

Funding Liberalism With Blue-Chip Profits:

Fortune 100 Foundations Back Leftist Causes

By David Hogberg and Sarah Haney

Summary: *Although many believe self-interested corporations lavish funds on politically conservative groups, it just isn't true. A painstaking analysis of tax returns for Fortune 100 foundations reveals the nonprofits overwhelmingly favor groups that push for bigger government and tougher regulations.*

Liberal blogger David R. Mark recently wrote, "Those that call themselves 'compassionate conservatives' would never think to touch their fat-cat supporters. It's much easier to spin the 'economic benefits' of helping huge corporations fatten their bottom lines." Liberal academic Thomas Frank, in his book *What's The Matter With Kansas?*, claims that the corporate world "wields the Republican Party as its personal political sidearm." Both Mark and Frank express a common view that corporations are major funders of the political right, and that when corporations make contributions to nonprofit advocacy groups they give to groups on the right because those groups are pro-business.

On its face, this makes sense. After all, conservatives generally support lower taxes, less government regulation, and freer trade, public policies that are supposed to coincide with the interests of corporations. Why wouldn't corporations eagerly fund their political supporters? In a Washington Examiner editorial, Professor Thomas F. Schaller lamented the "'infrastructure gap' that persists between the *well-funded* and highly organized Republican right and the relatively *underfunded* and generally disorganized Democratic left." [Italics added.] Of course,



New Jersey Governor Jon Corzine (at center above) is living proof that corporate leaders do not necessarily lean to the political right. A former head of one of the world largest's investment banks, the then-U.S. senator is shown protesting corporate policies at a June 2005 rally.

the conventional wisdom admits some high-profile exceptions. Certainly New Jersey Governor Jon Corzine, a Democrat, was one of the most liberal members of the U.S. Senate, consistently achieving scores of 90% and higher on the legislative scorecard of the left-wing activist group, Americans for Democratic Action. Yet before he entered politics, Corzine was head of Goldman Sachs, one of the largest investment banks in the world. Nonetheless, the popular assumption is that groups on the political right should have their coffers filled with corporate money. By contrast, the political left, because it is thought to favor policies inimical to business interests, ought to have scant corporate support.

We decided to test this hypothesis by

examining giving by the charitable foundations of the top 100 corporations on this year's Fortune 500 list. For this analysis, we defined the terms "political right" and "political left" broadly but with some specificity.

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Nonprofit public interest and advocacy groups on the political right favor lower taxes, less government regulation, and less government spending on social programs but more on defense programs. We also put on the right groups that defend traditional values, the right to bear arms, stricter immigration laws, and tougher criminal laws.

We put on the political left nonprofit groups that advocate higher taxes, more government regulation, more spending on social programs and less on defense, and groups promoting more liberal values, more gun control, and relaxed immigration and criminal laws. We looked at grants to groups across the political spectrum including advocacy organizations such as Natural Resources Defense Council and the Right to Life Committee, think tanks like the Heritage Foundation and Brookings Institution, and public interest law firms such as the Institute for Justice and the Southern Poverty Law Center.

If the political right and major corporations are as closely aligned as popular perception suggests, then the corporate foundations examined in this report ought to be more generous to groups on the political right than those on the political left. That's not what we found.

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Results

In this analysis, we examined only those Fortune 100 companies that operated nonprofit charitable foundations which made grants to groups we identified as on either the political right or left. That reduced the number to 53 corporate foundations. (For a list of those foundations and their giving patterns, see page 4.) We examined the most recent tax return filings for these foundations (IRS Form



Although James Dimon (pictured above), CEO of JPMorgan Chase, has contributed to an array of Democrats, he has given to few Republicans.

990) and compiled the dollar values for grants and matching gifts to left-wing groups and right-wing groups.

The results are the *exact opposite* of the common perception. The Fortune 100 foundations gave more money to the political left. In fact, the grantmaking was lopsided: The political left received nearly \$59 million, while the political right received only about \$4 million, a ratio of 14.5 to 1. Even if we subtract a single \$35 million mega-grant from the Goldman Sachs Foundation to the liberal Wildlife Conservation Society, donations to the left still outstrip those to the right by a ratio of 5.8 to 1.

Of the 53 Fortune 100 corporate foundations, 29 foundations donated to both the political left and right, while 24 donated only to the left. Of the 29 donating to both sides, 25 donated more to the left than the right, while only four—those associated with Ar-

cher Daniels Midland, Exxon, WellPoint, and Wells Fargo—donated more to the political right.

The Wildlife Conservation Society, which took in the huge \$35 million grant from the Goldman Sachs Foundation, was the top beneficiary on the political left of Fortune 100 foundation giving. It was followed by the Conservation International Foundation (\$4.5 million), the National Council of La Raza (\$2.9 million), and the Nature Conservancy (\$1.9 million).

The American Enterprise Institute received \$575,000, which was the largest single Fortune 100 grant to a group on the right, followed by the Competitive Enterprise Institute at \$325,000, and the Employment Policies Institute at \$275,000. (For a complete list of the foundations and their grantees, see the August 4, 2006 CRC Highlight at <http://www.capitalresearch.org>.)

Funding Left versus Right: Competitive Advantage

Why do they do it? To understand why corporations give more money to the political left than to the political right, it is critical to understand that businesses are not inherently “pro-market.” Indeed, some business leaders may support tax increases and more government regulation because they believe it gives them an advantage over competitors. Many are not averse to more government spending if it boosts their profits.

Consider the rental car business. Most rental car companies today invite renters to purchase a “collision-damage waiver” (CDW) to cover the cost of any car damage. But in 1989, activist consumer groups promoted a bill by then-Congresswoman Lynn Martin, an Illinois Republican, to ban CDWs. The measure would have made the car rental companies liable for most of the damage done to rental cars. Although this would increase the costs to all rental car companies, Avis and Hertz, the two largest such companies, supported the bill! This seems counterintuitive, but it appears that Avis and Hertz understood that the requirement imposed the biggest financial burden on smaller car rental companies. If the smaller companies were forced out of business, Avis and Hertz would benefit.

Using government to gain advantage over the competition may explain some of the grants made by the corporate foundations. For example, the IRS Form 990 for the corporate foundation of General Motors shows that it gave grants of \$50,000 to Resources for the Future and \$10,000 to the World Resources Institute, both supportive of energy policies favoring ethanol production and use. Would GM have made the grants had it not made a major investment in a fleet of E85 vehicles that are designed to run on fuel that is 85% ethanol?

Similarly, the foundations of the timber giants International Paper and Weyerhaeuser fund many groups that support the Endangered Species Act, which has imposed drastic restrictions on the use of forests claimed to be the habitat of alleged endangered species. International Paper Foundation's latest tax return shows it made grants of \$10,000 to American Forest Foundation, \$30,000 to the Conservation Fund, and \$3,000 to the Nature Conservancy. The Weyerhaeuser Foundation gave money to the American Forest Foundation (\$201,180), the Conservation Fund (\$30,000), and the Nature Conservancy (\$74,500).

It is likely that International Paper and Weyerhaeuser are annoyed by laws restricting their use of forests. But they have the financial resources and legal talent to fight those policies in court or broker special deals with government regulators. Restrictive forest-use policies hurt small timber companies far more because they cannot pay what it takes to fight a government regulatory onslaught abetted by environmental advocacy groups. Is it so far-fetched to suggest that International Paper and Weyerhaeuser understand that they gain more than they lose by supporting political groups that back the Endangered Species Act? (For more on this topic, see the February 2006 issue of Capital Research Center's newsletter, *Organization Trends*.)

Liberal CEOs

But competitive advantage is only one possible explanation for why Fortune 100 giving leans leftward. Another reason is personal political preference. Besides Jon Corzine, many other corporate leaders support left-of-center causes and candidates. For instance,

James Dimon, CEO of JPMorgan Chase, has made political contributions to high-profile Democratic lawmakers and candidates, including New York Senator Hillary Clinton, Illinois Senator Barack Obama, former House Minority Leader Richard Gephardt, Indiana Senator Evan Bayh, unsuccessful North Carolina Senate candidate Erskine Bowles, Colorado Senator Ken Salazar, former Senate Majority Leader Tom Daschle, Representative Harold Ford of Tennessee, and the Democratic Senatorial Campaign Committee. Dimon has also given to Republican senators Mike DeWine of Ohio and Richard Shelby of Alabama.

Robert Benmosche, who until last year was CEO of MetLife, is another left-leaning corporate chief. His list of contributions includes Democrats Hillary Clinton, Connecticut Senator Chris Dodd, New York Senator Charles Schumer, New York Representative Charles Rangel, and the New York State Democratic Committee.

Not surprisingly, JP Morgan Chase Foun-

the foundation's board of directors:

Since 2001, former board chair Marjorie Wagner has contributed \$10,000 to the Democratic Senatorial Campaign Committee and to the campaigns of many liberal Democratic senators, including Tom Daschle (\$1,000) Tim Johnson (\$500), Charles Schumer (\$1,000), Erskine Bowles (\$1,000), and Hillary Clinton (\$2,000). Board member Michael Carpenter, who does support some Republicans, also supported Senators Daschle (\$1,000), Schumer (\$2,000), Harry Reid (\$1,000) and Chris Dodd (\$2,000). Board member Richard Druskin's giving is also heavily Democratic: Daschle (\$1,000), Dodd (\$2,000), Schumer (\$2,000) and Daschle's PAC (\$5,000). Citigroup divisional vice chairman Stanley Fisher and senior vice president Michael Schlein, who worked in the Clinton administration before joining Citibank, also skew Democratic.

Corporations and their foundations appear to use "strategic giving" in an attempt to influence events. The goal may be establishing customer or employee goodwill. Often the objective is buying off the opposition.

dation donated just under \$1.2 million to groups on the left, but no money to groups on the right. It gave over \$31,000 to the NAACP, over \$59,000 to Planned Parenthood, and \$1,000,000 to the far-left Association of Community Organizations for Reform Now (ACORN). The MetLife Foundation followed a similar pattern. While it did donate \$40,000 to groups on the political right in 2004, it gave over \$1.2 million to groups on the political left, including the Children's Defense Fund (\$5,000), the Economic Policy Institute (\$275,000), and the National Council of La Raza (\$180,000).

In the December 2005 issue of *CRC's Foundation Watch*, author Lea Oksman noted similar tendencies in the Citigroup Foundation. The leftward political drift of its grants matched the political contributions made by

As Oksman noted, the Citigroup Foundation's giving tilts way to the left, with large grants going to the Rainbow Push Coalition, the Nature Conservancy, and the League of Women Voters.

Charity As Investment

"Strategic giving" is another explanation for the Fortune 100 foundations' giving patterns. In a 1997 article, *New York Times* reporter Claudia H. Deutsch explained that strategic giving is "the fancy phrase that corporate-giving gurus use to describe how every dollar or product they give must mesh with the company's markets or employees." In short, giving to charity is a form of investment strategy, in which donations advance the company by increasing market share, keeping employees happy, or creating good public relations.

Giving Patterns of the Fortune 100 Company Foundations
to the Political Left and Political Right

Company	Total Giving	Giving to the Political Left	Percent of Total Giving	Giving to the Political Right	Percent of Total Giving
Abbott Laboratories (2004)	\$23,039,015	\$18,376	0.08%	\$0	0.00%
Aetna (2004)	\$8,828,905	\$121,050	1.37%	\$0	0.00%
Albertson's (2004)	\$2,038,070	\$250,000	12.27%	\$0	0.00%
Alcoa (2004)	\$16,999,076	\$390,000	2.29%	\$62,000	0.36%
Allstate (2004)	\$13,988,998	\$500,500	3.58%	\$0	0.00%
Amerada Hess (2004)	\$9,673,267	\$88,100	0.91%	\$0	0.00%
American Express (2004)	\$23,247,401	\$63,736	0.66%	\$16,120	0.17%
Archer Daniels Midland (2004)	\$1,552,836	\$1,100	0.07%	\$4,089	0.26%
AT&T (2004)	\$13,899,924	\$540,600	3.89%	\$84,200	0.61%
Bank of America Corp. (2004)	\$35,727,694	\$211,293	0.59%	\$12,045	0.03%
Caterpillar (2004)	\$15,407,405	\$160,360	1.04%	\$0	0.00%
Cisco Systems (2004)	\$4,397,619	\$425,000	9.66%	\$17,500	0.40%
Citigroup (2003)	\$55,524,404	\$1,109,000	2.00%	\$55,000	0.10%
Dow Chemical	\$10,643,145	\$193,300	1.82%	\$0	0.00%
Exxon Mobil (2004)	\$51,068,151	\$1,180,500	2.31%	\$2,705,000	5.30%
Federated Dept. Stores (2004)	\$12,161,819	\$1,000	0.01%	\$0	0.00%
Ford Motor (2004)	\$89,941,276	\$6,160,762	6.85%	\$1,000	0.00%
General Electric (2004)	\$59,761,733	\$697,743	1.17%	\$276,415	0.46%
General Motors (2003)	\$31,802,075	\$1,408,800	4.43%	\$227,500	0.72%
Goldman Sachs Group (2004)	\$36,850,250	\$35,525,000	96.40%	\$0	0.00%
HCA (2004)	\$8,017,089	\$25,375	0.32%	\$0	0.00%
Home Depot (2004)	\$6,799,782	\$155,000	2.28%	\$0	0.00%
International Paper (2004)	\$5,371,322	\$77,460	1.44%	\$0	0.00%
J.P. Morgan Chase & Co. (2004)	\$45,914,081	\$1,192,833	2.60%	\$0	0.00%
Johnson & Johnson (2004)	\$42,871,365	\$1,472,946	3.44%	\$10,000	0.02%
Johnson Controls (2004)	\$6,125,188	\$69,050	1.13%	\$41,980	0.69%
Kroger (2004)	\$2,658,095	\$5,500	0.21%	\$0	0.00%
Lockheed Martin (2004)	\$7,183,885	\$125,500	1.75%	\$0	0.00%
Marathon Oil (2004)	\$3,415,314	\$101,000	2.96%	\$24,000	0.70%
Merck (2004)	\$41,636,724	\$15,295	0.04%	\$0	0.00%
Merrill Lynch (2004)	\$27,036,037	\$25,772	0.10%	\$0	0.00%
MetLife (2004)	\$27,445,352	\$1,263,000	4.60%	\$40,000	0.15%
Morgan Stanley (2004)	\$4,661,953	\$20,000	0.43%	\$0	0.00%
Motorola (2004)	\$5,088,709	\$30,000	0.20%	\$0	0.00%
Nationwide (2004)	\$13,078,870	\$15,220	0.12%	\$5,000	0.04%
New York Life Insurance (2004)	\$7,293,005	\$283,000	3.88%	\$0	0.00%
PepsiCo (2004)	\$15,179,442	\$1,065,000	7.02%	\$10,000	0.07%
Pfizer (2004)	\$28,782,824	\$501,358	1.74%	\$48,454	0.17%
Procter & Gamble (2004)	\$23,158,523	\$341,900	1.48%	\$50,000	0.22%
Prudential Financial (2004)	\$26,188,398	\$827,276	3.16%	\$10,504	0.04%
Sprint Nextel (2004)	\$5,444,815	\$15,335	0.28%	\$5,000	0.09%
St. Paul Travelers Cos. (2004)	\$10,964,449	\$191,035	1.74%	\$180	0.00%
Time Warner (2003)	\$5,046,802	\$76,390	1.51%	\$0	0.00%
United Parcel Service (2004)	\$36,552,445	\$269,875	0.74%	\$143,000	0.39%
UnitedHealth Group (2004)	\$10,707,600	\$2,000	0.02%	\$0	0.00%
Valero Energy (2004)	\$10,421,785	\$64,000	0.61%	\$0	0.00%
Verizon Communications (2004)	\$56,968,636	\$48,703	0.09%	\$42,888	0.08%
Wachovia Corp. (2004)	\$40,983,073	\$730,000	1.78%	\$0	0.00%
Wal-Mart Stores (2004)	\$154,537,406	\$732,350	0.47%	\$2,530	0.00%
Washington Mutual (2003)	\$8,696,151	\$60,000	0.69%	\$0	0.00%
WellPoint (2004)	\$4,976,208	\$80,000	1.61%	\$155,000	3.11%
Wells Fargo (2004)	\$64,747,007	\$81,600	0.13%	\$124,000	0.19%
Weyerhaeuser (2004)	\$9,775,569	\$673,300	6.89%	\$53,500	0.55%
TOTALS:		\$58,928,393		\$4,049,405	

The need for good PR may help explain corporate gifts to environmental groups like the Keystone Center (\$459,610), Nature Conservancy (\$1,903,388), Trust for Public Land (\$670,034), the Wilderness Society (\$104,790), and the World Wildlife Fund (\$680,637). Some corporations, like Johnson & Johnson, which produces medical supplies, and Pfizer, which makes pharmaceuticals, would seem to have

little reason to placate environmentalists. Unlike logging or oil drilling companies, their products have only a modest environmental impact. But perhaps they understand that few terms confer more saintly status in contemporary society than the moniker “environmentalist.” Corporate image-makers figure that it is surely good PR for their company to tout itself as “environmentally sensitive.”

Both Johnson & Johnson and Pfizer devote sections of their websites to the environment. Johnson & Johnson’s observes that its “Healthy People...Healthy Planet” program:

reflects our understanding of the critical interdependence between human health and the health of our planet. As one of

the world's most broadly based and diversified health care companies, we feel a special responsibility to protect the environment.

Similarly, the Pfizer website asserts:

Environment, Health and Safety (EHS) is a key pillar of good corporate citizenship. We are committed to seeking continuous improvement in our EHS performance, maintaining safe and environmentally sound manufacturing operations, integrating EHS considerations into our research and product development, contributing to the common effort to protect the natural and workplace environment, and fostering openness and dialogue with colleagues and the public.

What better way to credibly claim the environmental mantle than to give to environmental groups? In 2004, Johnson & Johnson gave over \$100,000 each to the Nature Conservancy, Trust for Public Land, and the Wilderness Society, and \$450,000 to the World Wildlife Fund. Pfizer gave over \$250,000 to the Keystone Center and over \$130,000 to the Nature Conservancy.

The charity-as-investment strategy may also account for grants to left-of-center minority organizations. Corporate foundations may reason, for example, that grants to groups identifying with Hispanics, the fastest growing segment of the U.S. population, will help them tap the Hispanic consumer market. Bank of America is a case in point. It has engaged in extensive efforts to tap into the Hispanic market, including launching Spanish-language ads in 2003 in the Hispanic-heavy states of Texas and California. In 2004 Bank of America Foundation donated \$40,000 to the Cesar E. Chavez Foundation and \$31,000 to the Mexican-American League Defense and Education Fund (MALDEF). Nicole Nastacie, a Bank of America spokeswoman, summed up the bank's philanthropic philosophy. "A healthy community is a healthy place to do business," she said in an interview.

Ford Motor Company also has commercial

A partial list of organizations included in our study that received grants from Fortune 100 foundations:

Conservative, or right-wing groups

**American Legislative Exchange Council
Cato Institute
Center for the Defense of Free Enterprise
Citizens for a Sound Economy
Competitive Enterprise Institute
Federalist Society
Focus on the Family
Heritage Foundation
Pacific Legal Foundation**

Liberal, or left-wing groups

**American Association of Retired Persons Foundation
American Civil Liberties Union
Association of Community Organizations for Reform Now
Brookings Institution
Children's Defense Fund
National Council of La Raza
Nature Conservancy
Planned Parenthood
Sierra Club**

reasons for reaching Hispanics. In 2001 it began to expand the number of Hispanic-owned Ford auto dealerships. Said Ford executive George Frame: "The fact is independent Hispanic dealers, adequately capitalized and effectively managed, are essential to the successful marketing and sales of Ford products." It's likely that Ford believed donating to leftist groups that represent themselves as spokesmen for the Hispanic community was one way to do more business. In 2001 the Ford Motor Company Foundation donated over \$200,000 to the National Council of La Raza, \$50,000 to the Congressional Hispanic Caucus Institute, \$15,000 to MALDEF, and \$4,500 to the Michigan chapter of the League of United Latin American Citizens.

Extortion and Indifference

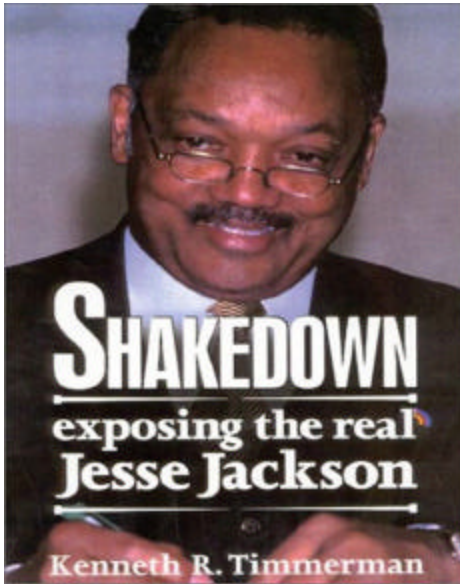
The final two explanations for why big corporations give to the left are perhaps the most exasperating: Corporations hope to make

trouble go away, and they don't know the nature of the groups they fund.

Left-wing groups are far more likely than groups on the right to organize boycotts and protests to embarrass corporations into caving into activists' demands. Some groups, such as the radical Rainforest Action Network, use so-called "civil disobedience" to disrupt corporate meetings and operations. Instead of stiffening corporate resistance, their tactics frequently help open company checkbooks.

Jesse Jackson is the master of the corporate shakedown. His tactics are tried and true. Jackson first fires off a letter to a corporation criticizing it for not hiring enough minorities. He demands a meeting. If the corporation defends itself and rejects the demands, Jackson publicly accuses it of racial insensitivity, announces a protest and calls for a boycott. Since corporations recoil at charges of rac-

ism, they usually attempt to appease Jackson and agree to a meeting. The upshot is that Jackson can claim a historic breakthrough that also produces a corporate contribution to Jackson's Rainbow Push Coalition. (For



Jesse Jackson's legendary corporate pressure tactics were documented in a 2002 book.

more on Jackson's tactics, see CRC's *Organization Trends*—April 2003—and a special section at the National Legal and Policy Center website at <http://www.nlpc.org/jjackson.asp>).

Sometimes Jackson piggybacks on the efforts of others. In 2003 the Teamsters and the United Food and Commercial Workers unions organized a strike of workers at three West Coast grocery chains, Albertsons, Ralphs, and Vons. Jackson showed his support by speaking at rallies for the workers. Jackson's message to the grocery chains got through: Fortune 100 member Albertsons, through its foundation, donated \$250,000 to Rainbow Push in 2004. Ralphs also contributed \$15,000 to the Jackson group.

It is worthwhile to note that many corporate foundations have programs that match donations made by company employees. Corporations sometimes observe that they can hardly be expected to monitor small employee gifts that they match. For instance, on the Bank of America Foundation tax return we found a matching \$300 gift to the Sea Shepherd Conservation Society and a \$50 gift to

the Progress Unity Fund. The Sea Shepherd Conservation Society maintains a fleet of ships that sinks fishing vessels. (For more on this group, see the February 2004 issue of *Organization Trends*.) The Progress Unity Fund is the parent organization for International Act Now to Stop War and End Racism (A.N.S.W.E.R.). International A.N.S.W.E.R. is perhaps best known for organizing protests against the war on terror. In fact, the group's leaders support the communist dictatorships of Cuba and North Korea. (For more on A.N.S.W.E.R., see CRC's book *The Politics of Peace* by John Tierney.) Nicole Nastacie explained that Bank of America does not pass judgment on employees' personal philanthropy. "We respect our associates' individual charitable giving choices by matching associate gifts to all eligible 501(c)(3) organizations," she said.

There would be massive public outrage if a corporate matching grant went to the Ku Klux Klan or a neo-Nazi group and rightfully so. But corporate gifts to the Sea Shepherd Conservation Society and International A.N.S.W.E.R. go unnoticed.

Conclusion

If the Fortune 100 represents corporate

America, then the belief that corporate America is more generous to public interest and advocacy groups on the right is clearly wrong. Unfortunately, that misperception is embedded in American consciousness. How often are groups on the left derided as "corporate lackeys"?

Will the pattern change? Corporate foundations could make a start by better monitoring their matching grants. But real change requires that they commit themselves to free-market principles that are the basis for the liberty that lets enterprise grow and prosper. If corporations use their foundations to stifle competition and buy off opponents, there is little hope that they will be bulwarks of freedom—no matter what liberal commentators believe.

FW

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For frequent updates on environmental groups, nonprofits, foundations, and labor unions, check out the CRC-Greenwatch Blog at

www.capitalresearch.org/blog



Buffett's Compassionate Calling

By Terrence Scanlon

In June multi-billionaire Warren Buffett did what most of us could only dream of doing. He gave away 85% of his \$44 billion fortune in Berkshire-Hathaway stock. To some, Buffett's generosity was puzzling because he gave roughly \$31 billion to the foundation of the world's richest couple, Microsoft founder Bill Gates and his wife Melinda.

Beyond the head scratching, if you look deeply, you can see the genius in Buffett's move. Buffett is ensuring his intentions as a donor in the best way possible: He's giving away his money while he is alive, in good health and in complete control of his faculties.

Even better, he's making his charitable contributions by relying on a close friend he trusts and who shares his philanthropic outlook. Bill Gates has decided to end his reign as CEO of Microsoft in two years. He will then devote his full attention to the Gates Foundation, a charity with nearly \$30 billion that promotes world health and American education. With Buffett's contribution, Gates will eventually have twice as much money to work with.

By giving to the Gates Foundation, Buffett acknowledges and accepts its priorities, which are curing and preventing diseases that afflict the world's poor and improving American education. Recent articles about the Gates Foundation say its approach to these problems is encouraging. The foundation is a streamlined organization that, like any good businessperson, holds accountable those who receive its grants and demands measurable outcomes, not vague promises.

In global health, the foundation focuses on fighting diseases like AIDS and malaria. It's said that Mr. Gates gets intellectually excited about using his wealth to find vaccines and cures for diseases. But the foundation also is involved in less exciting but important work such as providing mosquito nets soaked with insecticide in order to help prevent the spread of malaria.

In education, the Gates Foundation initially believed high school size affects learning. So Gates used his wealth to break up larger schools and school districts so teenagers would get the attention they need. That was good in theory, but *Business Week* recently wrote about the lack of success in this endeavor. Now the Gates Foundation, according to a Hoover Institution report, is focusing more on charter schools, private and parochial schools in order to spur education reform.

The best news in all of this? It appears that Buffett's fortune will not be used for the purpose many conservatives feared—to promote abortion and reproductive rights. Buffett biographer Roger Lowenstein once noted the Omaha billionaire had "a Malthusian dread that overpopulation would aggravate



From right to left: Warren Buffett, Melinda Gates, Bill Gates

problems in all other areas – such as food, housing, even human survival" and that the late Mrs. Buffett was most concerned about women's issues. The Buffetts set up the Susan Thompson Buffett Foundation which currently has \$270 million in assets, according to the *Wall Street Journal*, and may have billions more once Mrs. Buffett's own estate is settled. Its main focus is family planning and reproductive rights. In Buffett's current spending spree, he left it \$3 billion dollars.

That's peanuts compared to Buffett's gift to the Gates Foundation, which will literally and figuratively double in size. Until recently, the largest private U.S. foundation was the Ford Foundation, which is eager to encourage the formation of nongovernmental political advocacy organizations in the U.S. and around the world. Gates, seems to be more interested in getting things done, solving real problems that are fundamentally non-political. Some speculate that Melinda Gates, a Catholic, should be credited with reorient-

ing her husband's—and Warren Buffett's—thinking about how to help the world's poor—by curing disease rather than fighting overpopulation.

I have one final caveat. Gates and Buffett need to make sure that the Gates Foundation remains streamlined and well-run. After all, the United Nation's entire annual spending accounts for a mere \$13 billion. Add Buffett's \$31 billion ante to Gates \$30 billion in assets, and it's entirely conceivable the Gates Foundation could start running with the operating efficiency of FEMA.

Terrence Scanlon is president of Capital Research Center.

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PhilanthropyNotes

Leftist meddler extraordinaire **George Soros** has changed his mind and decided that his social-engineering foundations should live on after he has shuffled off this mortal coil, the Wall Street Journal reported June 23. Previously, the billionaire speculator had wanted his worldwide network of foundations to close their doors upon his death, but he has since reconsidered. Soros explains in the prologue to his new book, *The Age of Fallibility: The Consequences of the War on Terror*, that although he did not originally want his foundations to survive him, he later came to feel that allowing the foundation to lapse with his death would be “selfish” because “many people are devoting their lives to the foundation. Why should their work be terminated with my death?” Soros also reportedly intends to create an oversight board to look after his cherished **Open Society Institute** and the other tentacles of his philanthropy empire. His son, Jonathan, will be a member of the board.

In other Soros news, the left’s preeminent funder discloses his future philanthropic plans in *The Age of Fallibility*. Because America has failed “to exercise the right kind of leadership,” the time may be right “for launching a European open society foundation,” he states in the book’s prologue, a dreary recitation of the philanthropist’s increasingly tedious and predictable critique of the United States. “The main obstacle to a stable and just world order is the United States,” he writes. Soros also writes he is establishing “an Arab Cultural Fund,” and is considering new political adventures in countries near Russia. Soros writes he is “ready to do what I can to help the countries of the ‘near abroad’ that have been able to hold free elections to maintain their independence from Russia.”

With the ouster of their favored university president, at least four donors who pledged \$390 million to **Harvard University** apparently believe that nothing safeguards donor intent better than revoking a donation. In late June **Oracle Corp.** CEO **Larry Ellison** put the kibosh on a \$115 million gift to the wealthy Ivy League bastion of wrongheaded thinking as then-president **Larry Summers** was being shown the door. An Ellison spokesman said his boss reneged because Summers, who was axed in part because of past politically incorrect comments he made to the easily outraged faculty, would not be around to manage the global health foundation that Ellison had wanted to create. Three other donors upset at Harvard —**Mortimer Zuckerman**, **Richard A. Smith**, and **David Rockefeller**— have since followed suit and canceled plans to donate to Harvard, which already has a whopping \$26 billion endowment, the Wall Street Journal reported July 13. “It is quite normal in situations of leadership transition in any not-for-profit organization for donors who are considering very major gifts to wait for a new leader to be in place before finalizing and announcing a major commitment,” said **Donella Rapier**, the university’s development director. Zuckerman had planned to give \$100 million for a neuroscience institute, while Smith wanted to fund a \$100 million science complex. Rockefeller chopped \$65 million from a planned \$75 million gift to fund study-abroad trips for needy students. His smaller \$10 million gift will now fund the existing Rockefeller Latin American Studies Institute instead. The four philanthropists’ moves ensure in a dramatic way that the future powers-that-be at Harvard will have no opportunity to use their money in a way they disapprove.

New York Attorney General **Eliot Spitzer**, a Democrat who polices the Empire State’s 60,000 charities and nonprofits, is helping his family administer a charity that his office oversees, the New York Daily News reported July 9. According to the newspaper, the **Bernard and Anne Spitzer Charitable Trust** invests almost all of its nearly \$26 million in assets in hedge funds and equity funds whose executives have made generous donations in the hundreds of thousands of dollars to Spitzer’s gubernatorial campaign. Spitzer, a trustee for the nonprofit organization, denied any wrongdoing, but ethics expert **Marcy Murningham**, a consultant to foundations and a former ethics professor at Harvard Divinity School, said the actions raised red flags. “It raises ethical questions -- and suggests a level of self-dealing -- when financial investments are placed with investors who happen to be his biggest contributors.”