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Production and Hosting by Knowledge E

Book Review

For-Profit Philanthropy: Elite Power and the Threat of Limited Liability Companies, Donor-Advised Funds, and Strategic Corporate Giving By Dana Brakman Reiser and Steven A. Dean. Oxford University Press. $55. January 2023. ISBN: 0190074507.

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The word "philanthropy" comes from the ancient Greek "philanthropia," literally referring to love of humanity, and conjures images of charity and selfless giving. In *For-Profit Philanthropy,* authors Dana Brakman Reiser and Steven A. Dean – experts in taxation and nonprofits law – explore the changing nature of the philanthropy sector in America, from one motivated by those lofty virtues to one in which the lines between giving and profit-making are increasingly obscured.

Central to Reiser and Dean's thesis is the "Grand Bargain" of corporate philanthropy. Philanthropic giving in the United States has long been robust, with Americans being one of the most generous nationalities in the world per capita, and with much of the giving contributing to healthcare and education. Throughout the late 19^{th} and early 20^{th} centuries, large philanthropic donors elicited distrust in the American public due to the perception that they were an anti-democratic and unregulated influence on public policy. In 1969, in response to the fact that the 100 wealthiest Americans legally paid no income tax at all, the Tax Reform Act brought about several new changes in the regulation of philanthropic foundations that brought a heightened level of control and oversight over such organizations and resulted in the "Golden Age" of American philanthropy. In particular, these regulations compelled philanthropists to direct some of their financial resources to serve public, rather than private, ends through targeting, timing, and transparency requirements.

However, Reiser and Dean argue that new and previously unknown types of philanthropic organizations have subverted or bypassed this bargain, through strategic avoidance of the aforementioned “three Ts” (targeting, timing, and transparency) regulated by the tax law of the late 60s. With oversight and regulation in the philanthropic sector being much less than in previous decades, the line between charity and business has been blurred; as such, the authors assert that the philanthropic sector has now become an arena which puts “donors on the winning side at the expense of broader societal interests” (109).

New trends in philanthropy – the forms of philanthropy that emerged as alternatives to, and have now largely supplanted, the Grand Bargain in place since the late 1960s – are analyzed and deconstructed in detail, with compelling examples. For instance, the authors closely scrutinize the rise of strategic corporate philanthropy, by which corporations simultaneously seek to improve their reputations, expand their consumer bases, and increase revenue. This is particularly exemplified in the case of “copay charities” which allow pharmaceutical companies to spend on charities patients use to buy their own products. In addition, the authors call attention to donor-advised funds, a new and highly prevalent form of nonprofit activity. Donor-advised funds are third-party entities that manage charitable donations on behalf of organizations, individuals, or families. These funds function like “credit cards” for charitable giving, allowing a sponsor entity to hold charitable assets in an account until advised to release them for a particular purpose by the donor. Importantly, most of the sponsor entities are large, for-profit commercial interests, including Fidelity, Goldman Sachs, and Vanguard. As an unusual and new type of charity that does not fit neatly into the categories of charity or tax law, these entities have raised concerns that they cannot be adequately regulated, and represent the entry of traditionally profit-seeking and commercial actors and interests into the nonprofit sector.

The authors follow their exposition of the American philanthropy sector – increasingly unregulated and increasingly unresponsive to the needs of the most disadvantaged Americans – with a call to action to turn back the dial on the “unfettered autonomy” of the American philanthropic sector and make it once again accountable to the public. They argue that small, incremental changes can bring important transformation to the regulatory landscape of American philanthropy. The authors also argue that rebuilding trust in the American philanthropy sector is of utmost importance if philanthropy is once again going to become a means for the most privileged Americans to use their fiscal resources to uplift and empower the least privileged.

Given that the education sector is among the largest recipients of aid from corporate philanthropy, the transformation of the sector will almost certainly have implications for education. While Reiser and Dean's work is focused on the particular context of the United States, lessons gleaned from *For-Profit Philanthropy* can also be applied to other regions of the world, including the Gulf and MENA regions, where private philanthropy is a nascent but growing sector in the social policy sphere. The authors show the risks of unfettered elite contribution to domains that are traditionally the purview of the state, including and especially education. As such, their book provides a thought-provoking view into the influence that profit-seeking actors can have not only on education, but also other domains in the social sector, and can serve as an important starting point for new research on the influence of corporate philanthropy on the public good in other contexts, including the Gulf and the Global South. Importantly, as an exploration of the effects of lack of regulation on giving in the American context, it can provide valuable lessons to policymakers in the Gulf, especially as philanthropic and other non-state actors are on the rise as power players in the region.

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