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In Praise of Modern Medicis

Philanthropists like Bill Gates now have an unprecedented ability to shape public policy through their well-funded foundations.

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You have only to recall the shellacking taken by Facebook founder Mark Zuckerberg and his wife, Priscilla Chan, after they announced their plan to give away 99% of their Facebook shares to see yet again that no good—let alone great—deed goes unpunished. Though writ on a far larger scale than most charitable gifts, the so-called Chan Zuckerberg Initiative is one example of the sort of modern philanthropy that causes David Callahan to fret.

Mr. Callahan, in "The Givers: Wealth, Power, and Philanthropy in a New Gilded Age," seems to pine for the romance of a past that never existed, a time when government-financed institutions such as the National Science Foundation, the National Institutes of Health and the National Endowment for the Arts dispensed and distributed funds in a manner that anticipated the needs and concerns of citizens.

The vision of America in the 1950s and '60s, he writes, was of publicly funded progress in the arts and sciences, a world in which "we wouldn't depend on the munificence and preferences of millionaires to chart scientific and artistic progress, or to fund our universities. We'd do it together as citizens." Forget the fact that the foundations of other gilded eras—Ford, Carnegie, Mellon, Rockefeller—had long been backing causes identified by the diktats of their creators or, in some cases, had been diverted by boards toward purposes for which they were never intended.

It is today's equivalents of yesterday's benefactors—billionaires like Bill Gates, Warren Buffett, Michael Bloomberg and Eli Broad —who are in Mr. Callahan's crosshairs. The foundations established by these figures and others are, in Mr. Callahan's mind, another pernicious byproduct of income inequality. "The distorting effects of inequality on civil society remain only dimly understood," he writes, "even as the ranks of nonprofits sustained almost exclusively by rich donors keeps growing and speaking ever more loudly." Who, he argues, gave these people the right to interfere with education, the environment, criminal-justice reform or LGBT rights?

Why, he asks, should a collection of philanthropists possess the influence to determine the diseases and medical conditions studied by scientists or choose the art or music the public views or hears? "Lately, alarm about the growing influence of private donors in K-12 has spread beyond critics on the left to include some on the right," he notes, "who share the view that Gates orchestrated the backdoor nationalization of education standards through the Common Core," the government-led education initiative that received funding from the Bill and Melinda Gates Foundation.

Even though Mr. Callahan admits that he has uncovered no sinister plot by philanthropists to engage in a conspiracy to reduce the taxes they pay, weaken the grip of government and subsequently seize control of the future by funneling their ill-gotten gains to their pet causes, he nonetheless implies that, somehow, this improbable scenario is now reality. He says that he is "whiplashed between hope and fear." Even if you agree with a particular donor's cause, he suggests, you should be wary about the collective result of leaving policy shaping in private hands. "Even when wealthy donors are expanding debates . . . ," the author writes, "we can't forget that it's they who are choosing *which* voices and ideas get extra juice." Mr. Callahan is too decent to tar-and-feather all philanthropists, but he seems to yearn for the day when the state exercises more control over their freedom to roam and the flow of dark philanthropic money subsides.

To his credit, Mr. Callahan recognizes that government cuts in discretionary spending and ballooning government-employee pension obligations will only increase the need for help from other quarters. Federal entitlement programs, the defense budget and, increasingly, the interest on the national debt will only cause more reliance on philanthropic dollars to, among other things, prop up the great public universities, improve the deplorable condition of inner-city schools and help with public welfare programs.

Mr. Callahan suggests several reforms. He believes, for instance, that donor-advised funds—popular charitable structures that amount to mini-foundations—should be required to pay out, each year, a certain percentage of their assets, just as large charitable foundations must. The author also calls for greater diversity on the boards of foundations and external evaluation of charities' performances, though he does not define the mechanism for this. Society at large, he writes, should demand to know what it is "getting in return for billions of dollars of tax breaks."

Much of the author's ire is directed toward the way think tanks benefit from the supply of charitable dollars. He questions why entities such as the Heritage Foundation, the American Enterprise Institute and the Cato Institute—devoted to insinuating their ideas into American political life—should benefit from the special tax treatment for charitable donations when there is no tax deduction for money given to the political campaigns of, say, Ted Cruz or Elizabeth Warren.

For all the author's concerns with imagined corruption, Mr. Callahan does not discuss in any detail the philanthropy of another famous billionaire who by all accounts was less generous, or scrupulous, in his charitable donations than Bill Gates, Warren Buffett or Mark Zuckerberg and instead chose a more direct approach to influencing voters: He ran for office. Yet it seems unlikely that Mr. Callahan would wish for any of the wealthy targets of his criticism to follow President Trump into retail politics. That suggests his real problem may be with their wealth, rather than with the way they dispense it.