

Policy-Making Billionaires

By Nicholas Confessore

The New York Times

November 26, 2011

Over the past 30 years, as the gap between wealthy and poor grew ever wider, total philanthropic giving almost tripled, according to annual estimates published by the Giving USA Foundation and the Center on Philanthropy at Indiana University. In an age of widening partisanship and plummeting trust in government, this outpouring of philanthropy has produced a distinct breed of philanthropist: The policy-making billionaire.

Bill Gates, the Microsoft co-founder, has invested more than \$13 billion in public health initiatives around the world through his foundation. William E. Conway Jr., a founder of the Carlyle Group investment company, is planning to give away \$1 billion of his personal fortune, and is said to be considering how his money can aid in financing major infrastructure projects.

“What’s going on at a broader level is a sense of, ‘Hey, we can be much more effective and efficient than government in doing things,’ ” said Leslie Lenkowsky, a professor of philanthropic studies and public affairs at Indiana. “And it’s become more pervasive in recent years.”

In keeping with the anti-government spirit of the times, the new philanthropists — some with roots in the loosely libertarian milieu of Silicon Valley or Wall Street — share a disdain for established politics and an impatience with the slow churn of old-fashioned policy making. Last month, the Starbucks executive Howard Schultz, whose net worth approaches \$750 million, proposed using Starbucks’ corporate foundation and customer donations to create an economic development and job training program for the unemployed, one that he hopes can generate tens of millions of dollars in loans to small business.

“As corporate citizens of the world, it is our responsibility — our duty — to serve the communities where we do business,” Mr. Schultz wrote, “by helping to improve, for example, the quality of citizens’ education, employment, health care, safety, and overall daily life, plus future prospects.”

But the very loftiness of such ambitions raises a significant question: Can even the very wealthiest philanthropists finance public services on the scale necessary to achieve social change — that is, on the scale of government itself?

One way to make that happen: Instead of seeking to supplant what government does, philanthropists can finance advocacy to change it. When philanthropic dollars are applied to lobbying for programs, they can have an enormous leveraging effect on public dollars.

A coming study by the National Committee for Responsive Philanthropy, which advocates giving that aids the poor, looked at 100 social welfare organizations in 13 states. The groups spent about \$230 million on advocacy and organizing for minimum wage laws, expanding tax credits for the working poor, and other programs. Those efforts, the study found, produced more than \$26 billion in direct and indirect benefits to individuals, a “return on investment” of about 115 to one.

“I get it — there’s frustration when there’s gridlock, and sometimes people want to give money where government won’t,” said Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy. “But most philanthropists realize that good philanthropy can never be a substitute for government spending.”

[Read the full article](#) .