

"The problem of our age is the proper administration of wealth, that the ties of brotherhood may still bind together the rich and poor in harmonious relationship." Andrew Carnegie, in his Gospel of Wealth of 1889, was writing about the challenges facing the industrial world of the 19th century, as rapid industrialization brought incredible wealth and disruptive social change to America. But he could equally have been writing about the world in the 21st century.

The problem that Carnegie posed is one that goes back centuries. The boom in giving of which he was part at the end of the 19th century, was the fourth golden age of philanthropy in the modern era. Today's is the fifth. What the philanthropy of Carnegie's era shared with its predecessors - in Renaissance Europe, 18th century Britain and the Victorian age - was the presence of both supply and demand for philanthropy. A golden age of philanthropy needs a supply of philanthropic capital from rich people, particularly those who created their own wealth. It also needs a cause - not just need, but a reason for the rich to respond to that need (often social and political unrest, or fear of it). The third factor is an initial failure to respond adequately by the state - and, later, an evolution in the role of that state that in some cases brings the golden age of philanthropy to an end.

The urge for the rich to give back their wealth has waxed and waned through history. Understanding why this has happened can shed light on how today's emerging boom in philanthropy will develop.

The first common factor in the rise of philanthropy, for obvious reasons, has been growing wealth. Each of the golden eras has coincided with periods of spectacular innovation within capitalism that created enormous riches for a limited group: from the merchants of Renaissance cities, to the financiers of Georgian England, to the Victorian industrialists, and so on to the world's first billionaires in industrial America. Crucially, these new rich ensured that the wealthy were not a closed group. Old wealth declined and new wealth emerged, so that philanthropy reflected not just the supply of funds but the characteristics and business methods of those who earned it. Before today's venture philanthropy, this was seen most clearly in Georgian England, when the new 'joint stock' capitalism of the emergent City of London was reflected in the 'joint stock' philanthropy of this financial class.

In each golden age, the supply-side expansion in wealth was accompanied by a demand-side surge resulting from growing social need. The demand for philanthropy was the product, at different times, of demographic change, economic transformation or government policy. Often it was the three together, as in Renaissance England where the soaring population after the end of the Black Death, the Enclosure movement that drove peasants from the land and Henry VIII's decision to break up the ancient medieval welfare system provided by the monasteries fuelled a social crisis.

Arguably, it was not poverty itself that drove philanthropy but inequality. Wealth provided the means to meet the needs of the poor, but there was also a political catalyst to persuade the rich that they had to act. While, no doubt, ethical concerns played a key role, often this came from pressure from below (the threat of revolution) or reasons of state, such as the demands of a war economy.

The final factor in the growth of philanthropy in the first four golden ages was more intangible - ideas. While the interplay of economic forces provided much of the explanation, it would be a mistake to dismiss the role that ideas played. The decision of the rich to give was influenced by how they, their peers and society at large, defined their responsibilities to others, especially to civil society and the poor. They were also inspired and influenced by new ideas about how to meet the needs of the poor.

Why did the first four golden ages end? In some cases, wealth was destroyed, usually by political activity ranging from wars, which damaged the source of the wealth (markets, infrastructure, monetary stability etc) to expropriation by the state of the riches of the wealthy (either directly or through high taxation). High taxation also played a role in squeezing the rich in the name of helping the poor, beginning with the first national welfare system, the English Poor Law of 1601. Whilst the growth of the state has sometimes been effective in tackling society's greatest problems, and sometimes not, it has generally discouraged philanthropy by taking away the means or the motivation.