



## **Bill Gates Foundation and the Price of Philanthropy | Prof. Linsey McGoey**

*This transcript may not be 100% accurate due to audio quality or other factors.*

**Zain Raza (ZR):** Thank you guys for tuning in today and welcome to another episode of The Source where we interview authors, researchers, whistleblowers or former insiders. I am your host Zain Raza.

And today, we'll be talking to Linsey McGoey, author and professor of sociology at the University of Essex. Linsey is recognised for her work on philanthropic foundations and their impact on the global economy. In her 2015 book called "No Such Thing as a Free Gift: The Gates Foundation and the Price of Philanthropy", she examines both positive and negatives of the impact the Gates Foundation has on global health and development. Her last book is called "The Unknowners: How Strategic Ignorance Rules the World".

Linsey, thank you so much for your time.

**Linsey McGoey (LM):** Thanks for having me.

**ZR:** Before we get into the issue of philanthropy, in particular philanthrocapitalism and the Gates Foundation, let us start with your personal motivation. What sparked your interest to pursue research in this field?

**LM:** It's a great question. I mean, I've been looking at philanthropic foundations and particularly the Bill and Melinda Gates Foundation for almost more than 10 years now, starting from when I had a research fellowship at Oxford, actually after finishing my Ph.D. and I was casting around for a new research topic and I was looking at the area of neglected disease research. So how you get pharmaceutical companies to devote some of their resources to spending on health ailments that tend to afflict people in developing regions. So there's not necessarily a huge market for the development of new therapies because the recipients can't necessarily pay a lot of money for it. And this brought me into contact with the Gates Foundation in some of its work in global health that was eliciting considerable praise in ways from some institutions and some actors, but also a lot of concerns from other global health actors. So I saw it as a key sociological conundrum. Why is this organisation seen as so divisive? How can we understand both its pros and its negatives when it comes to some of its global health funding?

**ZR:** Let us focus on the Bill and Melinda Gates Foundation. But before we analyse its influence and the positives & negatives, we have a lot of young viewers that may not know perhaps what its basic pillars, structure and endowment size and how much of a share of its

endowments are allocated to business as compared to nonprofits. Could you provide our younger viewers in particular an assessment of the basic fundamentals that constitute the Bill and Melinda Gates Foundation?

**LM:** Sure. So it was set up essentially as the current institution was founded in 2000. So exactly 20 years ago, it's coming out for its 20 year anniversary. But that was built upon merging two earlier philanthropies that Mr Gates, who is the founder of Microsoft, and that's where his fortune comes from. Mr. Gates had been active in giving to philanthropy, really from 1994. So it was about six years later that it merged two earlier foundations to set up the Bill and Melinda Gates Foundation. And that had a quite large endowment when it was set up in the area of approximately sort of \$25 to 30 billion. And the reason why I say it's approximate is because this endowment it's generally invested in various stocks in publicly listed companies and their [stocks] own value goes up and down with fluctuations of the stock market. So one day the endowments worth might be sort of \$30 billion, then \$35 billion. And today it stands at around \$50 billion, but it fluctuates with the sort of volatility of the global stock market. So we're looking at an organisation that has an endowment of about \$50 billion today that fluctuates quite frequently. But that's the general size. And that doesn't just come from Mr. Gates himself. A lot of the Bill & Melinda Gates Foundation's money and endowment actually comes from shares that were donated to it by Warren Buffett, who's another very wealthy billionaire investor based in the United States, through shares in his major conglomerate called Berkshire Hathaway. And now when you look at an organisation that's about the size of a \$50 billion endowment, that doesn't mean it's giving that much each year to charity. What it has to do in order to comply with U.S. regulations is to give at least 5 percent of its endowment each year in order to meet what are called minimum payout requirements. So it tends to disperse about anywhere from between \$3 billion to \$5 billion annually to various causes. And its 3 main areas are public education in the United States - so especially primary and tertiary education, so the ages of sort of 5 going up to 18 - and then global health and development. So in total, since it was set up about 20 years ago, it's given approximately 50 billion cumulatively to these various causes.

When you ask me, it's [the foundation's] proportion that's going to corporations or to nonprofits: the vast majority of its grants would go to non-profit organizations, OK, organizations that don't stand to accrue or confer any personal benefits on the recipients. They're not for profit making, but a small proportion of its grants are going to corporations and quite large corporations like MasterCard. And that's been a novel development in philanthropic circles, which is raising a little bit of concern for critics who say that essentially at a time of sky high corporate profitability, at a time when corporations are getting larger than ever, should they really be seen as deserving charity claimants? When you have so much need in the world and so much, you know, growing poverty in rich nations like the United States as well as growing inequality at the global level. So people are worried that too much of its money goes to corporations, even though proportionately far more goes to non-profit charities that don't stand to profit from the gifts from the Gates Foundation.

**ZR:** I want to set the stage a bit further and talk about certain terms and definitions and concepts. You mentioned the criticisms and one of the terms that you use in your book is called Philanthrocapitalism. People in my opinion, I didn't know about philanthrocapitalism and I mixed up philanthropy with flat philanthrocapitalism and I guess that's how many people feel.

So can you talk about what the difference is between philanthropy and philanthrocapitalism and how the practise of philanthrocapitalism has evolved historically up until this current period?

**LM:** Yeah, that's a great question. And I'll try not to give too long a response because it's quite a complex area but to really break it down, I'll have to go into some of these definitions in depth. So this term, philanthrocapitalism, I mean, like you, when I first heard it, I thought it was quite a jarring term, a jarring phrase. And it was not one that I had coined. It's not my own phrase. It's one that I study as an academic. And it was coined about 15 years ago now by a gentleman named Matthew Bishop, who worked at the time at The Economist magazine. He no longer does. He was an editor at The Economist. And I'm not sure if your readers or your listeners are that familiar with The Economist, but it's seen generally as quite a centre to centre Right magazine that tends to report about upon the activities of the global economy, but has tended to do so in a way that's generally favourably disposed towards capitalist expansion in capitalist development. So it's a very pro-capitalist magazine. And this term philanthrocapitalism was defined in two different ways. It's been defined really in a plethora of ways. But here are some of the key ways that Bishop sees it.

First of all, he said that it could be defined as what he saw as the new tendency for organizations like the Gates Foundation to try to emulate the practices of the for profit sector in their own giving practices. So to try to increase their efficiency and their cost effectiveness, in theory anyways, by making their business practices more corporate in nature, by sort of having a real fixation on results and impact and being able to measure the efficacy of their donations, the ability to create good. And then he also argued, and I think this is particularly controversial, that Bishop and some of his peers have argued that the term philanthrocapitalism gets with the idea that capitalism is itself, by its nature, a naturally philanthropic mode of economic development because it creates dynamism and wealth that leads naturally to benefits for a wider community. And personally, as someone who is quite critical of unfettered and under-regulated capitalistic expansion, I was very critical of the idea that you could see capitalism as a naturally altruistic or philanthropic phenomenon because it creates an incentive to hoard profits rather than disperse them.

**ZR:** I want to move back to the Bill and Melinda Gates Foundation. I think it's essential to analyse Bill Gates as well, to understand how this foundation got most of its wealth, or maybe the starting point of its wealth. Before Bill Gates stepped down as a CEO or as Chairman [of Microsoft]. The [Microsoft] corporation was fined numerous times for monopolistic activities. For example, in the United States in 2000, Microsoft was almost broken up but a settlement was reached. In the EU it was ordered [to pay] a fine of almost \$800 million in 2004. And then it was fined [again] almost \$900 million for not complying for this initial fine from 2004. In 2013, it was fined by the European Commission by \$730 million.

And of course, there's this well known documented issue of tax avoidance schemes that Microsoft used, and is still using, in Luxembourg, Ireland or Puerto Rico.

In addition, there is this issue of lobbying. I found a very interesting article on CNN from 2002 with the title "How Microsoft Conquered Washington", in which it outlines how

Microsoft quickly learned from its failures, where it was almost broken up in 2000 and then it stepped up its efforts in lobbying. In 2019, Microsoft spent around \$10.2 million in lobbying.

So the question is putting philanthrocapitalism as a concept with the Bill Gates Foundation. How can a person who's had to run a corporation with these practices all of a sudden make a switch when he does philanthropy? Don't you think that philanthropy is just a tool which still carries over these practices from the corporate world over into the charitable world?

**LM:** I think it's a really important question, and I think it's one that increasingly in today's world is not being asked enough. Whereas if you look back a 100 years, the very questions that you're asking used to be asked of the predecessors to Mr. Gates, like Andrew Carnegie and John D Rockefeller, who also set up large foundations with their wealth. And these were very wealthy early American industrialists who made fortunes in both the sort of rail industries, the oil and the steel industry. OK, so Carnegie was seen as sort of the steel baron and Rockefeller the big oil baron of the United States setting up Standard Oil [company]. And when they went to the public and said, you know, praise us, view our activities favourably because we're going to give our money away. Actually, the public wasn't convinced because they wanted those men to invest in more worker friendly business practices rather than essentially exploit their labourers while their wealth was made and then think it was possible to sort of cleanse their conscience by giving the money away later on. And I think the same could be said to a certain extent to a very large degree of the Gates Foundation, because I think even putting aside some of these anti-competitive findings that the Justice Department and other organizations like the European Commission reached about Microsoft leading to these huge fines that you've just announced. So we have to realise what these fines are. They're an indication of illegal activity, anti-competitive activity, which has always been regulated because of their fear that you have to keep large businesses... you have to restrain them [large businesses] from becoming too large monopolies that essentially start to threaten the democratic process and the ability to regulate these organizations for the common good. That's why we have antitrust legislation in different regions in Europe and the United States and Canada. That's why we try to restrict monopolistic practices, because it's harmful for consumers and it's harmful for other businesses. It's actually the opposite of a competitive business activity, which capitalism is in theory supposed to promote.

But also, I think one of my biggest concerns with how Microsoft operated and continues to operate is that it really embraced the contract worker bonanza where, you know, they were the forerunners of what we call in the United Kingdom now, the "zero protections gig economy" where you never know what hours you're working. You have no sick pay. You have no chance of a long term retirement benefit once your job is deemed expendable or when you're older. So you've got all these reductions in worker protections through the emergence of the contract worker economy and Microsoft in the 80s and the 1990s, so 20, 30 years ago, was really at the forefront of hiring in these sorts of armies of temporary workers who did not have adequate worker protections. So when something like COVID hits today and Mr. Gates is saying, I think quite rightly he's trying to help, we can come to that later. I don't subscribe to all these conspiracy theories who see him as the sort of evil character determined to profit from harming people. I think that's just horrendous. That's another extreme and it really prevents the type of cautious criticism that I think needs to be made. So he's not deliberately trying to harm people in any way. But I think, while he was in business, while he was CEO of Microsoft and later the chairman. He should have done more to make

sure that that corporation had better worker protections than he did for its so-called less skilled temporary workers. These are often essential workers who are not treated as fairly as they should be.

**ZR:** I think it's a good point that you make about trying to paint a certain sort of intention that Bill Gates has. For example, I don't think of the left in the way that people portray it, I think of it [the left] more as people who think about the system, reflect about the system. I think it's more important to understand under what sort of system people operate. I think that's business as usual. And I think the criticism should be based on that aspect.

But getting back to an interview that I did last week with the Institute for Policy Studies, they came out with a report which showed that the wealth of the super rich increased by \$434 billion since the beginning of the Corona crisis. In this interview, one of the authors, Omar, stated and I'm paraphrasing here, that charitable donations aren't actually donations from the super rich, but is money accrued by billionaires via exploitation or tax evasion and then is handed out as charity. So in essence, he was saying that the tax not paid by billionaires and corporations is an effective subsidy. Therefore, any donation made by the super rich is in essence, a form of subsidized charity. So what is your concept of subsidized charity? Did you come across this when you were researching? And would you think this is a legitimate criticism to make?

**LM:** I think it's definitely a legitimate criticism because essentially this charity is subsidized in many different ways. First of all, it's subsidized at the basic level of tax privileges which you accrue when you donate anything in the United States. And there's been lots of studies looking at this, but you can essentially earn up to 40 % of a reduction in your income tax for any charitable investment made. So 40% is quite a lot. And that means that essentially when you look at someplace like the Gates Foundation and they claim to have given away \$50 billion, cumulatively, that doesn't take into account the tax benefits they've received. So actually a lot of that money is deferred money that would have gone to the Treasury for expenditure on social spending that goes towards different social programs, poverty relief, shelter building, subsidized housing building, things that are essential to really expand in today's world when increasingly so many people are living in very impoverished and in macerated conditions as a result of the sort of hyper globalised world where too little has been done to help the average worker today, as well as care workers and all sorts of demographics that are not sufficiently seen as the essential part of the economy that they are. And I think I haven't seen enough from the Gates Foundation in really seeking to make that point that we have to start to look at things like minimum wage protections more. We have to look at ensuring that every job is a fair job and allows them to live more than on simply a poverty wage where you're working and working and working, but still then live in poverty. And when you mentioned earlier about lobbying of some of these corporate actors like Microsoft, I think that's a good point, because we have to recognise that a lot of the lobbying does happen from some of these actors towards preventing minimum wage protections, towards minimising union rights and collective bargaining freedoms and entitlements. So when you look at the ways that too often the corporations that generated this wealth are very much responsible for generating some of the harm to workers and the environment that they purport to be solving through their charity., I think that you have to see that you can't rely on philanthropists to solve the problems that their own business practices have actually created in the first place.

**ZR:** Another aspect I want to bring into play is the concept of opportunity cost. Yes, Bill Gates, for example, donates generously domestically or abroad. Then we're bound to see improvements in social indicators, especially if these areas are at rock bottom and this [the improvement in social indicators] is then hailed in the media as a benevolent action, sometimes even on par with religious level.

But shouldn't the real question be what would be the outcome if in comparison if the super rich would pay taxes domestically and abroad? What do you think of also employing the opportunity costs? Would people be better off, in your opinion, if these billionaires paid taxes and everything that you just mentioned such workers rights? Or do you think there's sort of a different opinion [to be made] that philanthropy by private people provides sort of a niche and is more targeted and therefore has a much more social value? Where do you see is the right choice and is it a mixed bag or shall we go one way or the other?

**LM:** It's a great question. I think I'm always in favour of a sort of moderate approach in a way. So I wouldn't say that we should dispense with philanthropic organizations altogether because they often do perform a valuable function. And just let me give some examples.

So, for example, we can't rely on governments to necessarily be the only provider of safety nets for people, because if you got into a state where you've got an increasingly authoritarian government, if you've got a government that might be democratically elected, but it's still leading to potential harm to particular groups that have fewer protections, as I think arguably we might be seeing right now in India, where Narendra Modi, for example, does have a lot of support of the populace but some of his recent laws have been really pernicious for some of the Muslim minority in that country. So I think that's worrying for people that you can have a democratically elected government that becomes increasingly authoritarian. And for that reason, you should in theory and practise, I think, have checks on the absolute power of a government as well, both through different electoral checks, but also through creating freedom of expression and freedoms for the right of charities within reason to give money where they would like. And you can see, for example, that in the past different U.S. governments have really cracked down on family planning internationally to please some of their anti-abortion base, they don't allow U.S. aid money to go towards reproductive health services for women, even though those health services are often very beneficial. So when I was looking at some of the good parts that the Gates Foundation, some of the staff I spoke with at the World Health organisation said we need to celebrate the fact that at least the Gates Foundation can give some of its money to reproductive health when the U.S. government refuses to. And that's an important point, I think, to celebrate, to praise the Gates Foundation about.

At the same time though, when you said that, of course, when they give their money, it's going to create a positive effect, I think that we have to look at the fact that what they give is actually a lot less compared to what countries give both through their own internal spending on health. So what most poor nations spend, even the poorest spend on health, it's more than they receive in overseas aid or philanthropy. So we actually discredit and don't do justice to the developing world when we perpetuate these sort of, I think, very pernicious and wrong sort of white saviour mentality attitudes, which suggests that the Gates Foundation is saving global health or is primarily responsible for global health gains when it's really not. It really has been useful in putting some money towards neglected causes. But that money is really,

really dwarfed by the amount given in overseas development aid. So what? Just to briefly give you a statistic on this. What cumulatively the various OECD [The Organisation for Economic Co-operation and Development] countries give, including Germany, the U.K., Canada, the U.S - so that's the organisation for Economic Cooperation and Development - they cumulatively spend about \$130 billion every year on overseas aid. So that 130 billion annually is a lot, lot more than the sort of 2 to 3 or 4 billion that the Gates Foundation spends each year. So I think we need to celebrate the fact that taxpayers across the world are themselves leading to the positive health gains that we're giving. And if we don't celebrate that, we risk really perpetuating this false idea that private philanthropists can save us when actually a lot of the time they're just saving their own conscience.

**ZR:** You mentioned Modi's government in India. I read today that the Bill Gates Foundation gave him an award recently and he [Bill Gates] was heavily criticized on that.

But I'm going to switch gears here. In April of 2020, Bill Gates appeared on Germany's publicly funded Daily News segment called Tagesschau to talk about COVID19. The Tagesschau is Germany's leading daily news segment, watched by eight to 10 million viewers every day. There was a huge uproar on the Internet. The criticism that I heard, which I found legitimate, were based on two following points. The first one is the interview was not critical in nature and presented Bill Gates as an health expert on COVID19 and b) experts, not foreign billionaires that may have commercial interests, should have access to a large audience, especially when it comes to public health.

So my question is twofold: what sway and influence does Bill Gates really have in terms of health in particular with the W.H.O.? And number two: how do you assess the general media coverage on Bill Gates? Is it more favourable or unfavourable? And if yes, why?

**LM:** I think in general, I'm less sympathetic to the idea that he shouldn't have a voice because he's not a public health expert, because actually he knows a lot about the science of vaccine development. He's really done his research. He's really poured his heart and soul and given his brainpower for years towards studying some of these infectious diseases. That said, he tends to know more about the science of diseases than the social and political complexities of actually getting these innovations to the people, because that often relates to sociological questions, which frankly, I don't think he is as knowledgeable about.

I also think that it's disproportionate the amount of media attention that he receives and I think there's a commercial reason for some of the reasons that he does receive this attention and I think it's problematic for a few reasons, because it's actually compounding, I think, some of the backlash against him. So, for example, his foundation has now given about \$400 million towards COVID vaccine development. But that amount is nothing compared to what governments are mostly individually and cumulatively spending. So just today BARDA [Biomedical Advanced Research and Development Authority] which is one of the main U.S. governmental agencies that funds biomedical research, just today it announced \$1.2 billion towards one company, AstraZeneca, for its vaccine. Earlier, it [BARDA] announced \$500 million to Johnson and Johnson. So what governments spend and therefore tax payers, because that's where a lot of government revenue comes from, taxpayers are responsible for the biomedical advances we're seeing as well as private companies. So actually, in the grand scheme of things, what Gates is spending on vaccines through his foundation is a lot when it

comes from one foundation. But compared to what governments spend, it's not nearly as much.

And yet too often in the media, especially the business media, which loves to celebrate these sort of mythologized stories of individualized heroism, you'll see headlines like "Gates Vaccine is almost ready" or "Gates COVID vaccine might be up by the end of next year". Well, first of all, I think you're creating too much hype because vaccines are complicated and they usually take 5 or 6 years to develop. So the likelihood of having one that soon is it's very rare. It would be good if it happened if a safe vaccine was produced, but it's unlikely. And so you're celebrating this sort of individual heroism in a way that detracts from the reality of government spending. And I once asked a reporter at Fast Company, which is an I.T. sort of leading magazine in the United States. I said to this guy at Fast Company, why do you always run so many stories about Gates Foundation funding when you know that governments spend so much more on basic medical research? And he said, well, it's because every time we run a story on Gates, the clicks go through the roof. So we get a lot of click mail, we get a lot of click bait. And so our ad revenue goes up. So the public itself is contributing to this sort of either valorization of Gates that's extreme or at the opposite end, this problematic demonization, which is also a problem, because I think it's creating too much fear around vaccines, which are a very important tool for science and for health.

**ZR:** I want to also look at a different aspect. I think a contradiction that comes across whenever we talk about Bill Gates. The Bill Gates and Melinda Foundation hold shares in companies such as Arcos Dorados, the largest McDonald's franchisee. Other stocks include Coca-Cola. The question that arises to me, for example, is why does it continue to hold stocks in these companies when the goal of its foundation is to take care of people's health or to combat health problems? Isn't Coca-Cola and McDonald's contributing to obesity, which we know people that have this sort of medical condition, are more susceptible will to COVID19. Other stocks that I found in his foundation [portfolio] include Walmart, Amazon, Apple, Twitter. We all know they are tax evaders and some of them employ exploitative practices in terms of their workforce. And also something I found was the fossil fuel industry when it's directly holding shares with Canadian National Railway company or via what you mentioned, Berkshire Hathaway owned by Warren Buffett that invest also in the fossil fuel sectors.

So what do you make of this contradiction that is [that] the Bill Gates as a person and the foundation is confronted with: on one hand, his foundation is trying to fight the symptoms, while on the other hand, his foundation or his trust of stocks that he is holding is profiting and even in many ways causing all these problems?

**LM:** Yeah, it's an important question and it's one that philanthropy scholars as well as practitioners really spend a lot of time discussing, analysing and trying to get their heads around. I mean, well, I was looking at the Gates Foundation; it did divest from a lot of its stock in Coca-Cola and McDonald's back in 2015. So I'm not sure whether it might have reinvested. I'm not sure what its holdings in these companies are recently. But I did see, as you just mentioned, that it's been purchasing a lot more Amazon stock. And you could argue that this is just good financial practices because these are financially quite lucrative companies, quite profitable, and they have to protect this endowment for future spending needs. But at the same time, this really gets, I think, at the centre of debates that we're not asking as much as we should be as scholars and as people who want to live in a sustainable



world. We need to be applying more pressure on large foundations and any sort of organisation that purports to have a social benefit to divest from organizations and industries that create exploitative working conditions or that have a very detrimental effect on the environment. And when you have Mr. Gates investing in these companies through its endowment, or even more problematically, from my view, giving money to corporations that are essentially tax privileged money that I think should only be directed towards a non-profit recipient because these corporations earn money from those gifts. So if you're going to give any money to them, I think it should have to be repaid by the corporations. And currently it's not, which is something that I argue is a breach of IRS regulations towards making sure that charity is not used to incur what's called private benefit. So I think the Gates Foundation has set up quite a few problematic precedents and practices through its belief that business, corporate and governmental partnerships are inevitably a good thing. Well, actually, sometimes they're not. And if you partner too much with business, then you will lose the ability to regulate business or to penalize them when businesses do wrong. Because actually you've created too much of a cosy, almost a croni stick relationship between the business sector and the non-profit realm. And I think that's dangerous. There should be boundaries and separation between different areas of the economy so that they act as checks and balances on each other.

**ZR:** What about democracy in terms of this foundation? Is it following democratic rules such as accountability, transparency and even within the foundation that people have a say? What were you able to uncover and what criticisms do you see on this aspect?

**LM:** I think this is one of the biggest questions to ask today. In what way does having these non elected officials being so powerful at the level of the world stage actually undermine principles of democratic accountability to a constituency that you are legally beholden to through the very structures of an electoral system that is democratic in nature? And essentially the Gates Foundation claims to stay within the law. But as I've said, I do think some of it's gifts to corporations might breach IRS regulations. And essentially, there doesn't seem to be a lot of political will in the United States to scrutinize this that effectively, because people can see that he does mean well and he's trying to create good. And I think his motives might be well-intended, but they can create unintended effects where the precedents he has established makes it more feasible for someone with less beneficial motives to actually expand even more corporate gifting practices.

So you have to look at this in a sort of trickle down way, which might lead to some sort of a snowballing effect where he legitimates more and more foundations to also direct some of their grants to for profits at a time when actually this money would be best spent in my view, in going to the vast need that's been created at non-profit charities throughout the United States and the world that are dealing with the fallout from COVID. So you have to look at the level of precedent setting. And I think too many people are reluctant to do that because they're worried about appearing mean or they say it's his money, he can do what he wants with it. But if he wanted to spend all this money funding an organisation like the Ku Klux Klan or funding really spurious hate groups, we would take an interest in it. I'm not saying he wants to do that. I don't think he does. I think he has a very noble and a valuable anti-racist attitude and mentality through his gift giving, but too much power from someone like him legitimates other actors to say, well, if you're not reigning in his philanthropic practices why are you applying a double standard to me? And so for this reason, I'm in favour of capping

foundation sizes. I'm in favour of making sure they always have to be transparent with their disclosures which the Gates Foundation is. But some newer entities like Mark Zuckerberg's organisation are much less transparent with their lending [actually meant with their "practice"] and I think that's partly because of certain precedence that the Gates Foundation first established when it suggested that partnering with business was an okay idea.

**ZR:** I think that's what is also, I'm not saying that's the primary reason, but I think it's part of the reason why so many conspiracy theories are flourishing, in my opinion, is because of the lack of transparency. For example, Bill Gates has direct access to our chancellor, Angela Merkel. And then one day we're seeing him on the Tagesschau. And it would be akin for many people here that a Russian billionaire and what they would call oligarchs appears on television and starts talking. And so many people over here, I think, especially with a polarised society, have adopted either of some forms of demonization or some forms of holding him sacrosanct. And I think it's very important that the criticisms, if there are any, should remain on the structural issues that you're levying on.

So that's why I want to get to the solution aspect, which I think is very important, if we want to find constructive ways going forward. Let's just say a corporation or business, earns its money ethically and sets up a foundation to really combat systemic issues such as worker's rights and improving state and institution building so they can scale their investments or funds into the healthcare system and improve people's lives instead of just combating the symptoms. What should a foundation look like? How would you describe its ideal function and what should it be avoiding?

**LM:** That's a great question because I think I'm certainly not in favour of a blanket sort of ban on philanthropic foundations. They can often do an enormous amount of good. So I think there's a few things. I think we should look at getting back to your question of divestment. There should be transparency surrounding where the endowment is invested and a little bit more critical scrutiny when organizations are investing in large beverage companies that are known to have an incentive to produce very addictive type sugary beverages. Coca-Cola also is known for very punitive anti-union busting activities. So at every level of this sort of supply chain, you should be demanding corporate accountability. And I don't think the current foundations in the United States, the main foundations, are demanding that sufficiently. So I think we put pressure there. I think we drive home the view that philanthropy is no substitute for tax. OK, so we point out that maybe giving some of one's excess wealth to charity is a good thing, but it's not a substitute for taxation. First of all, because it can be withdrawn at whim if the benefactor decides I just don't want to give money this year, then there's not a lot of legal way to deter that from happening. You could find a foundation in the states that doesn't meet its minimum payout requirements, but it could simply give a little bit more one year and offset that concern.

So I think having a democratically accountable welfare net and social spending system that is accountable to a people, it's one of the most important and sort of civilized ways to allocate resources in a developed society. Having it down to the whim of one or two wealthy men or women, it's a sort of feudal approach to giving that is more in line with the sort of pre-modern era of the sort of noblesse oblige of sort of kings and queens and the pre-revolutionary time than it is a modern phenomenon. So I don't think we should see charity as a substitute for justice because it's not.

Then when it comes to a practical approach then, I would say we should have limits on foundation size. We shouldn't let them become as big as some of them are because that's the same as letting any company become too big. It's a monopoly problem. You start to distort the funding landscape in worrying ways that are quite demonstrable, that can be seen through sort of one foundation, creating critical energy around an area. And that might be good in ways, but it could mean other organizations, worthy organizations lose out because they're seen as less fashionable. And we really saw that in the United States when it came to charter school movements, which created a lot of education inequalities, despite the fact that places like the Gates Foundation really championed them, or perhaps because they were getting so much fanfare from the Gates Foundation, people thought it must be a good idea of Gates likes it. He's so smart. But actually it wasn't a good idea because it created divisions within the structure of public education in the United States.

So you basically try to create a situation where you have a sort of ecosystem of different ideas. You have a pluralist variation of ideas rather than having too much sort of knowledge based in one organisation because everyone is subjected to limits on what they know. You don't want to be essentially restricted by the unintended ignorance of one organisation or person, so you are always trying to prevent monopolies from forming.

The other big thing is board representation. So you have to have, say, different representatives of civil society on boards, potentially as an argument that some people make because they think an organisation like the Gates Foundation has a very close board where its trustees consist of only Bill, Melinda and Warren Buffet, the head of Berkshire Hathaway. So that's some of the regulations and suggestions that have been proposed. But right now, I don't think there's a lot of political will to really implement them, because there are so many other problems going on, particularly in the United States, when it comes to different sorts of difficulties in passing sort of legislation that's favourable towards workers and not just business interests. What we've seen with Trump is the favouring of business interests, not really the general population. So the will to pass some of these ideas is quite limited, but people are making them. There's a lot of philanthropy scholars in the United States raising these ideas. So I think we will be at least for public consciousness around the fact that you can't just say it's his money, he can do what he wants with it, because that money has effects for people. Sometimes negative effects. And so you have to protect people who are negatively affected by the giving practices of an organisation that's not sufficiently well regulated.

**ZR:** Another solution aspect that I would like to talk about is the role of journalism. There was a lot of criticism, for example when Bill Gates appeared on the mainstream media in Germany, because he has also donated to some of the media here, and for example, when I was researching for this interview, it was very difficult to find structural criticism that we talked about in this interview.

Is journalism a danger when foundations like the Bill Gates Foundation's finances them? And secondly, how important is viewer funded journalism that, for example, we are doing? We are also funded partly by a foundation, by one of the core principles before we accept the donation is based on the fact that there is no editorial sort of influence [from foundations]. But obviously it does, as we will say transparently, it does influence you in certain ways

because once you get the money, you create new structures and stuff like that. So you sort of self-censor in a sense. So talk about how important it is, the dangers of foundations financing journalism and the importance of independent media?

**LM:** Yeah, again, I think it's a mixture of both. So I would never want a blanket prohibition against giving money towards journalistic organizations because I think a lot of good organizations rely on that philanthropic disbursement. So you've seen The Intercept founded by and receives money from Pierre Omidyar in the United States. You've seen other organizations in the past and today really a lot of the socially positive legislation that's been passed over the years might not have happened if you didn't have a tradition of wealthy people funding the media. So I can think of, for example, Upton Sinclair, the Socialist reporter's famous book *The Jungle*, which exposes really problematic, unhygienic practices in meatpacking plants in the United States that was funded through some charitable money towards socialist organizations. So I think socialists, I think progressive activists, different groups should be able to turn to philanthropy to apply for funds for reporting practices. But again, it speaks to this last point that I made about trying not to let any one organisation fund too much to look at that critically, so that you don't start to get to the problem of group thinking, knowledge silos where people are just incapable of seeing beyond the purview of their limited knowledge, because literally you have a squeezing out in effect of and taking interest in ideas from other places that can create a real marketplace of ideas, which I think is a necessary and vital aspect of any thriving democratic society. If it was me and I was an organisation in the media looking for money, I wouldn't be afraid to approach different large foundations. But then I would be even more critical of some of those foundations that are funding me. And if they then shut down your funding, use that, disclose it, talk about it. And unfortunately, it might lead to starved funding sources. But at least you've done your job in a really integrity based way.

**ZR:** So let's see. We'll try to apply for a fund from the Bill & Melinda Gates Foundation after this interview. And I'll let you know.

**LM:** I mean, go for it. Yeah, they like to be seen, I think, as iconoclastic and willing to find divergent ideas. So, you know, sometimes it's okay to use that reality to one's benefit.

**ZR:** I think it also says something about someone when they fund you to [let you] criticize you. shows a different sort of level [of humanity]. But I've yet to come across a funder that would allow that. For example, the Intercept, which I follow closely, you mentioned the funder Pierre Omidyar. I have yet to see a criticism on him. Maybe I missed it, but I haven't seen it until now on their own platform. And so it is something that maybe we as a society should be aiming at.

So for my last question, very simple. Should billionaires exist?

**LM:** No, I think we should be finding new distributive mechanisms to keep the very wealthy from accruing that amount of obscene wealth in the first place. Whether it's ratios and limits on what the highest earner in a company can take home in comparison to the lowest paid worker, whether it's stronger redistributive of practices through taxation, minimum wages, all sorts of mechanisms are at our disposal to nip this problem in the bud when it comes to obscene wealth accumulation in the first place. And I think we should see that it's part of the

necessary step in our global societies today to democratize the economy. And if we democratize the economy in a more worker friendly way, then we wouldn't have these vast, often illegally accrued fortunes to begin with. So, yes, I think we should abolish billionaire wealth today.

Linsey McGoey, author and professor of sociology at the University of Essex. Thank you so much for your time.

**LM:** Thank you.

**ZR:** And thank you guys for tuning in today. Don't forget to subscribe to our YouTube channel and to donate so we can continue to produce independent and non-profit news and analysis. I'm your host Zain Raza. See you guys next time.

**END**