

REVIEWS

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Philanthropy in Democratic Societies, edited by Rob Reich, Chiara Cordelli and Lucy Bernholz. University of Chicago Press, 2016, vii + 325 pages.

The famous remark attributed to Louis Brandeis that ‘we may have democracy, or we may have wealth concentrated in the hands of a few, but we can’t have both’ might be the crux of this collection. The editors and their contributors ask whether having both is possible. Their conclusion is mostly yes, under certain constraints but with significant risks.

Philanthropy, in Rob Reich’s introductory words, is ‘everywhere’. Philanthropists too are everywhere (Jay Gould, William Vanderbilt, Bill and Melinda Gates, and Bono are pictured in cartoon and photographic form in the book; e.g. 20, 88). This book asks how philanthropy relates to the state, to justice, to the law and the tax codes, and to its own history as a contested space between state and market. It wonders what we mean when we talk about philanthropy in democratic societies.

Whether it is ‘pro-social’ behaviour motivated by a ‘warm glow’ or whether it is beneficence, altruism, gifting, or simply the 501(c)(3) charitable-status organization, philanthropy touches everything. It is the love of humanity, the practice of voluntary donations by individuals and institutions of time or money (or body parts, or data, or ideas, or code). It raises questions of legitimacy, inequality and accountability. And yet there remains relatively little academic work in philanthropy and less still in this multi-disciplinary mode. This volume seeks to animate interdisciplinary attention to philanthropy and does so with conviction. Despite a very strong US focus (democratic societies here means the US) its relevance to discussions of private contributions for public benefit is clear. It deserves to be widely noticed.

We can understand philanthropy through a focus on individual motivation, through a detailed assessment of where the state’s obligations end and the donor’s preferences begin, through a carefully historicized

view of ownership and responsibility, and so on. The editors here invite their contributors to broad considerations, defining the field only as voluntary donations 'aimed at providing some other-regarding or prosocial benefit' (7). The volume covers institutional forms (the foundation, the socially responsible corporation), instruments and approved vehicles (the donor advised fund), and a host of more abstract considerations. Its strongest work is in questions of legitimacy. It moves relatively easily between political theory, sociology, law and politics.

The book is divided into three parts: 'Origins', 'Institutional Forms' and 'Moral Grounds and Limits'. The collaboratively written introductions to each part are models of their kind, connecting to previous parts and outlining the work to come. The introductions are careful, uncluttered and clear.

'Origins' shows how young the field of organized philanthropy in the USA is (spanning the Dartmouth College US Supreme Court case in 1819 to the launch of the Giving Pledge in 2010). It demonstrates the 'persistent, fundamental tensions between philanthropy and democracy'. Jonathan Levy draws an interesting historical (and partly etymological) picture of Herbert Spencer's influence on late 19th century American conceptions of altruism (Andrew Carnegie called him 'my dear master'), of a Nietzschean backlash against altruism ('Kein Altruismus') at the outbreak of World War 1, and of the to and fro of altruism and egoism in debates about philanthropy and its virtues. Olivier Zunz opens his chapter recounting Benjamin Franklin's crowdfunding advice to a clergyman on the eve of the American Revolution ('apply to all those whom you know ...'). His question is 'why are historians ignoring an enormous economic and experimental power ...' and his answers broadly historiographical and materialist (with interesting section on historians falling between foundations that won't fund them and universities that won't hire them) and some quite tough critique (he describes Hammack and Anheier's work *A Versatile American Institution* (2013) as 'timid history for timid billions' (61)).

Rob Reich's chapter 'On the role of Foundations in Democracies' is an ambitious and largely persuasive attempt to tease out the case in principle for and against philanthropy in the form of organized foundations. Or, as he puts it, 'would we create foundations if we were starting a democratic society from scratch?' (72). The case against is relatively well-known. Forged in the age of Rockefeller, foundations were not then and are not now transparent, they are not accountable, they calcify donor intent in perpetuity, and they are generously tax-subsidized (having to pay out only 5% of their capital per year). The case for is less familiar. Reich makes two main arguments. First, he argues the case for 'pluralism', by which he means that philanthropy adds to the provision and diversity of public goods. The second case for philanthropy is that philanthropy acts as a discovery mechanism for innovation and experimentation in social policy.

The argument from pluralism makes a virtue of the vice of autonomy and lack of market or electoral accountability. Foundations can fund what they like, have no need to establish competitive barriers to entry and can support experimental or unfashionable interventions. However, this pluralism is weakened, though not fatally flawed, Reich argues, by the relatively narrow range of interests foundations represent. The activity of a foundation 'even when it decentralizes the production of public goods, retains a plutocratic character' (76).

The argument from discovery is stronger. Because they have more patient time-horizons, foundations can take risks that state or private capital cannot take. They can embrace an explicitly experimental view, and can measure success by how well experiments that succeed are subsequently scaled by state and market actors. If foundations are legitimate, they will be so by virtue of pluralism and discovery. Reich isn't completely convinced that foundations live up to this argument (they can be risk-averse, governed by an establishment group, and hostile to experimentation) but is sure that these criteria would make them permissible in democratic societies.

The second part of the volume looks in detail at the various forms of philanthropy. It opens with Aaron Horvath and Walter W. Powell's careful and thought-provoking treatment of 'disruptive philanthropy', which they define as changing our sense of which issues matter by virtue of the scale of intervention and the techniques for promoting those interventions. They contrast it with contributory philanthropy which allies with, but doesn't displace, state action. Disruptive philanthropists seek explicitly to change the conversation around a given issue, have a belief that competition is always and necessarily good, and are preoccupied with new models for funding public goods. Horvath and Powell ask whether such new and disruptive forms of philanthropy erode democracy. Their answer is: 'roughly, yes'.

They paint a picture of disruptive philanthropy in the present age as the burgeoning affinity with entrepreneurial private action and a decline in faith in government (they amusingly contrast Ronald Reagan's words that the nine most terrifying words in the English language are 'I'm from the government and I'm here to help' with the view that an equally terrifying sentence in our present age might be 'I'm a philanthropist and I'm here to help'). Their chapter is threaded through with a concern about what happens when providing public goods moves from public system to one with no democratic or political recourse and scant public oversight. Their warning is to be sensitive to the hubris of moving fast and breaking things and for philanthropists to move beyond the embrace of disruption to think 'more systematically about the involvement of those whose lives are affected by their efforts' (122).

The second institutional form is 'corporate social responsibility', defined as the commitment of firms to operate ethically and in the interests of stakeholders alongside shareholders. In his chapter, Paul Brest sketches a series of trade-offs between classical shareholder primacy and a broader definition of corporate purpose and a framework for resolving them. He reviews norms as informal codes of practice for managers and touches on regulation as necessary where competition forces actors to ignore what principles of good behaviour suggest. This chapter is the least well integrated with the broader questions of philanthropy and democracy and seems the least integrated editorially. Corporate social responsibility is clearly a form of private action for public benefit but managers and shareholders (principals and agents) are subject here to a different kind of scrutiny. The implication of this chapter is that managers who can't reconcile competing interests are forced to become philanthropists for the public interest and must take their shareholders along with them. This seems to me unsatisfactory. A more interesting approach may be to imagine a trading and regulatory environment in which firms were charged and rewarded for the externalities they generate.

Donor advised funds are growing fast. They offer the benefits of relatively low levels of complexity and high levels of discretion. Ray Madoff's chapter asks the deceptively simple question 'when is philanthropy?' and is designed to provoke critical thinking about funds that attract state subsidy at the point of conception but have lax rules about when those funds are drawn down. (She asks: 'If I collect money in a jar labelled 'for food bank' has philanthropy occurred?' and pursues this logic through a series of legal and structural arguments.) Her conclusion is that charitable ends are not best served by current government policy, at least if government's purpose is to support charitable ends. In short, Madoff argues we should review and rebalance the relationship between incentives for donors to donate and the purpose to which those donations are put.

Lucy Bernholz writes about the Digital Public Library of America as an instance of creating digital civil society. Her interest is in the private application of digital resources for public benefit. The digitizing of print copyrights is an interesting case and suggestive of other spheres in which philanthropy might be contributory. I would have been interested to read more on this and to push further the shift from trading our own data for free search to donating our data for public benefit.

The volume's concluding section, 'Moral Grounds and Limits' asks about the moral limits of philanthropy. It explores the relation between agency and obligation (who should discharge what obligation) and between justice, private ownership and philanthropy. Where a just society requires the provision, at least, of resources, basic goods and services for people to live autonomous lives, must the state be the exclusive provider

or can philanthropy substitute for some elements of this provision? Eric Beerbohm uses the free-rider problem to illuminate the argument that it matters who fulfils public responsibilities. We have, Beerbohm argues, an intuition that public goods should be provided by public institutions and that when they're not (even or especially when they're provided by private actors) there is a problem. Democratic citizens cannot outsource the responsibilities of justice to private parties. Philanthropists are not equipped to act in our name – they cannot 'satisfy the moral debts we accrue as citizens'. Like lunch, he concludes 'private fulfilment of public responsibilities doesn't come free' (225).

Ryan Pevnick argues that philanthropy is particularly well suited to the provision of cultural goods. He reviews two ideals – of market democracy and democratic equality. Contrary to more standard arguments (in which market democrats are the natural advocates of philanthropy) he argues that philanthropy can support egalitarian conceptions of society, especially through support of culture.

The final chapter, by Chiara Cordelli, sees philanthropy as a kind of reparative justice. It argues that wealthy citizens have a duty of distributive justice. Donors should enjoy no personal discretion in determining the causes of their giving beyond a concern about the 'level of deprivation the worst-off are subject to as a consequence of an unjust system' (261). Above all, they should not appeal to agent-relative arguments since what they give, on this analysis, is not rightfully theirs. In short, donors shouldn't appeal to their personal motivations or preferences when giving but, rather, should be guided by considerations of justice. This is a valuable corrective to the autobiographical motivation but, in my experience, donors are very adept at describing one as the other.

Overall, this volume's vision of philanthropy as everywhere and everywhere historical, contextual, conflicted or contested is welcome. Its interdisciplinary focus is broad (though with little from economics) and the essays are well integrated. It is accessible, though it makes considerable demands of its readers in the final section. Despite the volume's title, its focus is US-centric, but would nonetheless make a very valuable complement to readings on a number of graduate courses.

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BIOGRAPHICAL INFORMATION

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Republic of Equals: Predistribution and Property-Owning Democracy, Alan Thomas. Oxford University Press, 2017, xxiv + 445 pages.

One of the central themes running through Alan Thomas's new book is that recent breakthroughs in the social sciences offer compelling evidence of a fundamental shift in the economic structure of advanced democracies over the last 40 years. Thomas is persuaded that these changes have ushered in a modern equivalent of nineteenth century patrimonial capitalism – a 'New Inequality' (xxiii) – and that these economic conditions significantly increase the risk of a 'drift to oligarchy' (xix). For Thomas, the fact that these changes have occurred even in liberal social democracies should compel us, the citizens of advanced democracies, to reassess our understanding of the type of political economy that best serves our political values (xix).

Thomas's book offers us just such a reassessment. In what follows I will describe the three main theses that constitute Thomas's position before arguing that one of these theses is vulnerable to a dilemma.

1. THOMAS'S THREE THESES

Thomas begins by arguing that our political values are best articulated by a hybrid 'liberal-republican' (19) theory of justice. John Rawls's political liberalism provides most of the content of this hybrid view with Thomas even endorsing Rawls's principles of justice (31–6). However, Thomas argues that, if we interpret Rawls's theory as part of the social contract tradition, then it suffers from the problem of assuming the existence of the free and equal citizens that it requires to be applicable and viable (7–9). For Thomas, this deficiency is best overcome by supplementing political liberalism with a republican theory of freedom as non-domination. Thomas argues that this notion of freedom is compatible with structuring background institutions so as to promote the sort of citizenship that is needed for a stable overlapping consensus on Rawls's principles of justice. Moreover, he claims this approach can avoid the charge of perfectionism provided civic virtues are treated by institutional structures as 'option values', i.e. 'values that do not have to be promoted, but neither are they cost free' (xvi).