

WILLIAM RUSHER

The problem with foundations

It's an old story. The wealthy and highly conservative entrepreneur, approaching the sunset of his life, is told by his lawyers that the only way he can avoid confiscatory death taxes is by creating a nonprofit foundation, dedicated to vaguely outlined good works. So he creates one, names it after himself, and puts a few of his equally conservative cronies, his children and a lawyer or two on the board. Within a few years he and his cronies, and maybe even the lawyers, are dead. The children, knowing nothing about how to manage a foundation, turn desperately to the helpful "experts" who mysteriously appear, like dandelions in a wet spring. Ten years further on, the foundation created by Daddy is firmly in the grip of liberals whom Daddy wouldn't have agreed to invite to dinner, and is financing projects that have the old gentleman spinning in his grave.

A few decades back, one such foundation actually financed a study of what it would take, militarily speaking, for outside forces to invade and conquer the white apartheid regime in South Africa: how many landing ships and screening naval vessels, how many bombers and fighters, and how many infantry divisions. What made the whole episode piquant, however, was the name of the foundation. It was the Carnegie Endowment for International Peace. What Andrew Carnegie would have thought of the project is unknown, but we can guess.

What makes this sad story worth revisiting now is a fact pointed out by Neal B. Freeman in a recent address to the El Pomar Foundation in Colorado Springs. Mr. Freeman is an independent Washington-based television producer who doubles in brass as chairman of the Foundation Management Institute,

an organization that stands ready to help conservatively minded businessmen fend off the liberals who plan to take over their foundations as soon as they are out of the way.

Mr. Freeman points out that, thanks to what Ronald Reagan did for the U.S. economy, "Between now and 2030, there will be tens of thousands of estates created in the \$30 million range." Even between now

uate the results. . . . Its leadership class, fashionably educated and ferociously verbal, tends to hold political opinions running the gamut from A to B." In other words, it is relentlessly liberal. Mr. Freeman cites one estimate that, out of the 50,000 foundations of all kinds, just nine are explicitly conservative.

He concludes: "Ford. Pew. MacArthur. Packard. The stories are as familiar as the names. The great fortunes of modern capitalism turned to the service of anti-market initiatives. The great names of the American Century now fronting for the centrifugal forces of multiculturalism. The fruits of technological genius now funding the corrosive campaigns of junk science. What's happening in the foundation world today is a kind of reverse alchemy, with free-market gold being turned into philanthropic dross.

"Is the process irreversible? Are the Reagan entrepreneurs destined to turn up a generation hence as the posthumous funders of a burgeoning American left? Will the wealth produced by the market system be deployed in an attack on the system itself? Well, as Damon Runyon used to say, 'The race is not always to the swift, but that's the way to bet.' Unless the forces of philanthropic reform can gather themselves and apply early, concerted effort, the creators of America's late-century boom will be picking up the tab for the Reagan counter-revolution well into the next century."



Illustration by D. B. Johnson/Los Angeles Times Syndicate

and 2020, the New York Times estimates that the baby boomers — i.e., people now between 38 and 53 — will inherit \$12 trillion. "If there are three children to share [a \$30 million estate]," Mr. Freeman calculates, each of them will get approximately \$3 million. Bill Clinton and his friends will get \$20 million." That is what is known as a tax incentive, and it means that foundations will be springing up like weeds.

That in turn creates the problem that Mr. Freeman calls "the current infrastructure of foundation management. The people who run the foundations — advise the boards, manage the staffs, design the grants, pick the grantees and eval-

William A. Rusher is a distinguished fellow of the Claremont Institute for the Study of Statesmanship and Political Philosophy.