

Concern Over Scrutiny of Do-it-All Philanthropists

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7/5/2006
The Financial Times

Who polices America's philanthropists?

This is the question many observers across the political spectrum have been asking as the initial shock over Warren Buffett's \$31bn gift to the Gates Foundation subsides.

Philanthropy's largely self-regulated status in the US has, even before the creation of the Buffett/Gates "mega-fund", raised concerns about governance and regulation and fuelled a sense that increased public accountability might be necessary.

"What kind of accountability is there for them?" asked Elizabeth Boris, who studies the non-profit sector at the Urban Institute, a Washington think-tank, at a discussion last week of the arrangement between Mr Buffett and Bill Gates, the billionaire Microsoft founder.

After Mr Buffett's gift, the Gates Foundation is to be run by a three-person board, made up of Mr Gates, his wife Melinda, and Mr Buffett. But Ms Boris said the size of the foundation, which is expected to give away \$3bn a year by 2009, could raise questions about whether philanthropic boards should face new standards for their size and diversity, and whether greater government oversight was required.

At the session, arranged by the Hudson Institute, experts expressed concern about a potential "chilling effect".

Just as Microsoft's Windows operating system has dominated the software industry, so could the Gates Foundation dominate the world of philanthropy, with other foundations and those they fund unwilling to speak out against Gates positions and programmes they disagree with.

"If the Gates Foundation is funding all the experts in the field, they may self-censor themselves in commenting on what the foundation does," said Adam Meyerson, president of the Philanthropy Roundtable, a conservative consortium.

"The voice with which Gates speaks is going to be pretty resounding throughout the works of philanthropy and civil society," said William Schambra, a senior fellow at the Hudson Institute who organised the event.

When he made his announcement, Mr Buffett explained his confidence in the Gates Foundation's international public health efforts in simple terms. "I think Bill and Melinda Gates will do a better job managing the money than the federal government," he said.

But some liberal activists said they were worried about what signal that may send.

Pablo Eisenberg, a senior fellow at Georgetown University's public policy institute and former executive director of the Center for Community Change, a liberal advocacy group, said the gift should be seen in the context of President George W. Bush's administration, and its effort to reduce the role of the federal government.

"Because of the intense media coverage on this event, it may give the public a feeling that philanthropy is the answer to future problems, that the government is less important, and that philanthropy can fill the holes in the social safety net being made by this administration," he said. "I think that would be unfortunate."

Rick Cohen, executive director of the National Center for Responsive Philanthropy, a liberal advocacy group, echoed that concern. "I hope they aren't unintentionally signalling a philanthropy-can-do-it-all approach," he said.

Mr Cohen said he was also worried that the public reputations of Mr Buffett and Mr Gates - "two normal people you can trust" - would lead to an assumption that their businesslike demeanours would guarantee accountability in their philanthropic ventures.

Advocates of greater regulation of foundations, charities and other non-profits argue that the privileged tax status those groups receive brings with it a requirement of public accountability.

Prompted by scandals at the American Red Cross, the United Way and the Nature Conservancy, Charles Grassley, chairman of the Senate finance committee, has been reviewing the tax treatment and governance of the non-profit sector. But big changes, in areas such as board make-up and compensation, are not expected this year.

Mr Meyerson insisted the role of government in overseeing the work of foundations was limited. "I think it is not the business of government to determine whether the Gates Foundation is effective."

Rather, he said, the foundation should determine whether it is effective, and government should simply monitor whether it follows the law and is using its resources for charitable purposes.

In the end, he said, the ambitious goals the Gates Foundation is setting for itself in the areas of public health and education, emboldened by the addition of Mr Buffett's billions, will bring its own scrutiny. "They will be held accountable."

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