

Supporting Information Text S1. Historical controversy about the politics of philanthropy

Controversies about the politics and philosophies of private foundations are not new. Between 1880 and 1930,[1] so-called ‘robber barons’ were criticized for starting tax-exempt foundations to relieve political pressure for the greater financial redistribution in American society [2]. For example, the Rockefeller Foundation grew out of the Standard Oil Company and was criticised for supporting initiatives seen as preventing the unionization of workers [3]. The American Walsh Commission on industrial relations suggested that Mr. Rockefeller pay workers higher salaries[4], stating that his foundation “appear[s] to be a menace to the welfare of society” by preventing the taxation of the family’s fortune and thereby reducing government funding for welfare programs during periods of recession. The Foundation previously promoted a free-market ideology emphasising (in the words of its president) that “The solution to the problems of ill health in modern American society involves individual responsibility” [5]. Hence, the eradication of disease was promoted through behavioural change, educational programs and technological interventions rather than the economic redistribution of wealth or strengthened social safety-nets [6]. The Foundation was later criticized for becoming a leading funder of the eugenics movement[7], and subsequently for population control programmes linked to President Nixon’s declaration that population growth in developing countries reduced access to key raw materials and was therefore a “national security threat”[8]. More recently, the Foundation was criticised for having advanced the entry of genetically-modified crops into new markets against popular opposition, while having financial investments in genetically-modified-seed-producing companies [9].

Summarising the prevailing sociological critique of the time, two commentators argued that “money which ought to be in the hands of the public is being retained by aristocrats for purposes beyond the control of democratic institutions; the academic freedom of universities is being subverted by control of academic budgets by the foundations; public policy is being determined by private groups; the scientific and scholarly research and the artistic creativity of individuals are being stifled by the emphasis of foundations on group-research; smallness and individual effort are thwarted by materialistic and business-oriented demands of foundation management; foundations are bastions of an elite of white, Anglo-Saxon, Protestant managers holding out against the normal development of a pluralistic and ethnic society” [2].

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5. Knowles J (1978) Doing better and feeling worse. *Bulletin of the American Academy of Arts and Sciences* 31: 26-38.
6. Halstead S, Walsh, JA, Warren, KS (1985) *Good health at low cost*. New York: Rockefeller Foundation.
7. Black E (2003) Eugenics and the Nazis -- the California connection. *San Francisco Chronicle*. <http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2003/11/09/ING9C2QSKB1.DTL>.
8. Engdhal W (2005) Seeds of destruction: The geopolitics of GM food: connection between Monsanto and The Rockefeller Foundation. <http://www.politicalfriendster.com/showConnection.php?id1=238&id2=2472>.
9. Maessen J (2009) Beyond golden rice: The Rockefeller Foundation's long-term agenda behind Genetically Modified Food. <http://www.globalresearch.ca/index.php?context=va&aid=13944>.

Supporting Information Text S2. Rules and Regulations Governing U.S. Private Foundations

The main defining feature of a foundation, whether a private foundation or public charity, is that they are not for profit and qualify for a federal tax exemption according to 26 U.S.C. § 501(c)(3) of the Internal Revenue Service code. The U.S. common law system and tax codes of the Internal Revenue Service provide federal tax exemptions to an organization if it is organized exclusively for one of the following exempt

purposes: religious, charitable, scientific, testing for public safety, literary, educational purposes, to foster national or international amateur sports competition, promote the arts, or for the prevention of cruelty to children or animals [1].

There are two types of U.S. federal tax-exempt organizations: public charities and private foundations. An organization is assumed to be a private foundation unless it meets criteria for a public charity. Public charities, such as the American Cancer Society, usually derive their funding from the general public. One important distinction is that public charities may directly provide services and deliver care, whereas private foundations' operations are limited to making grants to other agencies that act on the foundations' behalf (and thus they are sometimes called 'non-operating foundations'). Further rules apply at the state level to the governance of private foundations that may exempt them from state taxation.

Federal tax exemption requires that the foundations must "not be organized or operate for the benefit of private interests, such as the creator or creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests"[2]; no private shareholder or individual may inure from the organization's net earnings; and there are restrictions on their political and lobbying activities (see IRS 501(c)(3) for more details).

To prevent conflicts of interests, foundations often have explicit policies. These usually set out ethical criteria for their staff, directors, and recipients of grants. The Ford Foundation, for example, has documents establishing 'standards of independence', a 'trustee code of ethics', guidelines for 'ensuring grants are used for charitable purposes', 'procedures for approving affiliated grants', 'procedures for the receipt, retention, and treatment of complaints' and a 'staff code of conduct and ethics.'

It is also important to bear in mind that some organizations use the title 'foundation', although the designation does not have legal status (which can only be ascertained by examining whether the private foundation has filed a 990-PF with the IRS). More than 120,617 private foundations were estimated to exist in 2009 and 88,879 filed with the IRS in 2010 [3]. Less than 5% of these private foundations were operating foundations. Private foundations are estimated to manage more than \$560 billion in assets and contribute more than \$44 billion each year.

Foundations are designed to fulfil the missions of their donors. Thus, donors can also push foundations to adopt particular philosophies or orientations that are favourable to their interests. This was observed in the sociological programmes of tobacco companies aiming to promote a particular market-oriented, technological, and anti-government philosophy based on concepts of individual responsibility and personal freedom, which would influence public beliefs and create favourable social conditions for selling tobacco [4].

There are multiple benefits to establishing a private foundation. One is the avoidance of liability for the consequences of the foundation's activities by the parent corporation or donor (using the Hilton Foundation as an example, the legal designation of a private foundation includes disclaimers such as "Although both organisations carry out charitable activities and have Hilton in their name, we [the Hiltons] are not affiliated in any way"). Another is tax-exemption. Donors receive an income tax deduction and an unlimited estate tax deduction for bequests at death. However, these donations effectively reduce the government's tax income, and thus justify public scrutiny because money that goes untaxed from private funders is supposed to be used for the public benefit, being displaced from alternative public spending programs. Some major U.S. donors have decried the tax situation where billionaires can pay less tax than their secretaries[5]. A third benefit, albeit

difficult to quantify, is the positive social reputation and feelings of goodwill that accrue to the foundation's creators.

1. IRS (2010) Tax-exempt status for your organization. Washington D.C.: Internal Revenue Service.
2. IRS (2010) Inurement/private benefit - Charitable organizations: Internal Revenue Service. <http://www.irs.gov/charities/charitable/article/0,,id=123297,00.html>.
3. National Center for Charitable Statistics (2010) Number of nonprofit organizations in the United States, 1999-2009: Urban Institute. <http://nccsdataweb.urban.org/PubApps/profile1.php?state=US>.
4. Landman A, Cortese, DK, Glantz, S (2008) Tobacco industry sociological programs to influence public beliefs about smoking. *Soc Sci Med* 66: 970-981.
5. Bawden T (2007) Buffett blasts system that lets his pay less tax than secretary. *The Times*. London. <http://www.timesonline.co.uk/tol/money/tax/article1996735.ece>.

Supporting Information Text S3. Sources of Data

First, to address the sources of funding, data were taken from financial and policy statements from private foundations and their managerial boards [1], as well as investment reports and endowment disclosures to the Securities and Exchange Commission (SEC) Trading Investment Portfolio in its Edgar database [2] and filings with the IRS for the 2008 calendar year [3]. It was necessary to interrogate market data to evaluate the specific stock investments of the Foundation, as these purchases are also not immediately publicly disclosed; there is often a delay of about 4-5 months in tracking them. Second, as with most Foundations, the decisions about grant-making allocations and priorities are made by the board of directors. Data on the board membership were found on the foundations' websites. Unfortunately, there is no routinely available dataset on institutional linkages of board members to corporations, universities, and political organizations. Thus, these ties were tracked using a publicly available network mapping software package, NNDB, which provides a map of current and historical linkages of affiliated members of the Foundations [4]. To assess the validity of this data, a random sample of 20% of the linkages were investigated further using additional data from the SEC EDGAR database, and found to be accurate prior to 2008. This analysis was further supplemented with a biographical examination of board members. Lastly, the question of who benefits from these decisions is a challenging empirical question, as the methods of determining impact on intended recipients of aid are subject to considerable debate. We narrowed the question to what subject matter specific grants were directed towards (e.g., malaria, tuberculosis) from the Foundation and which organizations derived won grants, in the Foundation's words and reports.

P990 Forms containing full data on government obligations, corporate bonds, corporate stock, and other investments (including land) can be found on the website of the National Center for Charitable Statistics: available at <http://nccsdataweb.urban.org/PubApps/990search.php/> (Accessed January 7th, 2011).

Securities and Exchange Commission. Edgar Database. 2010. Available at: <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001166559&owner=exclude&count=40>

1. Gates B (2010) 2010 Annual letter from Bill Gates. <http://www.gatesfoundation.org/annual-letter/2010/Pages/bill-gates-annual-letter.aspx>.
2. Securities and Exchange Commission (2010) Edgar Database. <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001166559&owner=exclude&count=40>.
3. National Center for Charitable Statistics (2010) Number of nonprofit organizations in the United States, 1999-2009: Urban Institute. <http://nccsdataweb.urban.org/PubApps/profile1.php?state=US>.
4. NNDB (2010) NNDB Mapper: Tracking the entire world. <http://mapper.nndb.com/>.

Supporting Information Text S4. Full Corporate Stock Investment Listings filed with the Securities and Exchange Commission (Form 13-HR), Bill & Melinda Gates Foundation Trust and Berkshire Hathaway Holdings, June 30th, 2010

Bill & Melinda Gates Foundation Trust Corporate Stock Investments		
Company Stock	Value (\$1,000)	Portfolio Share (%)
Berkshire Hathaway	5,896,853	49.75
McDonald's	617,367	5.21
Caterpillar Inc	576,095	4.86
Coca-Cola Co	510,322	4.31
Waste Management	491,765	4.15
Canadian National Railway	481,972	4.07
Walmart	444,792	3.75
Exxon Mobil Corp	407,700	3.44
Coca Cola FEMSA	351,541	2.97
CostCo	335,998	2.83
Grupo Televisa	271,703	2.29
Autonation Inc	210,446	1.78
British Petroleum	206,001	1.74
Crown Castle Intl	198,704	1.68
FedEx	177,028	1.49
Ecolab Inc.	112,275	0.95
America Movil	94,999	0.80
CSX Corporation	79,408	0.67
Goldman Sachs Group	65,635	0.55
M & T Bank Corp	63,712	0.54
Expenditors Intl Wash	56,873	0.48
Republic Services Inc	40,136	0.34
Expedia Inc	28,170	0.24
Eastman Kodak Co	24,955	0.21
Devon Energy Corp	24,825	0.21
Cabot Oil & Gas Corp	24,290	0.20
Monsanto	23,110	0.19
Range Resources	23,086	0.19
IAC Interactive Corp	11,754	0.10
Greater China Fund	1,806	0.02
Bank of Florida	24	0.00
Total	\$11,853,345	

Source: Securities and Exchange Commission. Edgar Database. 2010. Available at: <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001166559&owner=exclude&count=40>

Berkshire Hathaway		
Company Holdings	Value (\$1,000)	Portfolio Share (%)
Coca Cola	10,024,000	21.58
Wells Fargo & Co	8,194,263	17.64
American Express Co.	6,018,944	12.96
Procter & Gamble Co.	4,682,699	10.08
Kraft Foods Inc	2,946,008	6.34
Johnson & Johnson	2,440,334	5.25
Wal-Mart Stores, Inc	1,876,515	4.04
Wesco Finl Corp	1,843,238	3.97
US Bancorp	1,543,031	3.32
ConocoPhillips	1,428,992	3.08
Washington Post Co.	709,214	1.53
Moody's	613,214	1.32
Nike Inc.	516,150	1.11
M&T Bank Corporation	455,657	0.98
Republic Services Inc.	321,908	0.69
CostCoWholesale Corp	237,598	0.51
USG Corporation	206,232	0.44
Fiserv Inc.	200,904	0.43
Comcast Corp	197,160	0.42
Ingersoll-Rd Company LTD	194,386	0.42
Nalco Holding Co.	187,209	0.40
Iron Mountain Inc.	179,680	0.39
Nestle	164,585	0.35
Carmax Inc.	153,745	0.33
Torchmark Corp	139,811	0.30
Lowe's Companies Inc	132,730	0.29
Becton Dickinson & Co.	127,794	0.28
NRG Energy Inc	127,260	0.27
Sanofi Aventis	122,154	0.26
General Electric Co.	112,157	0.24
United Parcel Service Inc	81,307	0.18
Home Depot Inc	77,414	0.17
Bank of America Corp.	71,850	0.15
GlaxoSmithKline	51,372	0.11
Exxon Mobil Corp	24,072	0.05
Gannett Inc.	23,424	0.05
Comdisco Holding Co.	13,799	0.03
Total	\$46,440,810	

Source: Securities and Exchange Commission. Edgar Database. 2010. Available at:
<http://www.sec.gov/Archives/edgar/data/1067983/000095012310078001/v56978ae13fvhr.txt>

P990 Forms containing full data on government obligations, corporate bonds, corporate stock, and other investments (including land) can be found on the website of the National Center for Charitable Statistics: available at <http://nccsdataweb.urban.org/PubApps/990search.php/> (Accessed January 7th, 2011).

Supporting Information Text S5. Examples of Interlocking Appointments with Food, Pharmaceutical Companies and Other Private Foundations

Anne Fudge, the chairman of the Gates Foundation's US Program Advisory Panel is also on the board of directors of Rockefeller Foundation (in addition to General Electric, Novartis, Unilever, and Harvard University, among others)[1]. She was a marketing director at General Mills and then rose to the presidency of the Beverage, Desserts and Post Division at Kraft General Foods (1986-2003), She then became CEO and chairman of Young and Rubicam Brands and Advertising (2003-2006), a "commercial communications network of preeminent companies in advertising, public relations, identity and design, sales promotion, and direct marketing." Former director of HIV, TB, and reproductive health, Helene Gayle, is a trustee of the Rockefeller Foundation, CEO of CARE USA, and on the board of directors of Colgate-Palmolive Company, among many other institutions [2].

Members of personnel also move between the Foundation and pharmaceutical companies. For example, in April 2010, a former Merck senior vice president, Richard Henriques, became the chief financial officer of the Gates Foundation [3]. At least two other members of the Gates Foundation leadership have transferred from the leadership of GlaxoSmithKline to sit on the Foundation's board of directors, including Kate James [4], the chief communications officer, and Tachi Yamada, until February 2011, the head of the Foundation's global health program [5]. Similar patterns were observed with the other foundations studied.

1. Bill & Melinda Gates Foundation (2011) United States program advisory panel: Anne Fudge: Bill & Melinda Gates Foundation. <http://www.gatesfoundation.org/united-states/Pages/program-advisory-panel.aspx>.
2. CARE (2011) Helene D. Gayle: CARE. http://www.care.org/about/bio_gayle.asp.
3. Reuters (2010) Merck exec to be Gates Foundation CFO. Reuters. Seattle. <http://www.reuters.com/article/idUSN3120892820100331>.
4. Bill & Melinda Gates Foundation (2011) Kate James, Chief Communication Officer Foundation Operations: Bill & Melinda Gates Foundation. <http://www.gatesfoundation.org/leadership/Pages/kate-james.aspx>.
5. Bill & Melinda Gates Foundation (2011) Tachi Yamada, President Global Health Program: Bill & Melinda Gates Foundation. <http://www.gatesfoundation.org/leadership/Pages/tachi-yamada.aspx>.