

Buffett gift raises questions

Gates foundation must be even-handed, accountable and not a government substitute.

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By Rick Cohen

The commentary on Warren Buffett's announcement of a huge transfusion of capital into the Bill & Melinda Gates Foundation has been greeted with nearly across-the-board adulation.

The Gates Foundation deserves much credit for taking on critical issues that few of its colleagues were wont to do, particularly international issues of global health and domestic challenges in public education.

But the Gates/Buffett philanthro-merger also raises important questions for the sector and even some qualms for our society.

First, the foundation will be larger than the next eight U.S. foundations combined, and its annual spending will be larger than the annual budget of UNICEF.

While the Gates Foundation staff to date have not been the kind to throw around their power to dominate the sector, this kind of concentration of assets in one institution raises questions about a potentially disproportionate concentration of philanthropic power and influence.

Second, many observers have made the completely unjustified and unjustifiable point that the foundation's huge size makes it more accountable than small foundations.

This is a dangerous analytical path to tread. In fact, one could easily argue that the asset-doubled Gates Foundation poses new accountability problems that the sector can barely imagine.

Buffett explained his investment in the Gates Foundation with a stinging commentary about the weaknesses of government policy-making and action, saying he was likely to get a better bang for his philanthropic buck by selecting what he referred to as the "Tiger Woods of philanthropy" rather than letting government get a share of his wealth.

Again, big danger sirens ought to sound. As big as the Gates Foundation is or will become, its resources are a pittance compared to the dimensions of the problems it wants to solve -- major diseases and extreme poverty, to name just two.

Gates and Buffett have to be careful that government doesn't look to the foundation or to philanthropy writ large to supplant necessary government investments in problems and solutions.

Already, the Bush administration's fiscal year 2007 budget proposals cited the availability of Gates Foundation moneys as its rationale for cutting its small school program from the Education Department's budget.

We can expect to see more off-loading of government responsibilities on foundations, not less, unless Gates, Buffett and others speak up in favor of government's vital role.

At the news conference announcing the Buffett gift, Melinda Gates noted that it's difficult to give out medicines for people to take when they are so undernourished that they can't swallow the pills.

She's right, but the public statements of Gates and Buffett displayed a huge reliance on technical if not technological solutions to problems.

Unfortunately, solving the problem of poverty requires not only spotting the symptoms, as Melinda Gates has, but making the right diagnosis, too.

While there is a technological dimension, solving extreme poverty is a political, economic, social and human problem, not just logarithms.

Scientific solutions to malaria and AIDS are vital, but they won't "take" unless foundations work on the political and socio-economic dimensions of poverty, and that requires as much commitment to more advocacy for policy change and government action as it does investment in biochemical innovations.

Observers have lauded the re-creation of this gargantuan philanthropic behemoth as the expression of the best of business thinking in philanthropy, fusing a bottom-line corporate outcomes mentality with scientific and technological expertise to address social problems.

There is a huge upside to the Gates/Buffett philanthropic partnership, but reasons to question its impact and implications for the philanthropic sector as well.

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