level of philanthropic donations, but after-tax household income does. People who earn 10,000 more US dollars on a yearly basis are predicted to give 5 per cent more money to philanthropic organizations. Homeownership relates positively to the amount people give. Being a homeowner corresponds to a 45 per cent higher predicted giving. Both religious affiliation and religious attendance positively relate to the level of philanthropic giving. Compared to Dutch people who are not religiously affiliated, Roman Catholics give 33 per cent more, people Protestants give 187 per cent more, and people who belong to one of the smaller Christian denominations give 94 per cent more. Additionally, attending religious services once or more a month relates to 24 per cent higher level of giving. Finally, people who completely trust generalized others are predicted to give no less than 63 per cent more money to philanthropic organizations than people who completely distrust other people.

In contrast with total giving, we find no differences in the amounts donated to religious organizations between people under 35 years of age and those between 35 and 65 years of age. We also find no differences in the amounts donated to religious organizations for gender, income, homeownership, and generalized trust. Furthermore, being married relates to 29 per cent higher religious giving, whereas we found no relationship between marriage and total giving.

The results for amount donated to secular organizations strongly resemble the results for total giving, with the exception of those who belong to the Roman Catholic Church and another religious affiliation. We find no difference in amount donated to secular causes between these groups and those not religiously affiliated.

Table 11.3 Tobit regression analyses of the natural log of the total amount donated in the Netherlands in 2005 (N=1,367; GINPS05, 2006).

Total giving	Religious giving	Secular giving⁴
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	Marginal effect	S.E.	Marginal effect	S.E.	Marginal effect	S.E.
Aged between 35-65	.41**	.12	.13	.13	.47**	.12
Aged over 65	.85**	.17	.51**	.16	.77**	.17
Primary education (ref.)	-	-	-	-	-	-
Secondary education	.39**	.12	.33**	.12	.37**	.12
Tertiary education	.83**	.14	.53**	.14	.89**	.14
Male	-.21*	.10	-.04	.09	-.25**	.10
Married	-.02	.11	.29*	.11	-.14	.11
After tax household income ¹	.05*	.02	.00	.02	.06*	.02
Home	.45**	.11	1.66	.11	.39**	.11
Not religious (ref.)	-	-	-	-	-	-
Roman Catholic	.33**	.12	1.78**	.12	.02	.12
Protestant	1.87**	.18	3.37**	.15	.77**	.18
Other religious affiliation	.94**	.19	2.28**	.17	.24	.19
Religious attendance ²	.24**	.04	.22**	.03	.12**	.03
Generalized trust ³	.63**	.22	.02	.21	.63**	.22

Notes: ¹ After tax household income in US dollars/10,000; ² Religious service attendance in times a month; ³ scale 0-1; ⁴ secular giving comprises of giving to organizations in the fields of health, international relief, nature, environment and animals, public and social benefits, sports and recreation, culture and arts, education and research and 'other' causes; ** $p \leq 0.01$; * $p \leq 0.05$; ⁽⁺⁾ $p \leq 0.10$.

3. Conclusion

The Netherlands has a rich philanthropic history. However, since the introduction of the welfare state during the first half of the twentieth century, the Dutch government took over responsibility for the provision of most public goods and services. In 2007, the Dutch government spent 20 per cent of GDP on public social expenditures. Despite the strong state involvement in the production of public goods

and services, philanthropy still thrives in the Netherlands: at least 55,000 nonprofits exist within a Dutch population of 16.6 million.

This large and vibrant nonprofit sector, along with the presence of a small but very generous Protestant (Reformed) population, stimulates philanthropic giving in the Netherlands. However, two main factors potentially inhibit Dutch philanthropic giving in comparison to giving in other countries. First, the high level of public spending on the nonprofit sector has created a strong ‘subsidy-dependence’ among nonprofit organizations in the Netherlands. Until the economic crisis of 2008, nonprofit organizations often had no need to find other sources of funding than the government-provided resources. Since 2008, however, the need for nonprofits to acquire income from fees and donations has increased, and it remains to be seen whether all organizations are equipped to deal with this rather sudden shift in funding sources. Second, philanthropic giving is inhibited in the Netherlands due to its charitable deduction system. The threshold of one per cent of total taxable household income (or 60 euros, whichever of the two is higher) limits the number of households who use this stimulating measure, which in 2005 was only five per cent of the Dutch population. Additionally, although the option of periodical gift deductions is a very generous measure, it is perceived as complex and very few people know about this opportunity at all.

Nonprofit organizations in the Netherlands serve a mainly complementary role to the state, which is reflected in the donation behavior of the Dutch. People in the Netherlands typically donate to nonprofit organizations active in fields that are not considered core state responsibilities, such as education, public health, and public and social benefits. Over the course of 2005, 94 per cent of the Dutch donated to one or more charitable organizations, donating on average 338 US dollars. Higher educated, female, and religiously affiliated Dutch people are all more likely to make a donation. Higher donations in the Netherlands are made by those who are older, have a higher education, have a higher income, own their home, are religiously affiliated (especially Protestants), attend religious services more often, have more trust in people, and are women. In light of the recent economic crisis and increased need of nonprofit organizations to shift from public to private funding sources, nonprofits in the Netherlands can use these findings to better target their fundraising efforts in the future.

Notes

- ¹ In 2014, an independent advisory panel has recommended the creation of a new regulatory authority for fundraising charities.
- ² This average donation relates to the *unconditional donation*, the average amount both non-donor and donor households donated.
- ³ We use a Tobit regression because donation data is left-censored: People cannot give less than zero dollars. The results of a Tobit regression can be interpreted in a similar manner as OLS regression analyses, with the exception that the linear effect is predicted on the uncensored latent dependent variable, and not on the actual observed outcome. See for more information (Long, 1997; UCLA Academic Technology Services, 2012).

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