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# Foundations, Conflicts Of Interest And Drugmakers

By Ed Silverman // [April 13th, 2011](#) // 9:06 am

[23 Comments](#)



Major philanthropic foundations, such as the Bill & Melinda Gates Foundation, regularly make the news with their donations and initiatives aimed at improving global health. But there is an aspect to their efforts that may be overlooked - such organizations can have links with drugmakers that could constitute a conflict of interest, according to an analysis published in PLoS Medicine.

The researchers examined the five largest US private and/or family foundations that focus considerably on global health - besides the Gates Foundation, the list included the Ford Foundation; W K Kellogg Foundation; the Rockefeller Foundation and the Robert Wood Johnson Foundation, which is a philanthropic outgrowth of a Johnson & Johnson founder. They analyzed publicly available endowment disclosures with the US Internal Revenue Service and stock holdings from the US Securities and Exchange Commission. They also examined potential conflicts of interest of individual foundation employees.

What did they find? In some instances, foundation board members sat on the boards of corporations that also may benefit from foundation grants. The opposite was also found to be true - foundation grants are sometimes associated with companies that are represented on a foundation board and are among its investments and partnerships (read the PLoS analysis [here](#)).

Take the Gates Foundation. Several members of its management committee, leadership teams, affiliates, and major funders are currently or were previously members of the boards or executive branches of several major drugmakers, including Merck and Novartis (see the commercial network of the Bill & Melinda Gates Foundation [here](#) and [here](#)).

A related example: In 2005, the Gates Foundation announced a \$107.6 million grant to the PATH Malaria Vaccine Initiative (MVI) to extend a public-private partnership between MVI and GlaxoSmithKline Biologicals to develop the drugmaker's malaria vaccine for children in Africa. Three months later, the Gates Foundation hired Tachi Yamada as executive director of its Global Health program. Until then, he chaired Glaxo R&D.

Meanwhile, there are stock holdings. The Gates Foundation holdings are invested in Berkshire Hathaway, which the researchers write has significant ownership in GlaxoSmithKline, Sanofi-Aventis Johnson & Johnson. And the Gates Foundation held stock in Merck at a time when it developed partnerships with the African Comprehensive AIDS and Malaria Partnership and the Merck Company Foundation to test Merck products.

Also, the researchers noted the Robert Wood Johnson Foundation played a leading role in promoting anti-tobacco products and maintains Smoking Cessation Leadership Centers and programs, but owns Johnson & Johnson stock, a leading manufacturer of cessation products. They also pointed out some board members have been represented on both the foundation's and the company's boards (see the 990 form [here](#)). **UPDATE:** The share of Robert Wood Johnson Foundation assets comprised of J&J stock is currently \$803 million, or just under 9 percent of total assets of \$8.8 billion, a spokesman writes us, adding that there are no current overlapping board members.

For a definition of a conflict, they relied on the World Health Organization, which notes a conflict of interest “can occur when a partner’s ability to exercise judgment in one role is impaired by his or her obligations in another role or by the existence of competing interests... A conflict of interest may exist even if no unethical or improper act results from it. It can create an appearance of impropriety that can undermine confidence in the individual, his/her constituency or organization. Both actual and perceived conflicts of interest can undermine the reputation and work of the Partnership.”

The authors noted that “a private foundation clearly has the legal right to spend money however it wishes within the limits of the law...yet, in an environment where private foundations influence the future direction of, for example, what programs will be introduced into a foreign community, in a manner that does not necessarily involve directorship or voting from the community- members themselves, it is reasonable to subject the decision-making processes of these entities to public debate, especially if these funds were to have otherwise been collected for public redistribution through federal taxation...”

“While private foundations adopt standard disclosure protocols for employees to mitigate potential conflicts of interests, these do not always apply to the overall endowment investments of the foundations or to board membership appointments,” they conclude. “The extent and range of relationships between tax-exempt foundations and for-profit corporations suggest that transparency or grant-making recusal of employees alone may not be preventing potential conflicts of interests between global health programs and their financing.”

## Comments

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### Salient point

April 13th, 2011  
9:16 am

I'm shocked-shocked!-to see that the Gates Foundation is invested in Berkshire Hathaway. It's irresponsible for this philanthropic

organization to do business with the most successful public investment firm in history.

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**No Credit**

April 13th, 2011

9:24 am

If you follow PLOS logic then we should all die of disease but be free of conflict and/or knowledge. What the study really shows is how valuable the pharmaceutical industry is in saving lives in the 3rd world and the authors of course give them no o nada credit for that. You should be ashamed for being the mouthpiece of anything anti industry and stop publishing their crap.

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**Ed Silverman**

April 13th, 2011

10:14 am

Dear No Credit,

Thanks for the note. And I understand your concern. The reason I chose to write about the PLoS analysis is because conflicts can give the impression that interests may be muddled.

That, however, is not the same thing as saying the stated mission of any given foundation is unworthy. And I do not believe that is what the researchers wrote. Nor did I.

The issue raised is the process by which decisions are made and which factors may influence those decisions. Understanding interlocking relationships may shed light on the process and, perhaps, prompt the foundations to do the best job possible.

That might be a win for everyone, yes?

Regards  
ed

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**No Credit**

April 13th, 2011

10:45 am

If we are to spend all our time worrying about who might possibly have a "conflict" then nothing would ever get done. In any other industry experience is rewarded with honor, you never hear someone worried that a computer consultant somehow has a conflict because he works with 10 companies and solves computer problems. On the contrary he is honored as an expert and we should do the same in medicine. This has gotten out of hand. Pharmaceutical companies give away billions of dollars to the third world and get no credit for any of their efforts. The doctor's in third world countries just laugh at us squabbling over meaningless relationships, they are envious of the resources we possess.

**W.T. "Bill" McKibben**

April 13th, 2011  
10:51 am

Few ethical conflicts are obvious. It's natural to associate with those we have confidence in, those we trust. The difficult part is keeping focused on the right thing. Cognitive dissidence can easily lead us to believe that our choices are pure, when in fact they are not. Since a world free of ethical conflicts is neither possible nor desirable, we must trust on the player. Their moral compass is all we have. And of course those who remind them of the tightrope (good illustration) they walk. Thank you and those responsible for the research your piece is based on. No one was ever harmed by a reminder of the burden they bear.

**Ed Silverman**

April 13th, 2011  
11:02 am

Hello Again No Credit,

Thanks for the reply. However, no one is suggesting - at least, I am not - that we spend 'all our time' foraging for conflicts. It is a variable worth considering.

In any event, this larger issue is not new. Knowledge is power and, as I noted earlier, understanding what influences decisions is important.

Looked at another way - what is lost by pursuing transparency? If there is nothing to hide, then such a discussion really should be academic.

Hope this helps,  
ed

**Salient point**

April 13th, 2011  
11:42 am

This may be a situation where the more industry involvement, the better, because the competing interests of different drug companies would largely cancel each other out.

PLoS is certainly free to investigate & publish whatever it likes. But of course there's the danger that a lot of scrutiny will result in drug companies pulling out one by one, which will reduce the amount of expertise at these foundations, perhaps even leading to them turning their philanthropic attentions elsewhere.

Tricky business, this.

**industry insider**

April 13th, 2011  
1:31 pm

Some may call it a conflict of interest. I don't. I call it having the power and influence of a Bill Gates to be able to pick up the phone at any time and get a hold of the world's leading experts to tackle problems of Malaria and AIDS. With a net worth of \$63 billion, Gates could have

easily written a check and have been done with it. Instead he stepped away from leading one of the biggest computer companies in the world in order to focus on his philanthropic efforts. When you choose to get personally involved, such conflicts will inevitably arise. However, I don't begrudge Gates in the least.

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**AnnePME**

April 13th, 2011  
1:43 pm

Ed, Thanks for posting the synopsis and your comments. Given the current budget deficits and proposed budget cuts, foundation funding is likely to become a more important source of funding for a growing number of nonprofits. The article is a reminder that in most cases, there are likely to be potential conflicts, what counts is how you deal with the potential conflict.

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**tedw**

April 13th, 2011  
2:33 pm

What strikes me as I read the endless news reports on conflicts and potential conflicts of interest involving doctors, foundations, etc. and pharma is the implicit or inferred guilt. The fact that these stories are produced and spread is based on a culture-wide prior assumption of guilt. Without giving it much of a think, I cannot come up with any other industry that is regarded this way by the public. I fully understand this situation has a very real correlation to very real history. But the current cultural regard for pharma feels out of proportion by an order of magnitude. The consequences of this have the potential to be very negative for global public health as companies grow increasingly cautious. A common agenda doesn't need to be heralded as heroic, but that doesn't make it machiavellian either.

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**Paul**

April 13th, 2011  
2:46 pm

Really! Let me see if I understand this. The Gates Foundation directed grants of \$9 BILLION to 1097 global health programs between 1998 and 2007. ONE of those grants was a \$7.5 million grant as part of a grant that included a \$4 million grant from Coca Cola. The purpose was to help farmers grow fruit that they would then sell to Coca Cola (and maybe employ workers who fed their families?) The reason that Gates made this grant was because the Foundation owns stock in COKE? Let's just finish this off with one other twisted concept. The reason that the Gates Foundation focuses 97% of its resources on non-communicable diseases is because of the foundation's holdings in COKE stock and Coca Cola contributes to obesity. REALLY?

This article is definitive proof that no good deed goes unpunished.

**Cynic**

April 13th, 2011  
4:04 pm

Regarding the reputation of pharma, pharma bashing, and so forth, go no further than its very own words, as quoted in Public Citizen's "Health Watch".

"The larger issue is how we face the outside world when they begin to criticize us for surpressing data..." (Astra Zeneca publications manager in internal e-mail Dec.6, 1999)

"We will select tactics for each strategy that offer us best chance of success and execute the \*%#%\*! out of them." (Eli Lilly drug representative taining for managing physician concerns about weight gain and diabetes from the company's antipsychotic drug olanzapine-Zyprexa).

**Ginger Taylor**

April 14th, 2011  
10:21 am

Not mentioned here is that following the Gates vaccine media blitz in Feb, declaring this the year of the vaccine and committing billions to wipe out disease globally (including technology systems to track all births for purposes of vaccine administration), is that one month later The Gates Foundation became a vaccine maker with a 10 million dollar investment in Liquidia Technologies.

<http://www.bloomberg.com/news/2011-03-04/gates-foundation-invests-10-million-in-vaccines-developer-1-.html>

**MsPiggy**

April 14th, 2011  
10:35 am

This issue is paramount to Al Capone giving money to some public criminal defense fund. The mere appearance of conflict sends up red flags everywhere.

It's not rocket science to see that corporations give money where there is a return on their investment. Just look at the pharmaceutical industry investment in supposed advocacy groups like NAMI.

Maybe if these "super rich" actually paid a fair share of taxes, they wouldn't have these billions to play philanthropic marketeers. Just an opinion...

**Debbie Voss**

April 14th, 2011  
10:49 am

Funny, that this article demands so much attention to the fact that conflicts exist. Why wouldn't Bill and Melinda simply help existing companies develop and manufacture water purifying units? Wanna save the world? Give them seeds. What is so fucking hard for you

people to understand? Bill is a money man and a huge proponent of population control. Vaccines and medicines never saved the poor and malnourished.

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### SFM

April 14th, 2011  
10:54 am

Ed - I completely agree with you - knowledge is power.

Interesting the push to squelch such studies/commentary . . . as if they were in poor taste or “ungrateful” in some fashion. Please. Save the pity for people/entities who actually deserve it.

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### [marcy stone](#)

April 14th, 2011  
11:48 am

“The doctor’s in third world countries just laugh at us squabbling over meaningless relationships, they are envious of the resources we posses.”

Yep, I’m one of those writers who corrects posters on buses –ok, No Credit –what is wrong with your sentence above? Answer: it should be ‘doctors’ not one doctor who posses something.

I also think there’s something wrong with your reasoning although I agree that foundations and industry must cooperate to achieve universal good health. Why go after Silverman? He’s just reporting a story. I’m with Industry Insider on this; he or she just states a fact without the hysteria.

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### [Robin Nemeth](#)

April 14th, 2011  
12:58 pm

The Gates Foundation has given billions of dollars to GAVI, the Global Alliance for Vaccines and Immunization. My website URL links to a photo of Bill that was taken from a recent interview with Dr. Gupta, in which Gates denied that vaccines were the cause of the autism epidemic. I like to gaze on it often. It gives me a warm fuzzy feeling inside.

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### [industry insider](#)

April 14th, 2011  
2:24 pm

Why do some of you people persist in believing that Bill Gates actually has the time to sit around all day and read grant applications for seed money? He’s still involved with running a multibillion dollar company. Gates ain’t gonna spend his weekends pouring over \$50K grant applications to study the life cycle of the African Tsetse Fly. He has a business and a foundation to run. Other people can read the grants for him.

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### [Evelyn Pringle](#)

April 14th, 2011  
8:15 pm

I’ve tracked the Robert Wood Johnson Foundation funding over the past 20 years and it is by far one of the largest, if not the largest,

contributor to the child drugging schemes in this country.

In fact I'm putting together a chroniological path to child drugging in the US, year by year, for a possible book, and you can just scroll down and watch what that front group was up to - from drugging teens all the way down to infants and toddlers.

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**joejoe**

May 6th, 2011  
3:37 pm

Wow, no surprise here, the kind man Bill Gates has been exposed indeed, of course the money's behind his push to inject hundreds of millions of people worldwide. Talk about greed in sheep's clothing!

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**Dr. Paul Blake,**  
**N.D.**

May 11th, 2011  
12:12 am

I am not surprised at all that the Bill & Melinda Gates foundation has conflicts of interest. Bill does not do anything that does not have some dollars or personal power gains attached to it.

If I had been in the audience where that jerk released the mosquitoes I would have gone into anger melt down. And in four letter terms tell him to shove his mosquitoes directly up his ass.

Doc Blake

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**Gassa**

May 18th, 2011  
12:59 pm

Doc Blake, please calm down and refrain from the obscenities and personal attacks.

Anyway, if the problem is conflict of interest, the solution is full disclosure. Shine a light and watch the cockroaches scurry. And that includes full disclosure of the conflicts of interest of every entity- big Pharma, big Corporation, big Government, big Scientology, everybody.

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