Against Philanthropy

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Abstract

Most people think that philanthropy, the donation of money to charities, is in need of no justification. I argue that this is not the case. I examine the arguments which are, or might be, advanced in favor of philanthropy, and show that they are less decisive than is usually thought. I then sketch a moral argument against certain kinds of philanthropic activity: those which aim to provide essential services to our fellow-citizens. In these cases, I argue, large-scale philanthropic activity carries with it serious risks, of changing the balance of funding from the public to the private sector, thereby exposing those most in need to the vicissitudes of the market. To the extent that private funding of essential services becomes the norm, the vulnerable become the recipients of supererogatory aid, which can be removed without injustice to them. Essential services should be provided to the needy as a right, not as a favor, and these services are most appropriately delivered by government.
Against Philanthropy

Etymologically, ‘philanthropy’ is the opposite of ‘misanthropy’. The first refers to the love of humanity, the second to hatred of it. That ought to be sufficient evidence to convince anyone that philanthropy ought to be supported. How could anyone oppose such a noble activity as the love of humanity, or, more accurately, the giving which is motivated by such love? Even to contemplate such opposition seems to convict one of misanthropy or worse. To advocate it is hardly rational, let alone ethical.

Yet that is precisely the task I wish to undertake here: to advocate opposition to philanthropy. More precisely, I will argue that at least a certain class of philanthropic activities ought not to be engaged in, neither by corporate donors nor by individuals.

1. What’s so good about philanthropy?
I imagine that the very question sounds strange to most people. Philanthropy is so obviously good that it does not require a defense. Nevertheless, in this section I want to enumerate the kind of reasons we might have for thinking that philanthropy is a good thing. These reasons can conveniently be divided into three classes, depending upon who or what we think benefits from philanthropy. We might, that is, think that philanthropy is good because it benefits the recipient, the donor, or the community, or some combination of these. I will give a brief overview of each justification for philanthropy, before I turn to a detailed discussion of the issues they raise.

(a) The Recipient
The most obvious manner in which philanthropy might be thought to be good is by reference to the recipient of the aid it provides. Obviously, there are many people in the world in need, many of them in desperate need. Philanthropic activity often results in these people having some of their needs met. In Australia alone, the figures are staggering. Philanthropy Australia puts the total size of the sector at $5.1 billion. Individuals in Australia donate approximately $3 billion dollars annually and a further $1.8 billion is donated by the corporate sector. It is clear that while much of this money does not reach the most needy people (these figures include sponsorships of sporting teams, for example), a great deal of it is directed at very worthy recipients. The charitable organizations with the largest incomes in Australia in 1993–4 were groups like the Australian Red Cross, the Salvation Army and World Vision, all devoted to fighting poverty and disadvantage and assisting with disaster relief.

In fact, a brief glance at the figures makes it clear that these organizations are essentially involved in income redistribution, from the wealthy to the poor. On Australian Bureau of Statistics, the higher your income, the more likely it is that you donate to charitable organizations and the greater your average donation. Thus whereas 18 per cent of Australian taxpayers with a taxable income below $10,000 donated an average of $17 each in 1994–95, 52 per cent of those earning over $100,000 donated an average of $702 each. Philanthropy thus plays a part, albeit a small part, in addressing inequalities in wealth, by transferring a little of that wealth from the rich to the poor. It can thus be justified on straightforward consequentialist grounds. It increases the welfare (or preference satisfaction) of the poor, at small cost to that of rich thanks to the diminishing marginal utility of the income it redistributes.
Philanthropy does not benefit the recipients of aid alone. It also benefits the donors. Whereas the justification of philanthropy by reference to the welfare of the recipient proceeded on consequentialist grounds, the justification of philanthropy by reference to the donor will be made on virtue ethical grounds. Traditional ethical theories like consequentialism focus on acts, their inherent qualities or their consequences, but virtue ethics focuses upon agents and their qualities. It exhorts us, not to act upon the categorical imperative or so as to maximize utility, but to exemplify the virtues: excellences of character whose cultivation would make all of us morally good. Now, regardless of its consequences, philanthropy is an activity which allows each of us to cultivate the virtues. In fact, all the major figures in the development of virtue ethics found a place for it in their catalogue of the virtues. For Aristotle, generosity is one of the paradigm virtues, a mean between parsimony and extravagance. So important was its exercise, he argued, that by itself it justified the existence of private property. The virtuous person requires private means so that she can engage in generous actions with it.

Moreover, engaging in philanthropy offers us a change to exercise other important virtues. In fact, according to Mike Martin all of the major virtues can be cultivated by inculcating the habit of giving. Benevolence, kindness, compassion, justice, reciprocity—it is relatively easy to see how philanthropy promotes them all. Since the virtues are promoted by habituation, not by intellectual effort, providing opportunities for their exercise is an essential means of forming good characters.

Finally, philanthropy could be justified by reference to the community as a whole. Here I have in mind the communitarian position in political philosophy. Communitarians typically argue that anything which promotes community cohesion and a sense of solidarity is, to that extent, good. A communitarian might hold that philanthropy is a positive force because it gives both donor and recipient a sense that they are engaged in a common project, of building a good society together. The benefits of such a sense of solidarity are many, it is claimed. For example, not only is income transferred directly from rich to poor through philanthropy, the communitarian spirit helps reduce the gap between them in other ways as well. If both groups identify with the common good, then neither will be motivated solely by self-interest. The rich will be more willing to pay their fair share of taxes, and less likely to vote for parties which promote their class interests exclusively. Moreover, the community with which they identify is located physically, as well as spiritually. This gives the wealthy a stake in the natural and social environment which surrounds them. Rather than adopt the highly mobile life of the jet-setting elite, whose homes are as free-floating as their capital, they will invest in their local environment—in the air they share with their less fortunate fellow-citizens, in the forests and waters of their country, but also in their urban environment, in schools, universities, roads and utilities.

The poor, for their part, will be less alienated from the political process, more likely to vote, and more likely to participate at the grass-roots level. Thus community-oriented activities promote community participation, in what Charles Taylor calls a ‘virtuous circle’. The characteristic ills of modernity—alienation, isolation, the loss
of a horizon of meaning—are combated. Thus philanthropy can carry with it indirect benefits which go far beyond the resources it makes available to those most desperately in need. It improves the quality of life for everyone in the community, as well as carrying with it a number of more intangible benefits.

2. Criticizing Philanthropy
Surely, in the face of these powerful claims, I would be insane to oppose philanthropy. Yet this is exactly what I propose to do.

Let me be more precise. I am not opposing all philanthropy. I do not claim that there is no place for donating money in a modern economy. What I am claiming is that a great deal of philanthropic activity, including some of the highest-profile campaigns, do not have the benefits claimed for them. On the contrary, I will argue, on balance we would be better off if they did not exist.

It will be helpful for my purposes, to divide philanthropic organizations into three broad classes:

(I) Organizations which have as their aim the delivery of essential services to fellow-citizens. In Australia, organizations which fall under this heading include the Salvation Army and similar religiously-based charities, and the fund-raising arms of many organizations which are largely government-funded, such as hospitals.

(II) Organizations which work for political change, or which provide services for fellow-citizens which are not seen as essential. Under the first heading I include environmental groups, like the Australian Conservation Foundation, and advocacy groups which are funded (in part) by donation, like the Refugee Council of Australia.

(III) Finally, we have those organizations which have as their primary purpose the provision of aid overseas—World Vision, Care, Amnesty International, and so on.

This list is intended neither to be exhaustive nor exclusive. That is, there may well be organizations which do not fit comfortably under any of the three headings, and some which belong under more than one. Red Cross Australia provides services both locally and internationally, for instance, while Amnesty International provides aid—of a kind—overseas at the same time as it operates locally to attempt to influence government policy. Nevertheless, I think the classification is clear enough to be able to play a role in motivating my argument.

My claim is that philanthropy which falls under the first heading—donations directed at providing essential services to our fellow-citizens—is morally problematic. Whereas it is legitimate, praiseworthy, perhaps even morally obligatory to donate to groups which provide overseas aid, it is far from clear that it is even permissible to donate to local charities which provide the same services.

This might seem a counterintuitive claim. How can it be of questionable value to give to one’s fellow citizens exactly the same aid it is praiseworthy to give to foreigners? It is important to note, first, that I am not claiming that our fellow-citizens ought not to receive aid which is available to those overseas. Instead, what I am objecting to is the channel by which that aid is received. Essential services ought to be provided to our fellow-citizens by government, not by philanthropic organizations.
Stated so baldly, this claim is probably too vague to be assessable. I hope, however, that it will become clearer as I defend it, and give my reasons for believing it to be true.

Why think that essential services, the kind of services which are routinely provided by philanthropic organizations (emergency accommodation, food parcels, hospital services and so on) ought to be provided by government? These services, I believe, ought to be made available to all citizens of developed countries, not on an ad hoc basis, but as a fundamental right. People have a right to the basic goods and services which are necessary for a fully human life, by which I mean not mere subsistence, but a life which makes possible the development of a range of human potentialities. Of course, some philosophers deny that we have any such right. I am not going to defend the claim that we do here, at least not directly. Instead, I will defend government provision of these services against those who share with me the conviction that they ought to be delivered, but hold that this should be done by voluntary organizations to the greatest extent possible. I will treat possible objections to my claim under the three headings I utilized at the beginning of this paper to sketch the apparent justifications for philanthropic organizations.

(a) The Recipient

You will remember that the first justification of philanthropy was consequentialist. Philanthropy transfers wealth from the rich to the poor; due to the diminishing marginal utility of money, this increases welfare overall. Now, I do not wish this redistribution of wealth to cease. Instead, I want it to be conducted by government. Rather than have the wealthy donate to charities, income and other taxes should generate the revenue to fund the services in question.

Now, the obvious first objection to my proposal is that we already have such schemes in place. Few people deny that the government has some role in providing a ‘safety net’, a set of services which ensure that no one need starve to death, that medical facilities are available to all regardless of ability to pay, and so on. It is simply false to think that we must choose between government provision of these services and allowing charitable organizations a role in providing them. In Australia at present we have both, and that is all to the good. Though we may well think that there ought to be more in the way of government provision of these services, there will always be room for private organizations as well. If employment benefits were raised, for example, the Salvation Army would not have as large a role to play as it does at present, but its services would still be needed. If hospital funding increased, the fund-raising activities of, say, the Royal Children’s Hospital would be less urgent, but the money raised would still be useful. A hospital will always be able to do with more funds for equipment, beds, and so on, no matter how much it receives from government. Thus even in the most comprehensive welfare state, philanthropy will have its place.

Now, I do not deny that no matter how well funded a hospital is it could always do with more funds, which would enable it to provide better health services. Rather than having essential services provided to them as a right, they are the beneficiaries of supererogatory largesse, of funds which can be
withdrawn at any time without injustice. Governments have an obligation to provide essential services to their citizens when they are able to; if they do not meet this obligation they act unjustly. The more philanthropic activity there is, the more likely it is that they will so act. The United States can serve as an object lesson here.

We can now begin to see why it is only domestic philanthropy which is subject to these strictures. For it to be the case that philanthropy reduces pressure on governments to maintain adequate funding, there must be a good chance that such pressure can be brought to bear in the first place. The recipients of aid must themselves be voters, or their plight must be capable of arousing people’s sympathies to such an extent that it will influences their vote. Since as a matter of fact neither condition obtains at present for foreign aid recipients, philanthropic activities directed at relieving their suffering remains necessary. Moreover, we cannot reasonably make organizations which have as a primary aim the alteration of government policy wholly financially dependent upon those very governments. There will continue to be a need for private funding of these groups as well.

How, with reference still to the recipient of aid, might the defender of philanthropy respond to my claims? One argument often put forward concerns the comparative efficiency of the private sector. Private organizations are able to deliver services where they are needed quickly; being closer to the ground, they are more aware of the precise details of people’s needs, and are less constrained by accountability procedures. Thus they will be able to deliver their services more effectively, and in a manner better attuned to what is required.7

This strikes me largely as free market dogma. It is simply not the case that government agencies are unable to exercise discretion; they can and frequently do.8 Governments need not define needs any more monolithically than do private organizations; flexibility can and often is built into legislation. As for the claim that there are inefficiencies in large bureaucracies, that a larger proportion of resources will be consumed by administration in such bureaucracies than in smaller private organizations, this too is open to doubt. There are economies of scale, as well as potential inefficiencies to be weighed here.

Finally, the defender of philanthropy might claim that recipients will prefer private aid, aid with a human face, to public handouts. They will appreciate the generosity of the people who dispense it, and welcome the warmth of human contact. Aid so received, it might be claimed, will be better used than aid that is merely dispensed by an impersonal institution.

It is difficult to assess the strength of this claim. However, against it let me enter a plea for anonymity. It is not always the case that the human touch is preferable to an impersonal institution, and receiving essential services may well be one case in which it is not. It can be deeply humiliating to be the recipient of such aid; under such circumstances, one way very well prefer that the process takes place as impersonally as possible. Moreover, having donated funds delivered by volunteers might only serve to deepen the humiliation. It requires one to be grateful, places one in debt, both to the donors and to the volunteer. Much better the government benefit, which I receive as a right from the government employee whose job it is to dispense it. Perhaps under these conditions my confidence—as a jobseeker, for instance—will be less undermined by the experience, and the chance of my finding the work which will ensure that I no longer need the service will be that much the greater.
(b) The Donor

Let us now turn to the question from the point of view of the donor. You will recall the justification under this head we originally sketched made reference to the virtues. Philanthropic activity makes possible the exercise of generosity, as well as a number of other central virtues—benevolence, kindness, compassion, justice, and so on. I think that this argument can be quickly dispensed with. If my proposal were to be implemented, one outlet for the exercise of these virtues would indeed be closed, but many others would remain open. Ample opportunities would exist for the exercise of benevolences, kindness, and so on, both in our personal lives (which is, I think, the true primary locus of the virtues) and in our public lives. Moreover, there would remain many avenues for the exercise of generosity, including through the donation of money and time to philanthropic organizations, both those aimed at alleviating suffering overseas and those aimed at changing government policy. We need not fear that the scope for the exercise of the virtues will in any way be restricted.

Nevertheless, the defender of philanthropy might be able to appeal to the perspective of the donor in another way. Some philosophers—I have the libertarians in mind here—claim that it is an infringement of our rights to force us to pay taxes beyond those needed to maintain the so-called minimal state. Most philosophers agree that this is a wildly implausible claim, but it might nevertheless be thought that a greatly weakened version of it might be defended. Though it false to think that we infringe the rights of the wealthy in making them pay taxes for the upkeep of the poor, nevertheless mightn’t we think it is greatly preferable that they contribute voluntarily? Isn’t coercion a harmful means of bringing about a certain result, which ought to be employed only when no other avenue remains open for achieving it? Yet here I am, advocating an *increase* in coercion, since I am suggesting that services currently paid for by donations should instead be provided through taxation.

I think that this objection is best discussed under our third heading, that of the benefits to the entire community of philanthropy. It is to this topic that I now turn.

(c) The Community

Perhaps the strongest reasons for retaining philanthropy, in the face of my criticisms, are communitarian. Philanthropy strengthens the bonds of solidarity between fellow-citizens, it is claimed. By engaging in the common project of building a good society, we turn our society into a community, a spiritual home for all of us, rich and poor alike. The bonds of reciprocit y are essential to this project, it might be thought. Thus we need philanthropy, and philanthropy directed at our fellow-citizens at that, to build community.

Now, there’s no doubt that there has been a lot of talk recently about partnership between, for instance, business and the community, with charity as the focus. Whether it is true or not that this kind of partnership can build a sense of community I’m not sure. But there is no reason to believe that this is the only, or even the best, way of so doing. In particular, there is no reason to believe that community cannot be built when welfare is provided through government channels. It is true that many people regard taxation as a burden imposed upon them, a burden to be avoided to the extent possible. But this is a contingent fact, open to change. There is no reason why people cannot come to appreciate that taxation is designed for precisely such community building measures, amongst other things; no reason why people ought not
to pay their taxes as willingly as they donate to charity. It is false to think that having the coercive apparatus of the state backing up the tax regime detracts from its moral status, transforming it from a moral duty to a mere legal requirement. Our most important moral obligations are all similarly mandated by law and buttressed by a system of punishment. That I will be punished if I am caught stealing does not in any way detract from the moral force of the injunction against theft. It does not transform it into a burden, to be avoided when I can. Similarly, the fact that the tax regime is backed by the law does not necessarily transform it into a burden whose moral point is lost upon me.

Thus there is no reason why government-provided welfare cannot be as powerful a communitarian force as private philanthropy. In fact, I suspect that it could play this role rather better than does current private charity. The fact that some corporations donate large amounts to private charities does not convince that they see themselves as engaged in the long-term project of building a good society—not when this comes in the context of these same corporations doing everything possible to reduce the amount of tax they pay. It is more plausible to see their charity contributions as a form of advertising than as a true expression of community spirit.

Communitarians often hold that involvement in community organizations at a local level is necessary for building the bonds of solidarity. The state is too large and too distant an entity for us to be able to identify with it directly; but by identifying ourselves with partial groupings a mediated identification with the entire society can be achieved. The state becomes an association of associations, and the benefits of community solidarity are reaped. It is not my purpose here to dispute this claim. Nevertheless, and contrary to what might be thought, it offers more support for my proposal than it does for the supporters of philanthropy. Philanthropic organizations are not good focuses for community involvement because by their very nature they render a large part of the community they serve passive. Beneficiaries of their largesse cannot participate in the operations of these associations on an equal footing with those who contribute to them; thus little is done to promote true solidarity between them.

Far better, from a communitarian point of view, for the focus of participation to be more directly political. Perhaps we cannot identify with the federal government, but we can have a voice in the running of the local branch of a political party, or on the committees of a pressure group, or in our local council. It is in and through these organizations, moreover, that we have a say in how our taxes are spent. This is, in part, what makes the problems they confront urgent, what ensures that they concern us directly. Thus involvement at this level might be necessary to seeing government provision of essential services as part of building a society, of seeing ourselves as participants in that project. When we have a say in how our taxes are used, and we see that the government programs they fund are (largely) well-directed and useful, we might pay those taxes more willingly, with some of the spirit in which many of us currently donate to charities. Political involvement and government service provision can as easily be elements in the communitarian virtuous circle as can philanthropic organizations.

One final objection to my proposal. It might be true that a well-designed taxation regime might be as or more efficient a communitarian policy as encouraging voluntary philanthropy. But the context in which governments must work, today, there is very little such spirit in the first place. Thus if governments increase the tax burden on corporations, those that are able will respond by moving off-shore. Any government which took this step would thus find itself with shrinking revenues, and
thus unable to meet the demands for its services. Hence governments cannot take this approach; instead they must attempt to attract corporations by offering a low tax environment, and then encourage—not force—them to donate as much as possible to private organizations.

This is a serious objection, one to which I am not sure I have a satisfactory answer. But let me point out, first of all, that the objection itself concedes most of my argument. It points to the fact that corporations wish to minimize their outlays, thus implicitly conceding that they will want to minimize their contributions to essential services as well. Corporations simply will not voluntarily contribute the sums which a tax regime could legitimately demand of them. Thus the objection is entirely practical, and devoid of moral force.

Nevertheless, as a practical objection it is powerful. So long as there exist low tax environments to which corporations can move, they will continue to do so. It is, however, false to think that we must give into these pressures. To do so speeds the turning of the vicious circle: cutting taxes places pressure on other countries to do the same. The direction of movement can at least be reversed: improving government services here at least makes it possible for governments elsewhere to contemplate following suit; the vicious circle becomes virtuous.

In any event, whatever the practical difficulties my proposal faces, its moral force remains undiminished. It remains clear to me, at least, that in a good society, and as part of building such a society, essential services ought to be provided by governments, funded by taxation. Private charities ought to have little or no role in the provision of these services, though there is much else they can legitimately do. I do not hope to have changed many minds on this question; if I have shown that philanthropy is in need of a justification at all, I will be satisfied.

Notes


2 Figures drawn from the Australian Bureau of Statistic website. Available at http://www.abs.gov.au. Report on Australian Social Trends 1997. The figures given are a little misleading, since for many of the organizations in the ABS top ten, the major source of funding was in fact the Australian Government.


5 On the claim that the increased mobility of elites leads to a deterioration in services for everyone, see Christopher Lasch, The Revolt of the Elites and the Betrayal of Democracy (New York: W.W. Norton & Co, 1995).


On the extent to which discretion can be built into governmental processes, see Jon Elster’s *Local Justice* (New York: Russell Sage Foundation, 1992).

The best-known argument along these lines is that developed by Robert Nozick, in *Anarchy, State, and Utopia* (New York: Basic Books, 1974).

On the justification of philanthropy by reference to coercion, see Novak, p. 11.