

## Rationally Speaking #221: Rob Reich on “Is philanthropy bad for democracy?”

Julia: Welcome to Rationally Speaking, the podcast where we explore the borderlands between reason and nonsense. I'm your host, Julia Galef.

And my guest today is Professor Rob Reich. Rob is a political science professor at Stanford. And he is no relation to Professor Robert Reich at Berkeley.

Rob Reich, my guest, is the author of the recently published book *Just Giving: Why Philanthropy Is Failing Democracy and How It Can Do Better*. It's a very timely book, as we're increasingly seeing billionaires, especially tech billionaires, get involved in philanthropy. Jeff Bezos announced his intention to give away billions of dollars earlier this year. Mark Zuckerberg, year before.

And there's just been a lot increased scrutiny of large-scale philanthropists, especially their influence on politics, in the recent election and afterwards, and just sort of their general influence on society. So the conversation about philanthropy and democracy is kind of a part of that larger conversation.

Rob, welcome to Rationally Speaking.

Rob: Thank you. It's great to be here.

Julia: I should just say up front to our listeners that I'm not exactly a totally disinterested party here. So I work kind of part time with a large-scale philanthropist. It's the Open Philanthropy Project that gives away the money of Good Ventures, which was started by Dustin Moskovitz, one of the co-founders of Facebook, and his wife, Cari Tuna. And a lot of my friends work with or are large-scale philanthropists. So I have some skin in this game.

But I'm a fan of Rob and his book and his articles that he's written on this topic. So it should be an interesting conversation.

Rob: Perfect.

I should add, too, that I will hope that I'm disinterested — but I have a connection, in certain respects, to Open Philanthropy Project as well. I'm on the board of GiveWell, which incubated and spun out the Open Philanthropy Project. And I know a bunch of the folks who work at Open Philanthropy, too.

Julia: And my listeners will be familiar with GiveWell because they sponsor half of the episodes of-

Rob: Great.

Julia: ... the Rationally Speaking podcast. So, plenty of ties.

Julia: So, Rob, what would you say is your main concern, or if you had to, pick your top three concerns about large-scale philanthropy?

Rob: Sure. Well, let me say at the start, I guess the thing that I'm most concerned to do with the book as a kind of scholarly or public intervention is to try to generate more attention to the phenomenon of philanthropy, and especially from places that have historically paid little attention to it.

So I have two thoughts in my head here about that. The first is that universities, the site of all kinds of supposedly basic or disinterested research, have graduate schools of business. People can get master's degrees or MBAs, get BMPHds. There are faculty aplenty who focus on the operation of the marketplace. There are similarly political science departments or graduate schools of public policy or government, where people focus on the operation of public agencies and institutions of the formal government.

And yet there's this intermediary sector of civil society, associational life, nonprofits, private foundations, the work of charity and philanthropy, that basically gets little attention from the academy. So in certain respects I want to call far more attention to that sector than has historically been given by the academy.

And then, especially for listeners of this podcast, who are likely very familiar with the ideas of effective altruism, there is an example of where philosophers, for the most part, have paid a lot of attention to philanthropy and tried to mount all kinds of interesting arguments about how it is that people should use and direct their resources. And I think those are super important arguments.

But the ambition of my book is to try to say something about the political setting. So the focus, less attention on moral guidance to a prospective donor, and to train our scrutiny on the public policies and social norms that give shape to charity and philanthropy. Charity, in the ordinary sense of small donations that individuals make. And Big Philanthropy, in the sense of operations like Good Ventures or the Gates Foundation, Ford and Rockefeller as well.

So I really want to try to pay attention to the different social norms and public policies that give shape to philanthropy. And that's where the book finds a good deal of the public policies wanting. I think the way that we structure philanthropy in the United States and, indeed, the many other countries is wholly unjustifiable from the standpoint of justice and, in fact, undermines a healthy operation of democracy.

Julia: So I'm going to kind of summarize my initial reaction to your argument when I first heard it. It's a little more simplistic than my current view, now, but it's still probably a good starting point to discuss your argument.

My reaction was: Philanthropy is just providing additional options for people — or for governments or school districts or whatever, the potential recipient of the philanthropic gift is. And providing people with additional options, that they can choose to take or not take, is not ... It could technically maybe make them worse off. But sort of a priori, your assumption should be probably people are not being made any worse off. And probably on average being made better off, by given additional options.

And so I was kind of just like a priori pretty skeptical of any critique of offering money to people or institutions as a harm to society or as a moral wrong.

Rob: Right. And I think that's a fair initial reaction. And I have two or three ways of trying to counter it or suggest that the terrain here is much more complex.

So the first and perhaps the most obvious one is that although philanthropy in the way you just described it appears to be the strictly voluntary behavior of people to do something with their resources that, just as you described it, presents a new option other people... In the United States, and indeed in most other countries, philanthropy is generously tax advantaged. So there is foregone tax revenue to underwrite or to stimulate or to subsidize the philanthropic actions of all people, which is to say that the entire citizenry in foregoing what would otherwise be some collected tax revenue gives us collectively an interest in what it is that philanthropists do.

So you might say then, as a response, well, let's just wipe away all the tax incentives and make philanthropy genuinely the activity of a free person, not something that is involved in tax revenue in any respect.

But even then, if we got rid of all the tax advantages that attach to philanthropy, I think especially in the case of big philanthropy, philanthropy is an exercise of power. The philanthropist has the permission to attach strings to his or her donation. In fact, philanthropists quite frequently do. And in that respect, the kind of activity that happens with philanthropists directs the behavior of other people if they consent to the gift in the first place.

Universities are a good place to observe this, as places like where I work, Stanford University, are the site of enormous philanthropic activity. And many of the donors to Stanford University condition the use of the gift for various, particular purposes.

So there's an activity of what you might call paternalism at work in philanthropy. And even if we have no tax advantages attached to it, we still have to scrutinize the efforts of the philanthropist to exercise power. And that power often involves a kind of paternalism over the beneficiaries they intend to help. They think that they know what would be better, more useful, for the potential recipient, and that's the reason for attaching the string in the first place.

And for all the reasons that I'm guessing you would agree with, Julia, the activities that free people, when one person has the advantage of the resources to give to another and can, in so doing, by making a gift, diminish the autonomy of the other by attaching strings ... and that's not always and everywhere a bad thing. It just raises a moral dimension of a philanthropic that deserves our attention.

Julia: I don't think I would agree that offering a gift with conditions is diminishing the autonomy of the recipient.

Well, let's back up a little bit. First off, I'm curious how much of your whole critique of philanthropy depends on the tax benefits. If we imagine the world in which philanthropy was not actually tax deductible, what percentage of your critique

would remain, or what percentage of the strength of your critique do you think would remain? And then ... Well, actually, no. Let's just start there.

Rob: Some of the critique involves focusing on the tax advantages. But I think a good part of it indeed remains, because what I aim to do is to scrutinize the power of the philanthropist, even in the absence of any tax advantage.

In certain respects, what I think of as the function of the full-on criticism at the start of any of the presentations that I make or what comes in the book is to say something in the following direction:

That the common attitude in society today is that when, as you started off the podcast by saying the activities of Jeff Bezos or of Open Philanthropy Project or of Laurene Powell Jobs or Bill Gates — or, going back a century, the Rockefeller, Carnegies of the world... When people choose to give their money away for some social or public purpose rather than engage in more private consumption, the appropriate attitude that we should have to it is gratitude, because philanthropy should always be preferable to more private consumption.

And I want to contest that. I want to say that Big Philanthropy in particular is a form of power. Power can be used to support democracy, but power can also be used to undermine it in various ways. And the philanthropist deserves scrutiny rather than gratitude. Or at least scrutiny in addition to gratitude, in order to make sure that the power that they wield is compatible with and indeed supportive of democratic ideals and institutions, rather than an effort to bypass or undermine those ideals and institutions. So-

Julia: What ... Sorry. Go on.

Rob: Go ahead.

Julia: Well, I was just going to ask, could you give an example of philanthropy undermining democracy, like a specific use of money?

Rob: Sure. Well, maybe the best example to give is how I start the book. When John D. Rockefeller wanted to create the Rockefeller Foundation about 100 years ago, he went off to the US Congress to ask for the passage of a bill that would legally incorporate the Rockefeller Foundation with a very general purpose. And he met with extraordinary criticism and resistance. Some people objected to the source of his mountain of wealth, which came from the Standard Oil and various types of monopolistic business practices and union-busting techniques. And so people just thought this was a kind of reputational effort to undo his misdeeds in accumulating the fortune.

Those are interesting criticisms, but don't get to the heart of what I have in mind. The more interesting criticism is that when people undertake Big Philanthropy, like Rockefeller, and direct their private resources for some public influence, in particular to try to change public policies, as places, for example, like the Open Philanthropy Project do, and, in fact, the Gates Foundation. Most big philanthropy is striving to bring about policy change.

Well, that represents a plutocratic element in a democratic society that otherwise prizes political equality. And why it is that we should have a set of laws and public policies that not merely permit but in fact promote the activity of Big Philanthropy to allow wealthy people ... definitionally, since that's what philanthropy is in this particular case ... to have a kind of privileged perch in which to try to influence public policy. It seems on the face of it, at the very least, tension ridden with the ordinary expectation of political equality.

Julia: I'm more sympathetic to that argument. Thinking of the type of philanthropy aimed at influencing public policy, I'm more sympathetic to the idea that that's an exercise of power that could be problematic, than I am to the argument that something like giving money to universities or giving out malarial bed nets or even giving money to school districts for a specific intervention, if they choose to accept that... Are there any examples of philanthropy not aimed at public policy change that you would consider problematic?

Rob: Yeah, sure. I think there are a lot of them. We can start with some, I think, obvious ones, ones that I'd surprised if you had any way to reject as well.

Part of what we expect in the landscape of philanthropy, part of what the laws permit, is the preference of the donor to guide the philanthropic purpose in perpetuity. So for example, we can go back in time and look at various philanthropic projects in which the well intended and altruistically oriented activity of a donor basically fixes in perpetuity the purpose of the charitable or philanthropic gift. And the phrase here that comes to mind is "the dead hand of the donor reaches out of the grave to strangle the preferences of future generations." And this is especially in tension with any type of efficiency because circumstances change and things evolve.

So here's a good example of a problem of the sort you described. In the pre-Civil Rights Era South, American South, various philanthropists, some supported the project of integrated public schools or integrated public parks or integrated public swimming pools.

Others gave various philanthropic gifts to support segregated parks, swimming pools and schools and each of those gifts was permissible at that time. But because these various types of gifts came with donor direction guaranteed in perpetuity, the large number of gifts in the American south pre 1964, pre the Brown versus Board of Education decision that went to support segregated parks, segregated swimming pools — you couldn't just sweep aside the preference of the donor by the passage of the law.

So you had these really interesting outcomes in those cases, where — there was one in particular in Georgia, where someone had set aside money for a public park which was intended to be whites only. 1964 comes around, Brown versus Board comes around, now this is no longer constitutional. And so the solution to that problem was that the existing park owned by the public but conditioned for whites only, was to be sold to private interests, and then the money that was gained from the proceeds to be returned to the heirs of the original donor.

So it wasn't as if law just then overrode the donor preference and said "now it shall be an integrated public park." The park had to be eliminated, sold off to private interests and then the money returned to the heirs of the original donor. That just shows how the dead hand of the donor can not always be as enlightened as we might wish.

Julia: But was the city worse off than it would have been if the gift hadn't been made in the first place?

Rob: From the standpoint of the African Americans in the city who now had various portions of land bottled up for an extensively public service to which they had no access, and the donor got credit for being a philanthropist and got various forms of civic esteem — I think from the standpoint of African American citizens they are worse off.

Julia: Maybe I'm misunderstanding the story. I thought there wouldn't have been a park in the first place if the donor hadn't made the donation and-

Rob: That's right.

Julia: And then because we couldn't — correctly, justly — couldn't have segregated parks, the park was then returned, as if the gift was being returned to the original donor, so ...

Rob: Yeah you have it right. So prior to the Brown versus Board of Education decision, African Americans are made worse off insofar as there is now a public park to which they have no access. So they are situated unequally, relative to white citizens.

And moreover, the donor has increased his social status — the park is named after him, there's various sorts of civic esteem attached to it — so there's an expressive view that's communicated, that this is a form of philanthropy that is civically valuable. Which, seems to me, to denigrate in all the ordinary ways the status of African Americans.

Julia: Yeah, I guess I've been trying to analyze the question of "When or how can philanthropy be bad?" just in kind of a consequentialist ... Well, I guess it's a combination of a consequentialist view and a "Are people's rights or autonomy being violated" view.

And I haven't been thinking about the question of "What are we as a society valorizing or communicating by our attitude toward philanthropy." Which is a separate question, I've just been kind of setting it aside.

Rob: It's a separate question. I agree.

Julia: And it does seem to me, just in the general discourse about philanthropy that those two things do get conflated a lot. I remember a couple years ago when Mark Zuckerberg announced his intention to give away most of his fortune over the course of his life, my reaction to that was "Cool, great, that seems good."

And then there was a lot of outraged or suspicious or critical reaction to the gift. Some of which, I think, was just kind of an expression of frustration that society is so unequal that there are people with billions of dollars to give away. And the view is that the government should have gotten a lot of that money in taxes, and it's a shame and a bad thing that the government didn't get that money.

Which — I don't have much beef with that view, I just was frustrated with the ... It seemed to me that the question should be conditional on the fact that there are billionaires with all of this money; Is it a good thing or a bad thing for them to give away their money, relative to not giving it away?

Anyway I think another thing bundled up with that, was people being frustrated that Mark Zuckerberg was either being given or implicitly expecting to be valorized for this thing. And they didn't think it was just or correct for him to get approval for this act of philanthropy.

Rob: I agree with you. Part of the ambition of my book is indeed to set aside the question of whether or not someone has been appropriately or justly taxed, and just take stock of the fact that whatever your background theory of justice is, whatever your theory of the optimal tax rate happens to be, install that into place. Assume that there's various forms of background, structural conditions that are compliant with your preferred view of social justice. And now there are relative advantages and disadvantages of people in terms of their resources, and some people choose to give their money away who are on the higher end of the spectrum. How should the liberal democratic society evaluate that preference of the individual?

Rob: Let me give two other examples, I want to see if I can convince you that there is indeed a problem with the power of the philanthropist.

Julia: Great.

Rob: So let's start with someone whose writing, I think, both you and I are sympathetic to in general, Dylan Matthews who writes for Vox and has this great new "Future Perfect" section of articles there.

Julia: Right, right yeah.

Rob: So Dylan must have on his computer a kind of template for every time there's announced the kind of multi-hundred million dollar gift to Stanford, Harvard, Yale, Princeton. And he writes an article, the headline of which "For the love of god people, stop giving money to Princeton, Harvard, Yale, Stanford." And the reason for this has something to do with, first, it's not especially an effective use of money, he thinks. If it's going to build the new dining hall at Yale with 100 million dollars on a campus that already has 20 billion dollars in its endowment, or whatever the case is at Stanford.

Maybe there are especially effective uses of philanthropic money within large universities, but the standard for meeting effectiveness is going to be really high when these universities already have all this money in their endowment.

Julia: Right.

Rob: And what he said in one particular case was that the world would actually have been better off if instead of having given a bunch of money to one of these universities, the donor had taken the money and just set it on fire in his backyard.

And then you start to wonder, how is that possible? That the world would be better off? And his answer to that question has to do with the tax advantages, so if the owner had burned it in the backyard then there would have been 20%, 30%, 40% tax revenue on that act of private consumption. And the fractional benefit to a citizen of a tax dollar relative to the benefit of the world of building a dining hall at Yale's already nicely developed campus, in his estimation the tax revenue would have been better for the world than that.

Now, you say, let's move the tax incentives. Good, so now let's talk about a world in which there's no tax benefits to this. So here's another example that I bring up in the book, it's actually one of the things that got me into this project in the first place: Private donations to existing public schools. So this could be small ball things like, "let's help install some lights on the football field," or "let's make a nice fancy field trip for the 8th graders on one particular year."

And the thing that I find problematic about this is A) private donations to existing public schools are a way of amplifying existing inequalities in educational opportunity from public finance and public dollars for education. It's no surprise that the Woodsides of the world can raise a lot more philanthropic dollars for the school system that Oakland or San Francisco, or even Palo Alto can.

But here's where I'm hoping, even from your point of view, you'll see the problem here:

If the local person in Palo Alto who says "I'm just going to support the public school system. This is better than sending my kid to private school because I'm helping the public entity, I'm helping to advantage kids in the school that wouldn't have opportunities otherwise, and surely this is better than my doing more private consumption"

... My response to that is this is a classic example of failing to see the root of the problem. Which is the school finance system in California, and the problem rests in Sacramento, not in Palo Alto. And since every individual has limited resources and limited time, when we valorize the philanthropic activities of the parents in Palo Alto to support their public schools, rather than complain about the school finance system in Sacramento and the changing that would benefit all California children, it just seems to me to make it less likely that the relatively savvy, relatively well to do people in Palo Alto will actually direct their attention to the source of the problem.

And so we put in place a system which makes it more likely that the root source of this problem remains in place. And in the meantime advantages a very small class of individuals — namely the children of Palo Alto, rather than the site that the school system is meant to benefit in the first place, all California kids.

Julia: I mean that's totally possible, that giving people the option to use their private money to fund the schools that they personally have a stake in, makes them less inclined to push for improvements to the public school system in general, benefiting everyone. That makes sense to me. But I'm nervous about a general policy that prohibits people from doing one kind of good in hopes that prohibiting that kind of good will encourage or force a different, better kind of good. That seems like a dangerous policy to have in general.

Rob: Agreed, I didn't say anything about prohibiting. That's where I think public policy can shape and guide the kind of philanthropy that we think would be beneficial. Imagine this in this particular circumstance. Maybe the policy should be: tax deductible donations to support public schools should be conditioned on whether or not the school that you're supporting with your donation has a certain percentage of kids who are on free or induced lunch.

Julia: Oh, yeah. Sorry, when I was answering I was thinking of non tax-deductible philanthropy. But as soon as we focus on the tax-deductible part, I become much more sympathetic to having rules for what kind of philanthropy should be able to qualify for the tax-deduction. And I'm actually kind of surprised to see all the various kinds of giving that is pretty clearly not benefiting the underclass, or disadvantaged people, that is getting this huge tax incentive. That was kind of surprising to me. And I'm pretty sympathetic to the argument that that should be changed for the sake of justice.

Rob: All right, so let me try out on you one last example that I'm going to predict you won't agree with.

Julia: Okay.

Rob: But just to sort of test intuitions here, let's see if this moves you at all.

Julia: Cool.

Rob: Here's a longstanding practice that, strictly speaking, is philanthropic. But can illuminate, perhaps — it illuminates for me, at least — a problem with the power of the donor.

So many wealthy families, the parents establish a trust for their own children. And oftentimes the kind of trust that's created for the benefit of kids is something that kind of unlocks in stages over the course of a child's life. So at the age of 18 maybe you get access to a bunch of money, at the age of 25 maybe a bit more money but it's conditioned on you using it for housing or education. And then perhaps not until you're 30 or 40 years old the full benefit of what parents wish to pass onto their children unlocks completely for the child, now an adult, to make decisions about completely freely.

So the basic point here is that the parents are attaching strings to the use of money that they're passing along to their kids.

Julia: Yeah.

Rob: Now you might think there's no circumstance in which the kid is made worse off by the strings attached to a trust by a parent. Because the counter-factual is no money at all, no strings attached so there's only upside benefits here. And I want to say that there's a kind of insult that the parent gives to the child, a kind of paternalistic supervision of an adult's life, by saying "We don't trust you until you're 40 years old to make use of these resources in a way that we think will be beneficial for you." And this kind of tutelage that happens in the expression of a trust for a child is insulting to the standing of a genuinely free person who's 25 or 30 or 40, and I think that is a relevant moral dimension of how to understand a gift.

What do you think about that?

Julia: Yeah, I'm torn. It does seem, to me, that it would be a good thing for philanthropists to have wide error bars around their guesses of how to benefit people. And something that I think the Open Philanthropy Project does a lot — though I should be clear that at no point in this podcast am I actually speaking for the Open Philanthropy Project, I am not even that knowledgeable about how they make their grant decisions, or anything like that, because I'm just a part time contractor and I don't do any of that work. So you shouldn't take anything I say as representing the view of Open Phil.

But my impression is that a lot of their thinking involves a comparison to giving people money. Give Directly is an organization that gives poor people money and finds that that is actually a pretty good way for them to improve their lives, and if you're going to use donations on something else, you should have that as your baseline of "can you reliably do better than just letting people spend the money however they would spend the money."

Rob: However they wished.

Julia: Yeah, and I wish more philanthropists thought that way.

Rob: Yes.

Julia: So I think that's a good general policy, and I would urge people to think that way when they're deciding where to give their money. But I think I would just stop short of saying that organizations or individuals should be required to give people the option of how to spend the philanthropic gift.

Rob: So maybe not required by law, but it sounds like you're willing to mount a moral criticism of the philanthropists who-

Julia: Well, it wasn't so much a moral criticism, it was more a utilitarian argument. That you are probably undervaluing the utilitarian benefit of just giving people money, relative to what you think the money should be used for.

Rob: You're undervaluing the liberty of the individual you intend to benefit, by paternalistically substituting your view of what would improve their lives over their view. That sounds to me like a moral criticism.

Julia: Well, I don't see it as that. It doesn't feel insulting to me. It doesn't feel ... Well, I could imagine versions of it that could feel insulting. But it feels like the central problem with it is just the prediction —

Rob: It's not effective.

Julia: Yeah. That it's not as effective... Jumping to conclusions about how to help people, and not having this comparison to a baseline of how they would help themselves with the money, is just going to make you a less effective philanthropist. Where the metric is people's welfare.

But maybe you don't care, maybe the thing you care about is people's education, giving people more education.

Julia: Or maybe the thing you care about is helping people, I don't know ... I don't know. Learn about art or something. And so, you are only willing to give money for that specific use of money. You're only willing to help people if that's the thing that they're going to do. And so I don't want to say it is immoral for you to have a preference about how your money was used.

Rob: That's right. I'd agree with you that we shouldn't leap to the conclusion that it's immoral. I just want to-

Julia: And part of the reason I don't want to say that it's immoral is, if we treat it that way, then I think there's money that could be given — maybe imperfectly given, inefficiently given, but still — now, that won't be given, because we're saying you can't put strings on it. And that seems bad.

Rob: Yes, that's right. I mean, I should be clear here too, the arguments I make in the book after this criticism actually champion the idiosyncratic preferences of donors to try to populate civil society... with a diverse and pluralistic array of different philanthropically driven projects. And I think that's a healthy thing for a democratic society.

So I am also in favor, in certain respects, of the eccentric or the idiosyncratic preference of donors. I just don't think we should overlook the moral dimensions that go along with that. And the efforts of philanthropists to enhance the agency of the people they intend to benefit, rather than substitute their paternalistic judgment about what would make their beneficiaries better off. I think we just need to attend to that as well as these efficiency considerations. Because part of the efficiency considerations in the long run will involve boosting the agency and the autonomy of the individuals you intend to benefit.

Julia: Yeah. Let me throw out one last question at you about the power issue.

Rob: Yep.

Julia: So we've been making several different implicit comparisons when we evaluate how good or bad is large scale philanthropy. We've been comparing it to private consumption, just like keeping the money for themselves. We've been comparing it

to burning the money. We've been comparing it to the government taking that money in the form of taxes.

And one comparison we haven't quite made is other ways for people to exert power on society, that don't route through philanthropy. There are lots of such ways. Like, individuals can start companies. They can invent new products or services, and market them, and get a lot of people to use them. And that can totally reshape society. Seems to me that the invention of the car or the internet or Facebook, those have really reshaped society. That was the work of a few individuals that made that happen. And there were all these unintended consequences and downstream effects and things like that.

Individuals can buy land and build real estate. Like, there's this development in the works in New York right now, Hudson Yards. I think it's the largest private real estate development in the history of the country. It's like tens of millions of square feet and it's parks and stores and residency. And that's a significant impact on the face of New York and the experience of people living there for generations. Probably.

Rob: Yes, and when you retire.

Julia: Yeah, and you can buy TV networks and newspapers to shape the conversation, you can donate to political campaigns, etcetera.

So even if philanthropy is one way to impact society as a private individual, it seems like it's just this subset of other ways to exert your will on society. And it seems like not the biggest thing that we should be concerned about in that set. Out of all the ways to exert your power on society, giving your money away to people and offering them the chance to take it seems relatively innocuous by comparison.

What do you think?

Rob: Yeah. I think that's well put. And I wanna agree with it in one modest respect and then push back in two other respects.

So the agreement in a modest respect is: if we look at the total amount of money that flows through the marketplace, in terms of the capitalization of marketplaces, is hundreds of trillions of dollars. As compared to hundreds of billions of dollars in philanthropic assets. Or relative to government revenue, and the operation of the government, which on top of having enormous revenues also has the police power as a form of coercion to get people to do certain things.

So I agree with you that if we're just examining the scope of power, philanthropic power is small in comparison to marketplace power or to governmental power.

However, so here's the resistance: So, my analysis is not that power is a bad thing and when it's wielded it deserves to be pushed aside. That would be nonsensical. The idea is to try to shape the use of power to support rather than subvert democratic ideals. So I wish that were true in the marketplace as well as in government and so too in philanthropy.

And here's the part where I'll resist what you had to say before, a bit more strongly. When an individual creates a company, as you were describing, or say gets elected to government and then has an opportunity to direct public resources, there are forms of accountability that are kind of internal to the marketplace and internal to the operation of government, that hold that power in check in a certain way. So if you start a new company there are rivals who are trying to put you out of business, you have investors to please, you have consumers to please. And your power is in that respect not wholly unconstrained, you have to act within the logic of the marketplace.

And similarly within government, at least in a democratic government, you have to stand for election at a certain point. And so you can't just spend the money in any way you wish, your power is constrained by having to meet the standards of civic responsiveness.

Philanthropic power by contrast is almost wholly unaccountable. So, take Dustin and Cari in the Good Ventures or the Open Philanthropy Project, there's no one to be unelected from the entity that they've created, and they have no meaningful competitors in the marketplace. There's no one who's trying to put out of business Good Ventures or the Open Philanthropy Project.

All they have are supplicants for the most part, people who would like to get some of their money. And so the dynamic there is to uphold the unconstrained power of the philanthropist. And that's a distinctive type of concern it seems to me in the entire political economy, because the power of the capitalist or the power of the government official is going to be checked in certain predictable ways, whereas the power of the philanthropist is likely not to be.

Julia: But doesn't the accountability come in one stage downstream? Where, like, if a school board decides to take a philanthropic gift to make some change to their school system and that doesn't go well, or the constituency isn't happy with it, then the school board is accountable for having taken that philanthropic gift. Or same thing for governments or a university or whatever. So it seems to me like there's still accountability, it's just not people holding the philanthropic organization accountable for offering that gift, it's people holding the recipients of the gift accountable for having chosen to take it.

Rob: Possibly. So I think you're right, there's a kind of downstream form of accountability for the kind of philanthropy that recognizes that in order to have a larger effect, even the resources of the Gates Foundation or of Good Ventures are limited in comparison to the public resources that attach to say education spending in the United States.

Here's another thing that I'm keen to argue in this book: is that the mark of a successful philanthropist is a person who actually eventually does leverage public resources or does leverage the capital flows of the marketplace. Because the government is the ultimate scaling mechanism, or the marketplace is the ultimate scaling mechanism. Why would we want philanthropic projects that are funded in perpetuity for a small class of individuals that's proven to be very effective? If a philanthropist is serious about making improvements in the world, eventually

successful philanthropic innovations need to be presented as if they were auditioning for a stamp of democratic legitimacy from the government, and then taken up and funded by the government.

And so, you're right to say there is a form of accountability there. But if, as I think a lot of philanthropy actually is, is just a kind of expressive act of the idiosyncratic preferences of donors... Just like, sprinkle a little bit of money here on an art project, or do a little bit of environmental stuff over here, or to support the cancer charity of a friend... Well, if this is small ball philanthropy, just ordinary charitable giving, maybe there's something healthy about that.

But if you're involved in big scale philanthropy then you're unconstrained by the whims that can guide the operation of philanthropy or just shape the form of giving. And philanthropy then underperforms relative to what it could do. And, as I say, there's no meaningful check on the preference of the donor. Because there's no competitor and there's no election to be held.

Julia: Okay. Well that's probably a good place to stop. But, before I let you go Rob I wanna ask you to nominate some resource, could be a book or website or a writer, something you have substantial disagreements with but nevertheless respect or think is valuable to read or engage with. What would your pick be?

Rob: Yeah, well maybe this is too predictable but it's sincere nevertheless — the work of these other philosophers like Peter Singer, Toby Ord, Will MacAskill, that have helped to illuminate these important philosophical dimensions of charity and philanthropy under the heading “effective altruism.” I've learned an enormous amount from them, but at the end of the day I think the kind of consequentialist view that drives them makes it more difficult for us to attend to the political dimensions of philanthropy of the sort we've just been discussing.

So what I want to do is to try to bring into dialogue the effective altruists of the world alongside the political philosophers who want to train their attention on public policy, rather than just ask the question, “What is it that any individual should do with his or her resources?” And instead ask, “What should the public policies be? Should we have perpetuity, should we have private foundations? How should non-profits be defined? What's the right stance of tax advantages for philanthropy?”

And so on and so forth. And if we can combine the two, as it were, I think we'll be in a much better position to assess and to promote a healthy philanthropic sector.

Julia: Is there any specific example of a book or a specific argument that Peter Singer or Toby or Will has made that you think would be a good representative of this consequentialist approach that you've learned from but disagree with?

Rob: Yeah, well I mean you can start with Peter Singer's classic article on Famine, Affluence, and Morality but I think the more recent stuff, “Doing Good Better,” are classic expressions of this view which have a certain type of power and sway for Silicon Valley philanthropists. It's a kind of engineering approach to philanthropy, and there's something very appealing about that.

As I say, I've learned an enormous deal from it, and in fact I'm on the board of GiveWell which is devoted to a certain type of approach of this kind, and I think it's incredibly valuable. I just don't think it gets to the heart of the political questions that philanthropy also demands of us...

Julia: Okay great. Well, this was a really satisfying conversation, at least on my end. And we'll link to the effective altruist works that you mentioned as well as, of course, to your recently published book "Just Giving: Why Philanthropy Is Failing Democracy and How it Can Do Better." Rob, thank you so much for being a guest on the show.

Rob: Thank you Julia, it's been a pleasure.

Julia: This concludes another episode of "Rationally Speaking." Join us next time for more explorations on the borderlands between reason and nonsense.