WHOSE SIDE ARE BIG CORPORATIONS ON?

by Phyllis Schlafly December 8, 1994

Over the last genenation, nonprofit public-affairs advocacy groups have come to play an important role in American social, cultural and political policies. These groups churn out ideas and information in support of certain public policies, arrange massive media coverage, and send witnesses to testify at Congressional hearings.

The Children's Defense Fund, the leading promoter of federally funded, federally regulated daycare, is a prime example of this kind of advocacy group. Hillary Rodham Clinton and Donna Shalala both served as its chairman of the board, and prominent media personalities regularly attend CDF's fundraising dinners.

While nonprofit advocacy groups cover a wide spectrum of viewpoints, those (like CDF) that advocate expanding entitlements through higher taxes are the best funded and the most influential. They have become major power brokers in setting public policy.

One of the most curious features of these liberal groups is the money that they receive from big U.S. corporations. One would think that, when corporations are inspired to give away money for allegedly charitable purposes, they would do so to advance the free market system, lower taxes, and less government.

Not so, according to the Capital Research Center, a private research organization that has been tracking corporate giving to nonprofit advocacy groups for the last eight years. Its latest report proves again that corporate philanthropy in 1992 (the most recent year for which records are available), more likely than not, is lavished on groups that attack free market incentives and promote bigger government. The Children's Defense Fund, for example, received $706,000 in corporate grants in 1992.

Capital Research Center tallied up the score and reports that 129 of the nation's largest corporations contributed $36 million to more than 300 nonprofit advocacy groups in 1992. And what kind of advocacy raked in the cash? Left-leaning interest groups received $3.42 for every dollar received by right-of-center groups.

Conventional wisdom assumes that big business is conservative. The Capital Research Center report proves that big business is funding the left; the lion's share of big business's corporate giving goes to liberals promoting big government and the welfare state.

The health care issue that was so controversial during much of 1994 is a good example of how corporate grants advance the liberal agenda. Many of the advocacy groups financed by corporate philanthropy have been putting out policy papers for

years in support of the major features of the now discredited Clinton health care bill, including managed competition, regional alliances, and universal coverage.

Of course, the actual amount of money given by big corporations to nonprofit advocacy groups is a small fraction of their corporate budgets. But that money is a significant part of the budgets of the recipient organizations, and furthermore, the corporate grants confer respectability on the advocacy groups, thereby opening doors to other funding sources.

For public relations and Internal Revenue purposes, these corporate grants are called charitable giving. But they bear little relationship to traditional charity, which offers direct assistance to the needy.

The nonprofit advocacy groups actively deemphasize support for traditional charities and try to shift resources to advocacy groups that promote government spending and welfare-state programs. The advocacy groups that receive these grants enjoy the same tax exemption as a church or traditional charity, even though they engage in no direct assistance.

The Capital Research Center identified six corporations as members of a ""million dollar club," defined as giving more than a million dollars to ""largely center-left and liberal interest groups." They are Exxon, Aetna, Ford, NYNEX, AT&T, and General Electric.

Don't corporations have a right to make charitable contributions as they please? Not exactly. Most big corporation officers are managers, not owners, and they are literally giving away somebody else's money. At the very least, they should fully inform the company's owners and obtain their consent.

In addition, it raises eyebrows when grants are made by corporations that are losing money. The Capital Research Center discovered that 21 big corporations gave shareholders' money to advocacy groups in spite of the fact that the companies were suffering major losses.

As Malcolm Forbes Jr. writes in the preface to this report, ""In the aftermath of the ignominious collapse of the Soviet Union, it's hard to believe how statist-minded so many Americans were in the 1960s and 70s." Thanks to the work of the Capital Research Center and its report called ""Patterns of Corporate Philanthropy," we now know who put up some of the money to market and sell so many dead-end liberal notions.