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Introduction

"Your fortune is rolling up, rolling up like an avalanche! You must keep up with it! You must distribute it faster than it grows! If you do not, it will crush you, and your children, and your children's children!"[1] So wrote Frederick Gates to sixty-seven-year-old John D. Rockefeller in 1906. Rockefeller was the founder of Standard Oil, a corporation that had generated a colossal fortune and made him the richest man in the world. For some years already, Rockefeller had relinquished the day-to-day operations of the company and was dedicating an increasing amount of his time to charitable giving. Gates was Rockefeller's main and trusted advisor on business and philanthropic matters.

In the 1880s, as Rockefeller's wealth accumulated, he was trailed constantly and contacted daily by ordinary people seeking charitable favors. "Neither in the privacy of his home nor at his table, nor in the aisles of his church, nor during his business hours, nor anywhere else," wrote Gates, "was Mr. Rockefeller secure from insistent appeal."[2] His lawyer once told Congress that

Rockefeller received four to five hundred letters per day, most asking for a donation. One steamliner from Europe delivered five thousand letters soliciting funds, and after one especially large Rockefeller gift was announced, the following month the oil magnate received more than sixty thousand letters asking for charity. Rockefeller, a devout Christian, prided himself on dispensing gifts to the genuinely needy, but the volume of requests made impossible any cursory examination much less serious review of each appeal. Shortly after making the founding grant to establish the University of Chicago in 1890, Rockefeller decided he needed full-time philanthropic guidance. He sought the assistance of Gates, a former Baptist minister who had been involved in the creation of the University of Chicago, and Gates became Rockefeller's chief advisor in 1891.

By the early 1900s, Rockefeller's ever-growing fortune had attained Everest-like proportions, peaking in 1916 at more than $1 billion.[3] Gates knew that Rockefeller wished to give away most of his wealth. And Gates realized that at such a mountainous scale, responding to individual appeals for donations was impracticable. Gates was further concerned that unless Rockefeller devised some grand plan, his heirs would be left to disburse the money without his guidance and, therefore, with uncertain results. To match the size of his wealth, it was necessary to do more than accelerate the pace of giving. He would have to shift from retail charity to wholesale philanthropy, he would have to seek to address root causes of social ills rather than provide direct relief through alms, and he would have to pursue a broad mission with a global vision.

Working together, Rockefeller and Gates soon devised a plan for something novel: to create a general-purpose philanthropic foundation whose mission would be nothing less, and nothing more specific, than to benefit humankind. The proposed mission was "to promote the well-being and advance the civilization of the people of the United States and its territories and possession and of foreign lands in the acquisition and dissemination of knowledge; in the prevention and relief of suffering and in the promotion of any and all of the elements of human progress."[4] Such a mission would permit Rockefeller and his handpicked trustees to undertake virtually any project they deemed worthy.

Rockefeller, like any other person, was free to make donations to other people or to existing organizations. But Gates imagined creating an entity more enduring, living beyond Rockefeller's lifetime, that would be administered by a small body of experts. It would be a variation on the idea of an existing legal form, the perpetual charitable trust. Gates was well aware of the significance of the proposed trust for democratic life. The foundation would be so large that its "administration would be a matter of public concern, public inquiry, and public criticism."[5]

As with the creation of any charitable trust, to establish this new foundation would require a charter, or formal permission to incorporate, from a public body. Although it likely would have been easy to obtain a charter from the New York state legislature, Rockefeller and his advisors were concerned that a state charter would impose limits on their foundation's size and purpose. State legislatures frequently capped philanthropic endowments at $3 million and insisted upon narrowly defined purposes. In light of their national and global aspirations, Gates recommended that Rockefeller look beyond New York and seek the imprimatur of the U.S. Congress.

In 1909 Rockefeller took the first concrete steps toward the establishment of his general-purpose foundation by conferring more than seventy thousand shares of his company, worth more than $50 million (roughly $1.3 billion in 2018 inflation-adjusted dollars), to a new entity, the Rockefeller Foundation.

He appointed three trustees: his son, his son-in-law, and Frederick Gates. A further $50 million transfer was planned to bring the total endowment to $100 million.

Rockefeller and his advisors then sought congressional approval of a bill to incorporate the foundation and sanction its size, open-ended purpose, and local, national, and international scope of activity.

The philanthropist immediately encountered fierce criticism in Washington. Some stemmed from resistance to Rockefeller's extraordinary wealth, obtained from the monopolistic business practices of Standard Oil and its stubborn resistance to labor unions, and from animus against the man himself. "No amount of charities in spending such fortunes," observed former U.S. president Theodore Roosevelt, "can compensate in any way for the misconduct in acquiring them." The sitting U.S. president, William Taft, called on Congress to oppose the creation of the foundation, describing the effort as "a bill to incorporate Mr. Rockefeller." American Federation of Labor president Samuel Gompers carped, "The one thing that the world would gratefully accept from Mr. Rockefeller now would be the establishment of a great endowment of research and education to help other people see in time how they can keep from being like him."[6]

Other critics focused not on Rockefeller the man or his business practices but on the very idea of a seemingly limitless foundation. Testifying before the Commission on Industrial Relations in 1912, Reverend John Haynes Holmes, a well-known Unitarian minister who served for many years as the board chair of the American Civil Liberties Union, said,

> I take it for granted that the men who are now directing these foundations—for example, the men who are representing the Rockefeller foundation—are men of wisdom, men

> of insight, of vision, and are also animated by the very best motives. . . . [M]y standpoint is the whole thought of democracy. . . . From this standpoint it seems to me that this foundation, the very character, must be repugnant to the whole idea of a democratic society.[7]

A prominent lawyer and chairman of the Commission on Industrial Relations, Frank Walsh from Missouri, opposed not merely Rockefeller's foundation, but all large foundations. Writing in 1915, Walsh challenged "the wisdom of giving public sanction and approval to the spending of a huge fortune thru such philanthropies as that of the Rockefeller Foundation. My object here is to state, as clearly and briefly as possible, why the huge philanthropic trusts, known as foundations, appear to be a menace to the welfare of society."[8]

The concerns expressed by Holmes and Walsh were hardly eccentric. For many Americans, foundations were troubling not because they represented the wealth, possibly ill-gotten, of Gilded Age robber barons. They were troubling because they were considered a deeply and fundamentally *antidemocratic* institution, an entity that would undermine political equality, convert private wealth into the donor's preferred public policies, could exist in perpetuity, and be unaccountable except to a handpicked assemblage of trustees.

Over the course of several years, Rockefeller and his advisors lobbied friends and allies in Congress to support the chartering of his proposed foundation. Political opposition was stiffer than they had anticipated and arrived from some whom they had expected to be supporters rather than critics, such as Harvard president emeritus Charles Eliot, who publicly spoke out against the federal charter. Rockefeller's family attorney, Starr Murphy, who had drafted the initial federal charter bill, met with critics and, working closely with several senators and with Rockefeller's full endorsement, eventually redrafted the bill to incorporate a host of provisions that would allow for significant public oversight of the proposed foundation and limit its size.

A cap of $100 million would be placed on the assets of the Rockefeller Foundation. In order to prevent the endowment from growing over time and to ensure that the foundation would distribute some of its assets, all income earned from the endowment would be required to be spent annually. The duration of the foundation's activities would be limited; it would be required to spend down its entire principal after fifty years (with permission to extend to one hundred years if both two-thirds of the trustees and the U.S. Congress so approved). And governance of the foundation would be subject to partial public oversight. Members of the board of trustees would be subject to a veto by a majority of a congressionally appointed board consisting, in the initial proposal, of the president of the United States, the president of the Senate, Speaker of the House, chief justice of the U.S. Supreme Court, and the presidents of Harvard, Yale, Columbia, Johns Hopkins, and the University of Chicago.[9] Anxiety about the democracy-corrupting influence of a large and unaccountable private foundation was to be allayed by creating a legal template that limited the size and life span of the foundation and imposed a form of public governance on its operation.

Rockefeller scheduled a clandestine meeting with President Taft to ask for his support, and Rockefeller's advisors redoubled their efforts to win allies in Congress. In 1913, the House of Representatives passed the redrafted bill to charter the Rockefeller Foundation, yet opposition in the Senate remained firm. Despite efforts lasting several years and the offer of significant further concessions to concerned lawmakers, the federal charter failed.

In short order, Rockefeller turned to the New York state legislature, removing each of the amendments offered in the U.S. Congress. The bill was approved and signed into law in May 1913, and the Rockefeller Foundation was officially chartered and open for philanthropic business.

Philanthropy Today

Contrast Rockefeller's reception in Congress and the court of public opinion with the ceaseless praise given to the philanthropists of our age. Rather than asking about the purposes of charity and power of philanthropists, we tend instead to celebrate donors, large and small, for their generosity. We ought however to be asking, what is the role of philanthropy in a liberal democratic society, and what role *should* philanthropy play?

These are questions worth asking no matter the circumstances. Under present circumstances—astonishing growth of philanthropy in the past century, especially the rise of large private fortunes sometimes converted into large philanthropic foundations—they are questions we should pose with greater interest and urgency.

One reason is that philanthropy is a form or exercise of power. In the case of wealthy donors or private foundations especially, it can be a plutocratic exercise of power, the deployment of vast private assets toward a public purpose, frequently with the goal of changing public policy. In the United States and elsewhere, big philanthropy is often an unaccountable, nontransparent, donor-directed, and perpetual exercise of power. This is something that fits uneasily, at best, in democratic societies that enshrine the value of political equality. No wonder that Reverend Holmes described the idea of the Rockefeller Foundation as "repugnant to the whole idea of a democratic society."

But there is a second reason to focus attention on philanthropy. Giving money away does not happen in a vacuum. Contemporary philanthropy in democratic societies is embedded within a set of legal rules that structure and encourage it. Whether, when, to whom, and how much people give is partly a product of laws that govern the creation of nonprofit organizations, charitable trusts, private and community foundations, and so on, and spell out the rules under which these may operate; that set up special tax exemptions for philanthropic and nonprofit organizations, and that frequently permit tax exemptions for individual and corporate donations of money and property; that enforce donor intent, often beyond the grave, creating philanthropic projects and entities that can exist, in principle, in perpetuity. What, if anything, might justify such policies?

And consider one aspect of these policies. It may seem that philanthropy is just voluntary activity, a result of the exercise of individual liberty. A moment's reflection suggests otherwise. It is indeed voluntary, but in many countries philanthropy is a tax-subsidized activity, partly paid for by all taxpayers. Strictly speaking, then, donors are not exercising a liberty to give their money away; they are subsidized to exercise a liberty they already possess. Unlike the Rockefeller and Carnegie era when enormous philanthropic entities were created without any tax concessions for doing so (because the personal income taxation had yet to be adopted; it would arrive only in 1917), today philanthropy is partially underwritten by the state through a complex web of advantageous tax laws that apply to donors as well as to nonprofit organizations and private foundations. In the United States, for example, subsidies for charitable contributions cost citizens at least $50 billion in forgone federal tax revenue in 2016.

Examining philanthropy and the array of policies that shape it is even more important in light of current economic conditions. We live now in a second gilded age, with income and wealth inequality approaching levels from the early twentieth century. Growing inequality might be a foe to civic comity, but it is a friend to private philanthropy. In 1930 in the United States approximately two hundred private foundations possessed aggregate assets of less than $1 billion. In 1959 there were more than two thousand, in 1985 just over thirty thousand private foundations. As of 2014 the number was nearly one hundred thousand, with total capitalization of more than $800 billion.[10]

What Carnegie and Rockefeller were to the early twentieth century, Gates and Buffett and their fellow Giving Pledge signatories are to the twenty-first century. The last decade of the twentieth century witnessed the creation of unprecedentedly large foundations like the Gates Foundation. The combined assets of the Gates Foundation and a separate Gates Trust, which holds donations from Bill and Melinda Gates and contributions from Warren Buffett, totaled more than $80 billion in 2016, placing the foundation at roughly sixty-fifth in the world on a list of total GDP, ahead of most countries in Africa. It's not just a U.S. phenomenon. Large philanthropic entities dot the globe: the Wellcome Trust in the United Kingdom, the Li Ka Shing Foundation in Hong Kong, the Azim Premji Foundation in India, the Carlos Slim Foundation in Mexico, the Robert Bosch Foundation in Germany. And it's not just billionaires and their mega-foundations that command attention. The last three decades witnessed a boom in millionaires that fueled unprecedented growth in small foundations, both in number and in assets. Foundations are no longer controversial but mundane and commonplace.

The scope of philanthropy goes far beyond the grant making of foundations. Despite the eye-popping size of large foundations and the growth in the total number of foundations, the overwhelming majority of total giving, at least in the United States, comes from living donors making charitable contributions. Americans donated more than $390 billion to eligible nonprofit organizations in 2016. Of that total, giving by living individuals accounted for $281 billion, or 72 percent. Estimates suggest that nearly all Americans donate some amount of money every year. A small donor does not wield the same kind of power as does a big philanthropist. Yet the distribution of small giving in the aggregate matters a great deal, fueling the operation of a significant slice of nonprofit organizations, and small donors enjoy the same discretion as a big philanthropist and also benefit from tax incentives for their giving. Any consideration of philanthropy must go beyond the Rockefellers and Gateses of the world and attend to the amount and significance in a democratic society of ordinary charitable giving.

Finally, we should ask what all this philanthropic activity is funding. Philanthropic resources sometimes complement and sometimes counteract public choices about the allocation of public or taxpayer funds. Individuals direct their private resources to support social benefits of myriad kinds, including poverty relief, education, animal welfare, health care, cultural and artistic expression, religion, international aid, scientific research, think tanks, and associational organizations of a thousand different stripes. In the United States, a kaleidoscopic nonprofit sector of more than one million organizations, accounting for roughly 10 percent of the labor force, absorbed more than $390 billion in 2016, a sum larger than the gross domestic product of many small countries.

Philosophers on Philanthropy

A small scholarly literature attempts to document the historical evolution, scope, and breadth of philanthropy both domestically and globally. A more popular literature aims at criticism of the practice of philanthropy or, in a friendlier manner, at suggestions to philanthropists about how to do more and do better with philanthropic donations. Advice abounds to donors about how to give strategically or more smartly, and so too does advice to leaders about how to improve the effectiveness of charitable organizations.

In order to be in a position, however, to criticize existing modes of philanthropy, or to offer advice about how to improve it, we must have some background standard on which to base our criticism or suggested improvement. We must shift from thinking about what the role of philanthropy *is* in a liberal democratic society to what the role of philanthropy *should be*. And on this topic there is almost no systematic thinking, scholarly or otherwise. It may go too far to say that we first need a *theory of philanthropy* in order to comment intelligently on the topic. Yet that is the subject and aspiration of this book.

In many respects, asking how best to give is an ancient question, one that arises in all societies, not just in liberal democracies. It was Aristotle, after all, who wrote, "To give away money is an easy matter and in any man's power. But to decide to whom to give it, and how large, and when, and for what purpose and how, is neither in every man's power nor an easy matter."[11]

Aristotle notwithstanding, philanthropy has rarely been a topic of serious inquiry, especially in contemporary philosophy.

To the extent that philanthropy has been a subject of serious research in philosophy, it has been the province of moral philosophers and moral psychologists. Their approach provides one answer to Aristotle's question. In seeking to explore the morality of giving, they tend to focus on the perspective of individual donors. This frame gives rise to questions such as: When is giving obligatory? To whom and how much should one give? Is anonymous giving more praiseworthy than its alternative? Does individual motive matter in evaluating giving? What role, if any, does philanthropy play in an account of personal virtue? Peter Singer's argument that individuals in developed countries have especially demanding obligations to assist those in desperate poverty is but one well-known example of such an approach.[12]

These are natural and important questions, and since large majorities of people make philanthropic donations and volunteer time every year, they are asked as often, I would think, by ordinary people as by moral philosophers. Taking this approach is to ask questions about *private, individual morality*. It is to ask about how you or I should practice philanthropy.

This book takes a different approach. I make questions about philanthropy a compelling topic of inquiry for *public morality*, or for *political* in addition to *moral* philosophy. The practice of philanthropy raises distinctive questions of political philosophy that have not often been asked, much less well answered.

To be sure, political philosophers, and especially political scientists, have in the past generation addressed questions concerning associational life and civil society, offering evidence about changes in associational patterns and civic engagement and arguments about their importance to the flourishing of democratic societies.[13] Philanthropy, in the form of donations and volunteer time, constitutes an especially important input—

the essential fuel—of associational life. Moreover, the general phenomenon of giving away money and volunteering is both ubiquitous and universal. Yet political philosophers have neglected the topic of philanthropy.

From the perspective of political rather than moral philosophy, different and important questions arise: What attitude should a state have toward the preference of individuals to give away money for a public purpose? What role, if any, should philanthropy have in the funding or distribution of essential goods and services? When is philanthropy an exercise of power deserving of democratic scrutiny? Is philanthropy always remedial or second best to justice? How, when, and should the state frame, shape, subsidize, limit, or block individual preferences to give money away? Under what circumstances and for what purposes, if any, should associations be granted a corporate form with special tax treatment, as a nonprofit organization, for example?

Cast in this manner, the phenomenon of philanthropy presents unavoidable and fundamental questions of political philosophy. I therefore develop a *political theory* of philanthropy. In so doing, I provide a framework through which we can evaluate what the role of philanthropy in a liberal democratic society should be. More precisely, by the end of the book we will be in a better position to assess the array of actual and possible institutional arrangements that structure, encourage, and give shape to the philanthropic activity of individuals and nonprofit organizations and that, in turn, play a large role in associational life and indeed in democratic life more generally. Is philanthropy in its different forms compatible with liberal democratic ideas? Can philanthropy, in current or alternative forms, support a flourishing democratic society? The arguments provided here will set the foundation on the basis of which criticisms, sometimes very sharp ones, will be made of contemporary philanthropy. It should not be obvious, after all, that philanthropy is always and everywhere a good thing.

Many people today, especially donors, think that skepticism or criticism of philanthropy is wrongheaded or impertinent. The explanation offered is that when we think about philanthropy, we frequently assume it to be a form, even a paradigmatic form, of virtuous behavior. We might think this for many reasons: because certain kinds of philanthropic activity are commanded or commended by religion; because philanthropy reflects prosocial or altruistic motives, and such motives are socially desirable or praiseworthy; because philanthropy can have good effects, or be a vehicle for producing unambiguously good things in the world, such as reducing poverty or assisting the disadvantaged. These reasons all have some merit.

Another explanation is also at work to account for the high esteem in which philanthropy is usually held. That explanation is to view philanthropy always in comparison to other things that individuals might do with their resources. Supporters of philanthropy stress that rather than giving money away, individuals simply could have saved their wealth or consumed newer and flashier goods. Relative to consumption—going shopping and buying things—and relative to investment—seeking financial returns on one's assets—philanthropy will always come out looking good. Here's the thought: rather than buying a third car, a second home, a first jet, the wealthy person opted to give her money away, and that choice deserves only praise. The same could be said of ordinary donors, those who make small gifts in lieu of, say, purchasing fancy coffee every day. Surely the decision to give money away—even if the motive is not pure, even if the result is ineffective—deserves praise when compared to the identically wealthy person who opts not to engage in philanthropy.

In developing a political theory of philanthropy, it is precisely this view I want to dislodge. I don't wish to deny that relative to consumption or investment, giving money away to others might be a more praiseworthy act. I want to suggest that the comparison to other things that we could do with our money is not the only way to evaluate philanthropy. We need to think, for example, about philanthropy as part of a larger political economy of marketplace and corporate activity, of government spending and public agencies; as a potential exercise of power that warrants democratic scrutiny; as having the potential to help the poor while also entrenching a wealthy elite. And we need to consider whether the legal rules that structure philanthropy—also a form of power, in this case the state's—are justifiable. Finally, I want to suggest, as we will see later, that philanthropy can also be a form of ordinary and self-interested consumption.

What do I mean, then, by a political theory of philanthropy? From my earlier discussion, I hope it is clear that I mean to shift attention away from private morality, away from straightforward ethical assessments of the decisions that individuals make about whether to give away money or property, and to whom, and how much. I mean instead to explore the *public morality of giving*.

A political theory of philanthropy views philanthropic activity as sitting in a variety of relationships to the state. First, it considers the effect of philanthropic activity on the state and on other citizens. For example, philanthropy is sometimes described as private action in the public interest, the direction of private assets to produce public benefits. In this respect, philanthropy has unavoidable political dimensions. What effect does this private action have on the body politic? How does it change, if at all, the relationship among citizens, especially between donor and recipient? Further, can philanthropy undermine or crowd out legitimate state interests? Might philanthropy be an exercise of private power with objectionable public consequences? Are the strings that donors sometimes attach to gifts objectionably paternalistic? Does donor direction beyond the grave throttle the agency of future generations to channel philanthropic assets? Is perpetuity a defensible time horizon for philanthropy? Does big philanthropy undermine political equality?

Second, a political theory of philanthropy will focus our attention not on individual philanthropic activity and its political dimensions but on the institutional arrangements or regulatory structure of philanthropy, such as the legal rules concerning the creation of nonprofit entities, such as public charities and philanthropic foundations, and the tax treatment of philanthropic gifts. It will provide a framework for assessing the design and performance of the legal rules that shape philanthropy. Under what circumstances would these rules be justifiable? What alternative rules might be compatible with, or required by, the ideals of liberal democratic justice?

This latter set of questions is of particular importance. The basic institutional structure of any society—its legal and political and economic arrangements—has a profound effect on the lives of citizens who are subject to them. They help to establish the basis on which people relate to one another, facilitate their cooperation for mutual benefit, assign to them a variety of rights and liberties, and set the terms for the distribution of various benefits and burdens. But these arrangements are not handed down from the heavens or derived from natural law. They are the products of political decision making, matters of convention, and could be otherwise. One of the primary aims of a political theory, it is often said, is to establish the grounds on which to favor one set of legal, political, and economic rules over another. This is frequently assumed to be the task of a general theory of justice, and of course different theories of justice offer different arguments about how to choose among rival social schemes and rules.

A political theory of philanthropy focuses our attention on the variety of legal rules that structure and encourage philanthropic activity and prompts us to question whether they are compatible with justice and supportive of democracy. To illustrate further, here are three separate domains that will be discussed at different places in this book.

- *Tax treatment of donations*: Should charitable donations be subject to any favorable tax treatment? If yes, should the tax ramifications be what they are today? Is the charitable contributions deduction defensible?
- *Defining the nonprofit sector*: How should a democratic society define what counts as a nonprofit or nongovernmental organization? Relative to the status quo, should there be stricter or looser criteria for what organizations qualify for status as a public charity or private foundation, perhaps to better reflect redistributive or other aims?
- *Limiting philanthropy*: Are there some kinds of private donations that should be constrained or disallowed, independent of whether they are favored by a tax concession? What time horizons, if any, should orient or limit philanthropy?

This book is called *Just Giving* and I mean, of course, to pick up on a double entendre.

When is giving *just*? Under what conditions, if any, does giving promote, or at least stand compatible with, liberal democratic justice? How should we understand the relationship between philanthropy and justice? For some philosophers, the relationship is problematic. Will Kymlicka argues, for instance, that justice supersedes charity in importance and that our obligations as citizens to fulfill and realize justice through political institutions effectively subsume any reasons we might have to perform acts of charity. The demands of justice are obligatory and crowd out the space for charity, which is praiseworthy but voluntary. At best, says Kymlicka, charity is a second-best response to unjust inequalities.[14] In chapters 3 and 4, I develop an account that makes space—and not just on a second-best basis—for philanthropy and charity in liberal democratic societies. Philanthropy, under certain circumstances and structured by certain policies, I will argue, has an important, first-best role to play.

And are individuals really just *giving*? I have already described several ways in which philanthropy is not just *giving*. Philanthropy can be the pursuit of self-interest (seeking social status or civic honor, for instance), consumption, or an exercise of power, sometimes an objectionable exercise of power; when undertaken by the wealthy, it can be the expression of plutocratic voice in a democratic society. In many respects, this latter idea is an old and familiar line of criticism. Left-wing critics, especially those of a Gramscian bent, have long attacked philanthropy as but another self-interested means of the powerful to continue their domination over the poor and to entrench the ideological interests of the wealthy in all of society.[15] To the extent that the state is involved in supporting philanthropy, it would merely be abetting the philanthropic actions of the powerful and reinforcing their already dominant position.

I take up questions in all of these areas. I offer a short description of the chapters below, but here's a preview of the main argument. Many of the legal rules that structure philanthropy in the United States and in many other countries, such as the tax deduction for charitable contributions, are difficult or impossible to justify. In this respect, the book is often critical of contemporary philanthropy. In order to identify what kinds of legal rules would be better, the political theory of philanthropy I develop offers separate treatments of individual philanthropy and the role of private philanthropic foundations, arguing that the institutional arrangements that shape each should emphasize different goals. In the case of individual philanthropy—ordinary giving by individuals, something that virtually all people do every year—I argue that these goals are pluralism and the decentralization of power in the definition and production of public goods. In the case of foundations, I argue that the goal is what I call "discovery," an experimentalist approach to funding and assessing long-time-horizon policy innovations that, if successful, can be presented to a democratic public for approval and incorporation into state policy or, alternatively, adopted into a market economy by corporate actors. The upshot is that philanthropy should not be considered a remedial activity, a second-best approach to the aims of justice in a liberal democracy. It can promote, in a first-best sense, the aims of liberal democracy, and when it does, it is compatible with and plays an essential role in a flourishing liberal democratic state.

On the Terms "Philanthropy" and "Charity"

One terminological note merits a comment. Though some seek to distinguish philanthropy from charity, usually on the ground that philanthropy seeks to attack the root causes of social problems whereas charity aims to provide direct assistance, or on the ground that philanthropy refers to private foundation activity whereas charity refers to individual donations, I use the two here interchangeably. The reason for doing so is not because I think the putative distinctions between the two are necessarily spurious. The reason is that, however disambiguated, both philanthropy and charity refer to a common activity, namely giving away money or property for some other-regarding purpose. Moreover, whatever one understands by philanthropy and charity, both are regulated and governed by a common institutional framework of laws and public policies. The law currently makes no, or very little, distinction between philanthropy and charity, and since questions about the justification of the relevant institutional arrangements that structure philanthropy form my quarry, in general I make no distinction either. When distinctions between philanthropy and charity are necessary to make in order to account for differences in institutional treatment, I indicate so.

Plan of the Book

Philanthropy is as old as humanity, but it has long been intertwined with social norms and the legal rules of states. In this respect, philanthropy is not an invention of the state but can be viewed as an artifact of the state. In chapter 1, "Philanthropy as an Artifact of the State," I examine a variety of ways that different states have organized, and taken different attitudes toward, philanthropic activity. I bring three historical episodes to the fore, examples rarely included in conventional histories of philanthropy: the liturgical system and *antidosis* procedure in classical democratic Athens; the creation in Islamic societies of the *waqf*, a precursor to the modern foundation; and stark criticisms of foundations made in the eighteenth and nineteenth centuries by French Enlightenment thinker Anne-Robert Turgot and Britain's John Stuart Mill. These brief accounts reveal how, in other historical eras, philanthropy has been understood to have political implications and how state policies have been designed to structure, both promoting and containing, philanthropic activity.

In chapter 2, I turn from historical episodes of the interaction between philanthropy and the state to the contemporary institutional arrangements that shape philanthropy. I do so with an eye toward assessing these arrangements in relation to the value of equality, and my conclusion is that, contrary perhaps to expectation, philanthropy sits uneasily with equality. Both the policy instruments and the distribution of giving reflect little if any concern with egalitarian distribution. Philanthropy, we will learn, is directed with surprising *infrequency* to the relief of poverty and assistance for the disadvantaged. My main focus is on the United States, but many of the general U.S. policies—such as tax benefits for philanthropy—exist in other liberal democratic societies.

Chapter 3, "A Political Theory of Philanthropy," presents a general framework for assessing what I take to be a universal and ubiquitous phenomenon in need of analysis: how ought a liberal democratic state consider the preference of individuals to give their money or property away for a philanthropic purpose? In light of the fact that nearly all liberal democracies provide advantageous tax treatment for philanthropic donations and organizations, I explore what might justify such policies. They amount, I claim, to subsidizing the exercise of liberty to give money away. A respect for the liberty of individuals to give away money or property that is legitimately theirs is one thing, subsidizing its exercise is another. Three potential justifications for a subsidy are presented—a tax base rationale, an efficiency rationale, and a pluralism rationale—and I spell out the normative implications of each. I conclude that the efficiency and pluralism rationales both have some merit, but that they lead to different implications for what kinds of nonprofit organizations should be eligible for tax-incentivized donations. In this respect, I provide a positive case for an important role that philanthropy can and should play in liberal democratic societies. The arguments offered also suggest that none of the rationales supply a justification for many of the policies, described in chapter 2, that structure philanthropy in the United States today.

In the fourth chapter, "Repugnant to the Whole Idea of a Democratic Society? On the Role of Foundations," I consider a particular form of philanthropy that is relatively recent in origin, small in size relative to total giving overall, but large and growing in power and influence: the general-purpose grantmaking private foundation. I draw upon the largely forgotten story of John D. Rockefeller's contentious effort in the early twentieth century to win approval from the U.S. Congress for a federal charter to establish the Rockefeller Foundation. That foundations in the early twentieth century needed to be authorized by a democratic body in order to be incorporated reflects the tension that was seen between the plutocratic voice of a private foundation and a democratic society that prizes the political equality of citizens. Extending the framework in the preceding chapter, I examine the role and legitimacy of private foundations in liberal democratic societies. Many of the legal permissions currently enjoyed by foundations, such as low accountability and transparency, generous tax treatment, and protection of donor intent in perpetuity, warrant exacting normative scrutiny. Yet foundations can survive such scrutiny, I argue, provided they operate in a particular role, namely as "discovery" mechanisms for innovations in social policy that the state and market are unlikely to undertake.

The final chapter, "Philanthropy in Time: Future Generations and Intergenerational Justice" (written with Chiara Cordelli), considers philanthropy, both individual giving and the activity of private foundations, as a vehicle for intergenerational justice. Liberal democratic justice offers powerful reasons to treat intergenerational *philanthropic* transfers of wealth differently from intergenerational *family* transfers of wealth. Setting up a foundation that lives beyond one's death is different from transmitting wealth, in the form of an inheritance, to one's heirs. Whereas the latter should be limited or forbidden in the interest of intergenerational equality, the former should, under certain circumstances, be permitted or encouraged in the interest of intergenerational justice. Philanthropy, unlike the family, can play three important roles in promoting justice for future generations. It can, first, complement political institutions that aim to secure the reproduction of social capital over time. Second, it can supplement political institutions in fulfilling what John Rawls called the "just savings principle," especially as a hedge against remote, low-probability but highly consequential risks (such as potentially cataclysmic natural disasters). Third, as developed in the previous chapter, the intergenerational existence and potential long-time-horizon outlook of private philanthropic foundations can counteract built-in features of short-termism and presentism in the democratic process.

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