Essays of an Information Scientist, Vol:3, p.455-460, 1977-78 Current Contents, #14, p.5-10, April 3, 1978

CURRENT COMMENTS

Creative Philanthropy. I. Is It Necessary to be Non-Profit to be Philanthropic?

Number 14, April 3, 1978

Several years ago my dear friend Jacob Gershon-Cohen,[1] the late distinguished radiologist, told me he was in a quandary over how to bequeath his life savings. A childless widower, he had considered leaving the money to his local medical society to improve the dissemination of medical information. But he felt that the society was inadequate to the task. He wondered if there was some way ISI® and the College of Physicians of Philadelphia could work together toward his objective. But although ISI and the College had many common goals regarding the dissemination of information, there was a serious stumbling block which ultimately precluded mutual effort. The College was a non-profit organization, while ISI was a for-profit corporation.

Gershon-Cohen was trying to be creative in disposing of his wealth. He wanted to use his money to aid the flow of medical information and saw that ISI's activities would help fulfill his desire. But he was discouraged by archaic tax laws which make it difficult or impossible for for-profit firms to accept philanthropy or even to work with non-profit organizations.

People of wealth often want to see their money put to good social use or to further scientific research. While the initial motivation of such persons as Andrew Carnegie, John D. Rockefeller, and Henry Ford may not have been entirely for this reason, there can be little doubt that the organizations which immortalize them have accomplished a great deal. In order to carry out their personal goals, which included maintaining family power, they established non-profit foundations. In this way they prevented the government from confiscating their wealth through inheritance taxes. Today we are still benefiting from foundations established to retain power and wealth. By being independent, these institutions have often been ahead of the government in pioneering social changes and reforms of one kind or another.

The "success" of the foundation idea is indicated by their proliferation during the past century. It has been estimated that there are well over 125,000 in the world—about 32,000 in the Netherlands, 26,000 in

the United States, 20,000 in Switzerland, 10,000 in Great Britain, 10,000 in Denmark, 4,500 in Spain, 4,000 in Germany, 4,000 in Italy, 1,400 in Canada, 800 in Latin America, 660 in Austria, and 260 in France.[2-6]

While these numerous non-profit organizations provided billions for philanthropic purposes, only a fraction went for research. In the United States, foundations gave about $125 million to support research in 1976. In comparison, the taxpayer-supported National Science Foundation provided $625 million for research in 1976.[7] The National Institutes of Health gave more than $75 million for intramural research, nearly $1½ billion in research grants, and over $386 million in research and development contracts during the same year.[8] Similar comparisons in other countries would be interesting but not particularly necessary to my main theme. And in the socialist countries such comparisons may be pointless.

Many US foundations gave money to support international programs. According to Patrick W. Kennedy, editor of *Foundation News*, about three cents of every dollar given by US foundations goes abroad.[9] And some foreign foundations contribute to American organizations. For example, the British Rhodes Trust annually selects 32 American college students to study at Oxford; the British Wellcome Trust gives medical research grants to Americans; and the German Volkswagen Foundation sponsors projects to promote international scientific cooperation.

The numbers and wealth of foundations have necessitated the creation in the United States of the Foundation Center, a foundation-supported information clearinghouse, which disseminates information about foundations and their grants.[10]

Too often, however, foundations do not really reflect the objectives, vitality, and creativity of their originators. J. Paul Getty perceiv- the implicit irony in establishing these institutions when he refused to set up one of his own:

> It always works against the grain to see these foundations so opposed to what I know was the philosophy of the founder [he said]. You can't tell me that ninety percent of what the Ford Foundation is doing would have been approved by Henry Ford.[11]

In spite of this he left many millions of dollars to the J. Paul Getty Museum (of art) in Malibu, California, which he had started in 1953. He obviously had ambivalent feelings on this subject. I have observed that the "meanest" for-profit businessman is often favorably disposed towards non-profit enterprises outside of his own field.

Henry Ford II, in a letter that echoed Getty's feelings about foundations, resigned last year as a trustee of the Ford Foundation, leaving it beyond the control of the family. He noted that "the foundation is a creature of capitalism—a statement that, I'm sure, would be shocking to many professional staff

people in the field of philanthropy."[12]

George G. Kirstein, former *Nation* editor and head of several foundations, notes that spokesmen for foundations like to stress their innovative role in providing "seed money" for research:

> They cite Rockefeller's early support to Dr. Jonas Salk's research on polio and the Guggenheim Foundation's aid to Dr. Charles Goddard in rocket research.... However, the truth is that these "seed money" ventures are the rare exception rather than the rule.... The role that foundations really play is to sustain already established institutions, not to create new ones.... Almost without exception, those who constitute the governing boards of the big foundations tend toward conservatism in their political philosophies and prefer maintaining the status quo.[13]

Furthermore, foundations are often established for emotional reasons which may ultimately conflict with the goal of the endower. People set up foundations for research on a disease which has killed a family member. The result is that many foundations duplicate efforts. There is often no simple way for them to combine endowments and facilities. And their charters often forbid any obscuring of the name they are supposed to immortalize.

Foundations devoted solely to research can play a vital role, especially when they identify areas of research neglected by NSF and the other granting agencies like NIH. However, potential endowers and existing philanthropic organizations could aid science in other ways.

For instance, if you donate $1 million to investigate a particular disease, you can easily calculate what that $1 million will buy in labor, equipment, etc. But if you give $1 million to fund a lobbyist, your donation may eventually result in $1 *billion* in government grants. This is what I call "creative philanthropy"—getting more for your money or "more bang for the buck."

One way to give money for lobbying purposes is to donate it to scientific associations like the American Association for the Advancement of Science (AAAS). And there are plenty of them around. Such non-profit organizations in the United States are permitted to lobby, although their expenditures in this area are limited. Under the Tax Reform Act of 1976, non-profit organizations which spend $500,000 or more per year may use no more than 20% of that money for lobbying. The overall limit is $1 million for lobbying, and to spend that much, a non-profit group would have to spend a yearly total of $17 million. Congress also set a spending limit of 25% for "grassroots" lobbying, or taking one's case directly to the public rather than to the legislature.[14] Previous laws regulating lobbying by non-profit organizations had been so vague that few institutions were willing to use this means of furthering their interests.[15] Under the new law, this may change. If it does, it could mean more lobbying for research.

One small informal organization of researchers is now lobbying for a 10% increase in the National Institutes of Health budget.[16] And I myself have discussed the formation of a biomedical lobby.[17]

Foundations in the United States, which have plenty of money to use for worthy purposes, have not been permitted to lobby since passage of the Tax Reform Act of 1969. Congressman Wright Patman, architect of the law, believed that foundations were simply perpetuating the influence of the moneyed elite.[18]

However, foundations which want to aid scientific research through a lobbyist have a few alternatives. I know of at least one family-run research foundation whose benefactor also supports a lobbyist from personal funds. This, of course, is not tax-deductible.

Foundations, however, may give money to non-profit organizations which *can* lobby for research. The foundation's contributions may not be used *directly* for lobbying. By increasing a non-profit organization's assets, the donor foundation indirectly increases the amount that can be spent on lobbying.

Another example of "creative philanthropy" involves the political sphere. Several foundations and other organizations already sponsor programs which bring scientists into the legislative branch of government. The Foundation for Microbiology and the American Society for Microbiology (ASM) Foundation co-sponsor the ASM Congressional Fellowship which each year enables a postdoctoral or mid-career microbiologist to spend a year on a congressional staff or committee. The Fellow acts as both a legislative assistant and a science advisor. This fellowship is modeled on the AAAS Congressional Science Fellows Program. The AAAS works closely with both the ASM and the American Physical Society (APS), which also has a Fellows program.

So far the AAAS and the APS have sent about 50 scientists to work on congressional staffs. About half of them were physical scientists; the rest included biologists, social scientists, and engineers. Richard A. Scribner of the AAAS and Mary L. Shoaf of the APS evaluate the need for the program this way:

> Because a scientifically trained person in the Congressional staff brings a unique professional training and perspective, the significance of that person's role is perhaps greater than that of just one more competent staff person. We think these scientific skills and viewpoints are especially needed in Washington.... Aside from augmenting the scientifically trained Congressional staff, we see substantial impact of the Fellow on legislative issues. Not the kind of impact that replaces or in any way subverts the legislative process and the legitimate decision role of the legislators, but rather the impact on the complete staff work that often benefits from a unique perspective and application of a "scientific" methodology aimed at uncovering pertinent facts.[19]

Apparently the science fellowships have resulted in considerable

interaction between scientists and politicians. In 1976 Congress passed a resolution praising the program. Ten of the seventeen physicists who were APS Fellows have taken permanent staff positions.

Another form of creative philanthropy might involve funding a political action group to support candidates amenable to the advancement of scientific research.

I don't think any such group now exists in the US, but the idea is similar to that of the late physicist Leo Szilard when he founded the Council for a Livable World in 1962. As a scientist, Szilard was concerned about the escalating arms race and wished to set up an organization which could work effectively for disarmament. Today the Council for a Livable World spends about $200,000 a year on United States Senate campaign contributions. Donations to this organization, however, are not tax-deductable. The Council concentrates on the Senate because, next to the President, a single senator has more influence on the issue of world peace than any other elected official. It usually allocates its resources on Senate campaigns in the smaller states where its contributions are likely to be most effective.[20] According to the Council's president, William von E. Doering of the Harvard University Chemistry Department, about one-third of the Senate's present members were supported by the Council.

About 3,000 of the Council's 10,000 members are scientists, Doering estimates. The Council lobbies on defense-related issues. It supported the appointment of Paul Warnke as head of the Arms Control and Disarmament Agency. It also played a major role in the fight against the antiballistic missile. But the Council does not lobby for scientific research. Some members, Doering says, might consider that a conflict of interest.

Szilard's impulse in founding the Council for a Livable World was similar to that of Alfred Nobel. The inventor of dynamite and other explosives, Nobel wanted to stimulate research that would benefit humanity. The considerable money value of the awards he set up in 1896 was meant to help finance the winners' future research. This has occurred indirectly, since so many more recent Nobel winners were students of previous winners. Only a few winners do further work of Nobel caliber after receiving the awards.[21] But the prizes are creative in a way that Nobel may not have foreseen. The announcement of the prizes each year creates a public awareness of the benefits of basic research.

The subject of non-profit organizations and private philanthropy is one which is of deep personal interest to me. On the one hand, I have observed the stultifying effect of entrenched bureaucracies in many such organizations, not unlike that observed in government. But in a democratic society, there is presumably ultimate recourse to reform through the political system (including lobbying). On the other hand, I am very

concerned that my own wealth, present or future, not be left to be used by mediocrities who could not recognize a new or original idea under any circumstance. I propose to continue the discussion of this topic next week and several times again in the future.

REFERENCES

1. **Garfield E.** Jacob Gershon-Cohen, M.D., D.Sc. In memoriam. *Current Contents* (11):4-5, 17 March 1971.*
2. Continental European foundations put at 90,000. *Foundation News* 12:242, 1971.
3. **Buckman T R.** US foundations: a statistical survey. *Foundation News* 16(3):17-28, 1975.
4. European foundations and research. *Foundation News* 7:45-7, 1966.
5. **Arlett A,** ed. *Canadian directory to foundations.* Ottawa, Canada: Association of Universities and Colleges of Canada, 1973. 161 p.
6. **Stromberg A,** ed. *Philanthropic foundations in Latin America.* New York: Russell Sage Foundation, 1968. 215 p.
7. **Haskins C P.** Public and private science. *American Scientist* 65:493-9, 1976.
8. **Gardner F.** Chief, Budget Presentation & Formulation Branch of the Division of Financial Management of the Office of the Director of the National Institutes of Health. Personal communication. 16 March 1978.
9. **Kennedy P W.** International grant making and US foundations. *Foundation News* 18(6):40-7, 1977.
10. **Margolin J B.** The Foundation Center. *Special Libraries* 67:568-73, 1976.
11. **White V P.** *Grants: How to find out about them and what to do next.* New York: Plenum Press, 1975. 354 p.
12. **Carroll M.** Henry Ford 2nd quits foundation, urges appreciation for capitalism. *The New York Times* 12 January 1977: 1, B6.
13. **Kirstein G G.** *Better giving: the new needs of American philanthropy.* Boston: Houghton Mifflin Company, 1975. 196 p.
14. **Stahr E J.** Lobbying is coming out of the shadows. *Council on Foundations Reporter Supplement* 5:1977.
15. **Walsh J.** Lobbying rules for nonprofits: new option sets specific limits. *Science* 196:40-2, 1977.
16. **Lyons R D.** Scientists plunge into lobbying for more medical research aid. *The New York Times* 19 January 1978: 38.
17. **Garfield E.** Biomedical and health care systems research should be financed from social security and health insurance funds. A permanent lobby could swing it. *Current Contents* (3):5-7, 16 January 1974.*
18. **Nielsen W A.** *The big foundations.* New York: Columbia University Press, 1972. 475 p.
19. **Scribner R A & Shoaf M L.** Four years of Congressional Science Fellows. *Physics Today* 30:36-40, 1977.
20. **Williams R M.** Hard cash from tender minds. *World* 2(5):32-5, 1973.
21. **Zuckerman H.** *Scientific elite: Nobel laureates in the United States.* New York: The Free Press, 1977. 335 p.

*Reprinted in: **Garfield E.** *Essays of an Information Scientist.* Philadelphia: ISI Press, 1977. 2 vols.