



OpEd Contributor

Daniel J. Popeo: Philanthropic freedom is under attack

By: Daniel J. Popeo
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Americans pondering their year-end charitable donations should keep in mind such famed philanthropists as Henry Ford, Andrew Carnegie, John D. Rockefeller, and James D. MacArthur. They made their fortunes in the free market, but the private foundations these capitalists created no longer reflect their donors' faith in economic liberty.

Our severe economic downturn, and government's attendant and advancing intrusion into commerce, has such special interests triumphantly declaring capitalism dead. Federal control of financial institutions and manufacturing giants, along with the vast expansion of America's unaccountable regulatory hydra, are agenda-driven activists' idea of success.

As the old proverb goes, life's greatest curse can be answered prayers. Make no mistake, the death of American capitalism would mean the death of philanthropy.

During economic hard times, donations become a lower priority item in the budgets of American workers. U.S. corporations, who contribute billions to nonprofits, are reconsidering their giving due to reduced profits and deflated stock values.

A recent Bridgespan Group survey of nonprofit leaders reflected that 80 percent of their institutions have lost financial support, compared to 52 percent last year. Due to market-related financial losses, one philanthropist who contributed \$142 million to the ACLU and the Sierra Club over the past four years recently announced he won't be making those donations next year.

Contributions also are down significantly for organizations that assist people who have lost jobs and government benefit. In the Washington, D.C. area alone, the United Way has received \$20 million in requests for funds, yet it has only \$4 million available.

You'd think the economic downturn's tangible impact on charities would provide a new measure of respect for capitalism and recognition from America's largest private family foundations that they were built on free enterprise profits.

But the cadre of activist groups these foundations fund certainly doesn't respect the intent of philanthropists like Ford and Rockefeller. They continue their unabated push for laws, regulations, and lawsuits that stifle business civil liberties and chill innovation.

Some activist nonprofits are even agitating for more direct state and federal involvement in foundations' management and grant making. By harnessing the power of government, these chosen few could divert millions in charitable dollars to their preferred causes and organizations.

Relying on junk social science, activists claim that private foundations shortchange the nation's poor and marginalized, what they call "the underserved." Foundations' supposed lack of "diversity" in its boards of directors and its leadership ranks, activists assert, reflects a lack of interest in the underserved.

One philanthropy watchdog has even suggested specific giving quotas, such as directing half of a foundation's annual giving to "social justice."

At a time when our nation needs more charitable giving and the creation of new nonprofits, we instead have special interest activists planting the seeds of philanthropy's self-destruction. Subversion of donor intent, either by government fiat or activist foundation leaders, is a powerful disincentive against charity.

Why would today's Carnegies and MacArthurs create a foundation if government might meddle directly in the institution's daily business? Similarly, why should individuals make donations if there is a chance their money will be used to support activities with which they disagree?

These are questions we should all think about when dipping into our limited resources this year. Take a close look at the work and agendas of the institutions you charitably support. You may be surprised to find that their activities, for instance, advance policies or support actions which undercut economic recovery.

The hostile legal and regulatory system for which too many nonprofits agitate could cost you your job, or scare away the next Bill Gates, Warren Buffett, or other philanthro-capitalists. Just as America can only work its way out of this recession with more commerce, only new entrepreneurs, new businesses, and new wealth can sustain philanthropy.

*Examiner contributor Daniel J. Popeo is chairman and general counsel of the **Washington Legal Foundation**.*

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