

WN *Hot stuff*

World Nutrition **Volume 6, Number 5, May 2015**
Journal of the World Public Health Nutrition Association
Published monthly at www.wphna.org/worldnutrition/

Philanthrocapitalism. The Gates Foundation
Beware geeks bringing gifts



Claudio Schuftan
People's Health Movement
Ho Chi Minh City, Vietnam
Email: cschuftan@phmovement.org

Access September 2009 The Nation Raj Patel on Gates Foundation in Africa here
Access April 2011 PLoS Medicine David Stuckler et al on Gates Foundation here
Access November 2013 Mother Jones on Gates Foundation shareholdings here
Access January 2014 Feedback Claudio Schuftan on Gates (1 of 3) here
Access February2014 Feedback Claudio Schuftan on Gates (2 of 3) here
Access November 2014 Hypothesis Anne-Emanuelle Birn on Gates here

'Philanthrocapitalism' is not just a smart new name for philanthropy on a grand scale. It is true though, that the first vast philanthropies were contentious. Thus before our times, Andrew Carnegie (1835-1919) and John D Rockefeller (1839-1937), who are satirised in the cartoons below, made their money and gained their power by using the US system to build steel and oil businesses that became quasi-monopolies. Both believed in 'Social Darwinism', and interpreted its 'survival of the fittest' perversion of Charles Darwin's theory to justify severe employment and business practices. When they established foundations to disburse much of their wealth, they were accused of using this apparent generosity as a way to rescue their reputations and to protect their power.



Capitalists being philanthropic is not new. Andrew Carnegie and John D Rockefeller (above) gained vast wealth and disbursed much of it to causes they thought good. But philanthrocapitalism is new

A deeper accusation was against a system that then as now, protected the most ruthless capitalists and enabled individuals to accumulate vast amounts of money – in Rockefeller's case eventually amounting to 1.5 per cent of the then US gross domestic product – and to use their clout to shape national political policies in ways that suited them. Carnegie and Rockefeller were devoted to the US way of business. They arose out of and were products of a grossly inequitable and unjust political and economic system.

But their foundations never were just devoted to consolidate such a system and were not meant to make them personally more powerful. While being ambassadors for the 'American way of life', their foundations were and are mainly devoted to education, the arts, the sciences and public health. Carnegie libraries were created in many countries. Rockefeller helped to found the London School of Hygiene and Tropical Medicine, the Harvard School of Public Health, and the Johns Hopkins School of Public Health. These and other influential established foundations have not been agents of socialism, but on the whole they have been friendly towards public goods.

What philanthrocapitalism is



The projection of the Bill and Melinda Gates Foundation on the covers of magazines like these, gives a false impression. Philanthrocapitalism's business methods do little to combat inequity and injustice

The concept, practice and impact of philanthrocapitalism now is a development. The term sounds as if it merely means a commitment by capitalists to use their money to do good. Certainly this is the impression given by the Bill and Melinda Gates Foundation, as projected by the magazine covers above. The *Time* cover shows a somewhat dreamy face of a man who surely would give any buddy a dime or drop a penny in any poor man's hat, and who is able and willing to do this on a grand scale. But philanthrocapitalism (1) has a more precise meaning. It denotes the application of current dominant business theory and practice to public life. It is (2)

> The tendency for a new breed of donors to conflate business aims with charitable endeavours, making philanthropy more cost-effective, impact-oriented, and financially profitable. Underpinning the rise of philanthrocapitalism is the idea that to do good socially, one must do well financially: Public and private interest are… touted as intrinsically mutually compatible.

Furthermore, the type of capitalism that remains rampant now has peculiar features. It still wedded to the still dominant although discredited political and economic theory of monetarism, whereby 'development', 'growth', and 'progress' are all judged by the amounts of money people, communities and countries get and spend. Thus a population with comparatively large amounts of money spent on ultra-processed energy-dense snack food and soft drinks, and so with high rates of obesity, diabetes, heart disease and other conditions that cost money to treat, is for this reason more 'developed' than a healthy population that lives off the land and mostly dies after short illnesses. Or, any society whose publicly funded primary health care services are displaced by private suppliers, the costs of whose drugs, hospitals, medicine and surgery are paid by for insurance or out of the pockets of those directly affected, is for this reason 'growing' towards the goal of a 'mature market economy'.

This is the current context of capitalism. It judges quality – values – in terms of quantity – numbers. The more money, and the higher the return on capital invested, the better. The huge shareholdings of the Gates Foundation in Coca-Cola and McDonald's, which after a vast amount of comment the Foundation now says will be sold off, are a case in point. One reason for the holdings being held so long may be that Bill Gates himself regularly drinks Coke™ and eats cheeseburgers. Another reason no doubt has been that he and his financial advisors have believed that these investments will give the biggest financial return. Bill Gates has had every reason – personal, financial and ideological – to want a world in which more people drink Coke™ and eat more McLunches and Happy Meals™.

Linsey McGoey of the University of Essex points out that philanthrocapitalism is a symptom of and also perpetuates the current world disorder (3):

> We observe very high rates of inequality at the national and international level. We have seen an incredible enrichment of the wealthiest individuals on a global level, and there is a direct correlation between increased wealth accumulation, regressive tax measures, and funding towards philanthropic activities. Philanthropy may be growing, but only in the context of rampant inequality.

The nature of Gates

That is the general idea. Now take the Gates Foundation. The evidence is that Bill Gates wants to fix the world in the same way as he runs his life and his corporation. Many people have dreams like this, but Bill Gates has such a vast amount of money that he can shape world affairs in any area that interests him. An obvious clue to his general direction is the nature of his business and the source of his success. Computer software is based on the digits 1 and 0, which is also to say, on and off, yes and no, white and black, good and bad. Bill Gates has projected his inner digital world into the outer world. With the Gates Foundation he continues to do so.

When charitable foundations are effective, when grant-holders are trusted to use their funds and resources in ways they judge are best, when the foundations spur governments, civil society and scientists to give more attention to justice, equity and public goods (4), and when they foster an increasing variety of appropriate initiatives that energise and empower communities, they are a force for good, and hopefully not just for the human species.

On the whole these criteria have a fair application to foundations such as Carnegie and Rockefeller. As a recent example, the $US 10 million granted by Bloomberg Philanthropies enabled the Mexican public interest organisation *El Poder del Consumidor* (Consumer Power) to press the Mexican government to propose laws to tax ultra-processed products, including soft drink, and to do so successfully (5).

Seen in these lights the Gates Foundation is problematic. The uses of its funds are tightly controlled to conform to what the Gates family of Bill, his wife and his father, believe are best. It is widely thought that the vast amounts of money available from the Gates Foundation have become an excuse for governments to reduce their responsibilities to support relevant United Nations agencies, whose officials in relevant areas are increasingly at the bidding of Gates, as is the scientific community. To a greater extent than UN agencies and even US aid organisations, the Gates Foundation is notoriously 'top-down' in its policies, imposing 'quick fix' and 'value for money' policies on projects that are amenable to such approaches, and neglecting areas that cannot be readily simplified in such ways.

Bill Gates personally and corporately is also notoriously dismissive of alternative views and antagonistic to different policies, and has no known record of discussing or sharing proposals with the people most immediately affected. The one interpretation of the Gates Foundation style that is consistent with the facts and evidence, is that it is applying the methods that have made Microsoft quasi-monopolistic in its private corporate business, to public health and the public good.

The 'value for money' policy is troublesome. Its rhetoric is impeccable. Of course it is true that the more efficiently and effectively material and other resources are used for the sustained benefit of the greatest number of people, with the fewest adverse

effects on the living and physical world, the better. It is also true that overseas aid and development policies and practices are often not well reasoned.

The hubris of the super-elites

But in practice the application of modern corporate methods based on the political and economic ideology that is destroying public services and trampling every kind of diversity, to public health and public life, is another disaster that has to be seen, faced, and blocked. The views so far expressed here are not just that of one 'radical' or 'activist' person (myself) or group (the People's Health Movement). Kavita Ramdas is a senior scholar at Stanford University's Center on Development, Democracy and the Rule of Law, and previously chief executive officer of the Global Fund for Women, dedicated to the rights of women (6). She says:

> Despite many good intentions, this type of philanthropy seems poorly suited to resolve the world's most deep-rooted problems. It is enmeshed in two contradictions. The first is that the more unequal the world gets, the more the public is being invited to celebrate a cherished few who benefit from this condition of inequality. We pour adulation on those among this new super-elite who have chosen to use some of their almost unfathomable wealth to address 'specific' problems with 'measurable' outcomes. What is missing is any deeper questioning about what ails a global economic system that seems to produce endemic inequality, crushing poverty, and food insecurity. The new philanthropy avoids exploring what is wrong at this systemic level – where a single individual's net worth can become larger than the combined GDPs of some of the world's poorest nations.
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> Even as the significant downsides of so-called 'development' in the global North become ever clearer (among them unsustainable consumption patterns and financial freefall caused by lack of regulation), philanthrocapitalism in its current form seeks to invest in efforts and initiatives that can bring the wonders of this model of development to people and communities around the globe. The more the West learns about the drawbacks of industrial agriculture, excessive dependence on fossil fuels, the fallibility of nuclear power, and the poor health outcomes related to current sedentary forms of life, the more determined it is to share its successful development strategies with others. And, the new super-elites of the developing world and the governments they influence are no less keen to adopt the patterns that seemed to work so well for the global North.
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> Current philanthropic practice is driven by the need to find technological solutions, the same 'fix-the-problem' mentality that allowed business people to succeed as hedge-fund managers, capital-market investors, or software-developers. This approach is designed to yield measurable and fairly quick solutions. A symptom of this may be found in the kind of skills that new foundations are seeking. I am struck by how few social scientists are employed at the new 'mega-philanthropies.' Instead, the people most sought after are management consultants, business people, former industry leaders or lobbyists, and scientists. Each of these is expected to bring a crisp and coolly efficient approach to their work. The nuance and inherent humility of the social sciences – the realisation that

> development has to do with people, with human and social complexity, with cultural and traditional realities, and their willingness to struggle with the messy and multifaceted aspects of a problem – have no cachet in this metrics-driven, efficiency-seeking, technology-focused approach to social change.

Wealthy powerful capitalists sometimes have become interested in using their money in ways that do not generate the usual type of profit and do not aggrandise themselves personally. Andrew Carnegie and John D Rockefeller are examples. Their equivalent in scale in our age is Bill Gates. But there is a difference. In effect even if not in intention, the Gates Foundation has given Bill Gates himself great power in world public affairs, and he is a strange person.

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Status

Cite as: Schuftan C. Beware geeks bearing gifts Philanthrocapitalism. The Gates Foundation *[Hot stuff]. World Nutrition* May 2015, **6,** 5, 402-407. Adapted from a contribution to the *WN Feedback* column published in March 2014. All *WN* contributions are obtainable at www.wphna.org. *World Nutrition* commentaries are reviewed internally or by invitation. All contributions to *World Nutrition* are the responsibility of their authors.

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