

Foundation Watch

The Philanthropy of Pierre Omidyar, the eBay billionaire

Summary: Pierre Omidyar, the founder of eBay, says he wants to use his billion dollar fortune to do good, both at home in the U.S. and abroad. But in embracing a seemingly ever-widening variety of causes in his philanthropic efforts, has he abandoned the need for a consistent approach to his giving - and sacrificed coherence for trendiness?

ou've heard versions of this story before. A young man arrives in Silicon Valley, takes a job in the high-tech sector, and begins to experiment on the side with a promising idea for a new venture. Eventually, what starts out as a hobby begins to bring in much more money than his day job, and the young man quits to focus on his new venture full-time. Investors enthusiastically pile in, the new venture goes public—and the young man becomes a billionaire. He next plunges enthusiastically into philanthropy.

While this sounds like it could be any recent high-tech success story, it is in fact a oneparagraph summary of the life of Pierre Omidyar, the founder of the online retailing system eBay, which has nearly 100 million users around the world. Omidyar's personal wealth is estimated at around \$8.5 billion. He has mused in public that he and his wife, Pam, both in their thirties, are looking forward to perhaps 50 years of active philanthropy

By Neil Maghami



Philanthropist Pierre Omidyar with his wife Pamela at the Carnegie Medal of Philanthropy ceremony in 2011.

through the Omidyar Network, their primary philanthropic vehicle.

The Omidyars have jumped with gusto into support for everything from promoting postpartisan politics in the U.S. and property rights in developing countries, to helping American parents select child-friendly entertainment, to influencing U.S. foreign policy—and, in some cases, to coordinating grants with ultra-liberals like George Soros and the shadowy Tides Foundation.

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Omidyar's vision stretches even further. In October 2013, Omidyar announced he would launch First Look Media, an investigative news service. "Our goal is to experiment, innovate and overcome existing obstacles to make it easier for journalists to deliver ... transformative stories," Omidyar said at the time. He had previously said he might invest up to \$250 million in the venture, which is being organized as a hybrid: part nonprofit, part for-profit. First Look subsequently hired far-left firebrands Glenn Greenwald and Matt Taibbi as staff.

With a such variety of activities, even Michael Gentilucci, a sympathetic observer of Omidyar's funding activity, concedes that "from the outside," Omidyar's funding announcements to date give the impression of "one of the more scattered philanthropic operations around."

As proof that there really is a method and a high level of organization to their giving, Gentilucci quotes the Omidyars' declara-

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tion that "[c]omplex problems defy simple solutions. For every issue we focus on, we come to the table with specific goals but without preconceived notions about how to best achieve them. Our approach relies on experimentation, iteration and constant learning."

Is there coherence to the variety of causes embraced by the Omidyars, or is it proof of a confused and contradictory approach to philanthropy? This issue of *Foundation Watch* will attempt to answer that question.

Omidyar's Background

Born in 1967 in Iran (then under the Shah, rather than the ayatollahs), Omidyar grew up in Europe before immigrating to the U.S. at the age of 14. After graduating in 1984 from St. Andrew's Episcopal School (Potomac, Maryland), he went on to attend Tufts University. In 1995 he founded the company that would later come to be known as eBay. He became eBay's chairman in 1996 and founded the Omidyar Network in 1998. The Network's net assets, as of 2012, were approximately \$249 million, with grants that year of about \$45 million to various causes.

Occasionally one hears speculation that Pierre Omidyar has a libertarian streak, going back to the years when he and his team were growing eBay. After all, eBay focuses on making trade and commerce between individuals easier, which speaks directly to libertarian beliefs about the value of free exchange between buyers and sellers, which promotes peace and prosperity for all.

Any discussion of how this libertarianism may find expression in Omidyar's philanthropic activities hinges on a quotation from Omidyar that appears in the 2002 book "*The Perfect Store: Inside eBay.*" Explaining some of his motivation in creating eBay, Omidyar says:

If you come from a democratic, libertarian point of view, having a corporation just cram more and more products down your throat doesn't seem like a lot of fun ... I wanted to do something different, to give the individual the power to be a producer as well as a consumer.

But this is an abstract expression of small-*l* libertarianism—hardly a call to arms. Omidyar has also expressed libertarian leanings in more concrete form, in terms of his concerns about the First Amendment, the rise of government surveillance, alleged federal agency abuse of powers, etc. In October 2013, he directly criticized the U.S. Justice

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Department in libertarian-ish tones during a *New York Times* interview.

"Even before the [Edward] Snowden leaks, we saw a number of what I would characterize as missteps by the Justice Department. We saw the Justice Department wiretap the A.P. newsroom. We saw [Fox News reporter James] Rosen being labeled as co-conspirator label (sic) in affidavits; we see the many leak prosecutions including the use of the Espionage Act. It alerted me to the fact that even in this great country of ours with this fantastic Constitution, there's a real pressure against press freedoms that's going on. Perhaps unintentionally in the hot pursuit of leakers and trying to protect secrets, we are really putting pressure on press freedom here. When you have mass surveillance, it's impossible to meet the intent of the First Amendment because reporters can't talk to sources because sources are afraid to talk."

Do the Omidyar Network's (ON) grants and contributions supply any confirmation of its benefactor's libertarian leanings? There are some hints. In its 2005 disclosures, for example, the ON reported a \$100,000 donation to the Institute for Justice, the premier libertarian civil liberties law firm located in Washington, D.C. The donation was intended to support the Institute's defense of "economic liberty, private property rights [and] First Amendment rights."

We also find in the 2009 disclosures the sum of \$332,000 contributed to the Institute for Liberty and Democracy. This internationally known think tank, based in Peru, promotes the concept that "for sustainable economic growth and the rule of law to gel, widespread property rights are essential" in developing countries.



Pierre Omidyar in an undated photograph with then-CEO of eBay, Meg Whitman.

Some far-left bloggers have cited the ON's contribution to the Institute as proof that Pierre Omidyar is really a crypto-free market radical – a full-blown acolyte of Ayn Rand, Ron Paul, and Ludwig von Mises. That's something of an exaggeration, to say to the least, and it reveals more about the critics' allergy towards the free market than it does about Omidyar.

Another organization with a strong Omidyar Network connection that is interested in the property rights of people in developing countries – India in particular – is the Rural Development Institute, based in Seattle. Also known as "Landesa," the group "works to secure land rights for the world's poorest people– those 2.47 billion chiefly rural people who live on less than two dollars a day." The group received \$4.7 million from ON in 2008, \$2.5 million in 2009, \$3 million in 2011, and \$3.5 million in 2012.

Two of the ON's current funding priorities have a libertarian flavor: "entrepreneurship"

and "property rights." ON also has a goal of creating "economic opportunity for the base of the pyramid through access to capital" in developing countries, while "in the developed world, we encourage individual participation in media, markets, and government."

Given these two priorities, it's no surprise that ON has donated millions of dollars to groups involved with so-called "microlending" activities in poor countries, which use relatively tiny loans to help people to start small businesses. Grantees in this field include Grameen Foundation (\$1.5 million in 2006) and Ashoka (\$4 million in 2005; \$4 million in 2008; \$515,000 in 2010). In addition, Omidyar personally donated \$100 million to Tufts University in 2005 to set up the Omidyar-Tufts Microfinance Fund.

There's a mild libertarian tinge to the ON's three other funding priorities: "financial inclusion," "government transparency" and "consumer internet & mobile." For each, the ON's goal is to empower the individual.

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One interesting example of how ON sees itself as empowering individuals is its multimillion dollar support of Common Sense Media. Between 2006 and 2012, the ON has given nearly \$11 million to this non-profit organization.

Based in San Francisco, "Common Sense Media is dedicated to improving the lives of kids and families by providing the trustworthy information, education, and independent voice they need to thrive in a world of media and technology." Via its website, Common-SenseMedia.org, the organization rates movies, computer games, etc., and helps parents make smart media choices for their children. Other supporters of Common Sense include the Anschutz Family Foundation and the William and Flora Hewlett Foundation.

Links to Soros, Tides, Others on the Far Left

But in addition to these apparent libertarian leanings, Omidyar Network also has a history of large donations to some of the most far-left outfits operating today. One is the mysterious Tides Foundation/Tides Center, which is well-known to CRC readers. (See "The Tides Foundation and Center: Brokers of the Revolution," *Foundation* Watch, October 2010; and "The Tides Foundation: Liberal Crossroads of Money and Ideas," *Foundation Watch*, December 2003.)

In 2005, the ON disclosed a donation of \$35,000 to the Tides Foundation for "general support." In 2006, the ON disclosed a \$500,000 contribution to the Tides Center, again for "general support." As well, in 2009 and 2012, through its employee matching gift program, the ON gave \$1,000 in each year to the Tides Center.

The other far-left recipient of ON support is

also well-known to CRC readers: George Soros's Open Society Foundations (formerly known as the Open Society Institute). In 2010, the ON's IRS disclosure reveals \$118,800 in donations to Open Society's "Next Frontiers in Transparency's Donor's Group" (*sic*). ON's 2011 disclosure includes notice of a multi-year \$455,000 commitment to Open Society's "Donor Collaborative on Transparency and Accountability Initiative." This initiative involves ON, Soros's Open Society, the Ford Foundation, and the William and Flora Hewlett Foundation, working with partners that include an arm of the British government.

Another far-left recipient of ON funding is the Brennan Center for Justice, which received \$40,000 in 2006. (See: "Dismantling Self-Government: The Brennan Center's Election Fraud Offensive," *Organization Trends*, April 2014).

Omidyar the Revolutionary?

After the violence and riots that earlier this year gripped Kiev, the capital of Ukraine, two donations made by ON to groups active in Ukrainian issues became the focus of Internet conspiracy theories. In 2012, ON gave \$50,000 to PACT, a group based in Washington, D.C., for its work to create a "public interest website which collects and processes information on government spending" in Ukraine. And in 2011, ON gave \$100,000 to Center UA, a group based in Kiev, to develop a website to help Ukrainian citizens monitor "political promises."

Omidyar took to Twitter to refute accusations from one far-left website that he was "working hand-in-glove with U.S. foreign policy agencies to interfere in foreign governments, co-financing regime change with well-known arms of the American empire...."

Glenn Greenwald, an early hire to work at Omidyar's First Look news service's *Intercept* publication, called the accusations "hilarious" and said it was ridiculous to refer to Omidyar's donations to PACT and Center UA as proof that he is a tool of "U.S. foreign policy and imperialism," pointing to the fact Omidyar is quite comfortable seeing First Look staffed by "a bevy of journalists with a long history of investigating and denouncing corporate power, including myself."

With a crew like that on board the good ship First Look, how long until it begins to act like a better-funded version of the ProPublica attack journalism site, which was established with help from ultra-liberal donors Herb and Marion Sandler? (See *Foundation Watch*, May 2009.)

Another Omidyar-linked nonprofit with a foreign policy focus is Humanity United, founded in 2005 by his wife, Pam. HU is based in San Francisco and reported total revenues of \$30 million for 2011. Its mission statement is to "to build peace and advance human freedom. We lead, support, and collaborate with a broad network of efforts, ideas, and organizations that share our vision of a world free of conflict and injustice." HU makes grants in the troubled nations of Liberia and Sudan to support their transition to peace from civil war.

Unfortunately, HU also supports the "Responsibility to Protect," also known as R2P. This concept, backed by George Soros, begins by citing the need to prevent atrocities against civilians and ends by creating an unlimited right for transnational institutions like the U.N. to interfere in sovereign nation states under the guise of acting like international policemen (while being accountable to no one). The institutionalization of this doctrine would have grave consequences for America's tradition of self-government and territorial sovereignty. (See "Foundations, Nonprofits and the War on U.S. Sovereignty," *Foundation Watch*, August 2012.)

Omidyar the Non-Partisan?

In May 2013, at the Omidyar Network Executive Forum, Pierre Omidyar interviewed Arianna Huffington and asked her about her promotion of "post-partisanship." He also praised her for trying to push the U.S. beyond "left and right" through her various "public interest" journalistic endeavors.

(CRC has reported extensively on the way that many supposedly "public interest" new media outlets have ended up slanted so far to the left that they exacerbate the very "polarization" they were purportedly created to reduce. See "ProPublica: Investigative Journalism or Liberal Spin?", *Foundation Watch*, May 2009; and "Media Matters for America: Soros-Funded Watchdog Attacks Conservatives," *Foundation Watch*, July 2007.)

Omidyar's thoughts on a more "post-partisan" approach to U.S. politics are further elaborated in the mission statement of his Democracy Fund, which he created in 2011 "to respond to a troubling array of problems facing our nation's political system." The Fund describes itself as aspiring "to the highest ideals of the American republic government of, by, and for the people. We invest in social entrepreneurs working to ensure that our political system is responsive to the priorities of the American public and has the capacity to meet the greatest challenges facing our country."

The main difficulties facing the U.S. political system, from the Fund's view, are these:

"Trust in our governing institutions has reached historic lows as Congress' approval ratings sinks (*sic*) into the single digits. Gridlock and hyper-partisanship have paralyzed our governing bodies, resulting in the least productive Congress in recent history and a political climate that makes problem solving all but impossible. The public's voice is increasingly drowned out as political leaders become ever-more dependent on a relatively small group of large donors and special interests."

The Fund's preferred cure is "vigorous nonpartisanship," through "our commitment to work across the aisle to find common ground on issues of national concern." And as this partial list shows, drawing from information on the Democracy Fund's website, the Fund is willing to write big checks to groups whose work aligns with this vision, whether it is in terms of promoting civility in political discussions, providing "public interest" oriented analysis of current events, or working to foster bipartisanship/post-partisanship:

*American Press Institute, Arlington, VA (up to \$400,000 over two years)
*Bipartisan Policy Center, Washington, DC (Up to \$1,750,000 over two years)
*Healthy Democracy Fund, Portland, OR (Up to \$870,000 over three years in various forms)

*No Labels Foundation, Washington, DC (up to \$340,000 over one year)

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*Investigative News Network, Encino, CA (Up to \$500,000 over 2 years)
*National Institute for Civil Discourse, Tucson, AZ (Up to \$1.3 million in various initiatives)
*Face the Facts, Washington, DC (\$650,000

in 2012)

Compared to some other donors, Omidyar is not afraid to take to the Internet and post explanations for why he has decided to embrace a particular cause. In defense of his founding of the Democracy Fund, he has said,

I am under no illusion that there was a 'golden age' in which our politics were pure and unfolded as they have been described in classroom textbooks. Indeed, American democracy is—and always has been—imperfect. We have vigorously (and sometimes violently) disagreed with each other. We have seen egregious corruption and incivility in our campaigns and our governance. And all too frequently, prejudice and fear mongering have produced leaders and policies of which we are now ashamed.

But despite our many limitations, the American republic has often worked quite well. Over time, we have become increasingly more representative, tolerant, and inclusive. Our leaders have risen above their differences to overcome historic challenges. And millions of Americans have rolled up their sleeves to contribute to a robust and dynamic civic experiment that has been the envy of the world.

As a first generation American who came to this country when I was still young, I continue to be inspired by the founding vision of the American republic and be-

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lieve that through innovation, dialogue, and bipartisan reform we can take steps that will help us realize that vision.

Together, I believe that we can bring our country closer to Abraham Lincoln's ideal of a government that is truly of, by, and for the people. It is my hope that the Democracy Fund can make significant contributions to reaching this goal.

Using big-dollar donations to decry "hyper-partisanship" and hype "postpartisanship"/"bipartisanship," Omidyar's Democracy Fund claims to be helping preserve the legacy of America's small-*r* republican founders.

But is it? William F. Connelly Jr., the John K. Boardman Politics Professor at Washington and Lee University, has another perspective on the push for "post-partisan" solutions to current political issues. Connelly is also the author of *James Madison Rules America: The Constitutional Origins of Congressional Partisanship.*

"If you take a long-term perspective, and go back to the 1790s, for example, when the Founders were in the midst of practicing politics, that first decade of U.S. politics was, in historian Joseph Ellis' words, a 'decade-long shouting match.' This might put us more at ease when we survey the current state of things in Washington, and the recent definite increase in political polarization," observes Prof. Connelly.

He adds that "From a Madisonian view, all groups involved in politics—'factions' in [Madison's] phrase—are partial in some way. And this includes all those who call themselves 'public interest groups,' trying to position themselves as in some way above 'special-interest' groups."

"To his credit, Mr. Omidyar seems to celebrate diversity of opinion in his statements, and diversity is something that gives rise to the contentiousness of our politics. It is through politics that we make good public policy. The contentiousness, the scrabbling between 'special interests,' between 'red' and 'blue' polarized parties—this is pluralism. You cannot take the politics out of politics. Some who call for 'civility' in politics are often saying 'you should agree with me.' But the root of all of this contentiousness is that we are free, and I don't think we want to eliminate freedom and instead promote homogeneity."

Connelly continues: "Some of the people who complain about political polarization fail to note what is probably the single biggest cause of that polarization: the growth of government—'Big government' gives us 'big politics.' Due to the growth in government since the 1970s, Washington has seen an explosion in the number of interest groups and think-tanks trying to influence public policy. To me, the cacophony of think-tanks and other groups is a good thing—not proof of failure.

"But if you think there's too much gridlock in Washington," says Connelly, you can do more than promote "post-partisanship." Another solution is "to take some of the federal government's powers and return them to the states and cities/towns. The growth of government isn't the only cause of heightened partisanship, of course. There are others. We instituted primaries for presidential elections and for Congress, to create more openness and more democracy—yet taking power out of the smoke-filled rooms helped make our politics more polarized. Do we want to go back to the smoke-filled rooms?"

"Another development that has contributed to political contentiousness is that, thanks to technology, the media has been fragmented to an astounding degree. The First Amendment has come of age. Where once Americans received news from just a few sources, now there are thousands of news sources—also a good thing, in my view. Again—do we want to go back to when most people were dependent on a few big broadcast networks for news? Is anyone really nostalgic for those days?"

"If Mr.Omidyar and others want to fund additional sources of news, and additional 'public interest' groups, I would welcome that as a further contribution to pluralism—the more the merrier. What concerns me is when people claim their view is the *sole* point of view," concludes Prof. Connelly.

Conclusion

This report on Pierre Omidyar, the Omidyar Network, and its philanthropic work began with a question: Is there coherence, a discernible consistency, to his patterns of philanthropy?

It seems fair to say that there is a commendable coherence in terms of his belief in finding ways to empower individuals, especially through his promotion of property rights and

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micro-financing in development countries. But coherence is less apparent in some of his stateside philanthropy. His donations to foster a "post-partisan" approach to current political problems may help position him as a backer of trendy causes, but it's highly debatable whether these donations are truly in keeping with American traditions, as he claims.

And the ON's support, through Humanity United, for the "Responsibility to Protect" doctrine is definitely not in keeping with those traditions, but instead significantly hostile to them.

Still, it is refreshing to read Mr. Omidyar paying respect in public to the "founding vision of the American republic." His words recall the 1787 Federal Convention anecdote of a Philadelphia resident asking Benjamin Franklin: "Well, Doctor, what have we got, a republic or a monarchy?" Franklin replied, "A republic, if you can keep it."

That Mr. Omidyar is inclined to consider the Founders' vision as a yardstick in making philanthropic decisions is remarkable, especially at a time when so many others who have set up or who staff large foundations seem determined to promote various causes in the place of that vision. Such actions suggest these persons believe themselves so wise as to be *above* Washington, Hamilton, Madison, Franklin, Adams, and the like. For them, the American founding involves mere historical residue that needs to be overcome or diluted. With a bit more coherence and focus in his philanthropic contributions, Mr. Omidyar could be doing much more to keep the republic strong, rather than inadvertently undermining it.

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Robert D. Stuart Jr., 1916-2014

The Capital Research Center extends its prayers and sympathy to the widow and family of Robert D. Stuart Jr., who died of heart failure at the age of 98 after a lifetime of public service. CRC is grateful for the past support Mr. Stuart provided our work and for the example he set as a leading businessman and a pillar of American civil society.

Stuart was the third-generation leader of his family's firm, the Quaker Oats Co., where he first worked at a summer job as a millwright's helper at a plant in Canada. During his 15 years as CEO, the company grew from \$365 million in sales to over \$3 billion at his retirement in 1984.

After earning a bachelor's degree at Princeton, Stuart entered Yale Law School and with classmate Gerald Ford helped start the America First Committee, which opposed the country's entry into World War II. After the Japanese bombed Pearl Harbor, the Committee was dissolved, and Stuart volunteered for service, becoming an Army artillery field officer overseas.

Stuart continued his interest in national security for the remainder of his life. He served as President Reagan's Ambassador to Norway from 1984-1989 and supported nonprofits active in the field through the Stuart Family Foundation, including the Center for Strategic and International Studies. Please consider contributing to the Capital Research Center.

We need your help in the current difficult economic climate to continue our important research.

Your contribution to advance our watchdog work is deeply appreciated.

Many thanks.

Terrence Scanlon President

FoundationWatch PhilanthropyNotes

The 50 biggest donors in the United States gave \$7.7-billion to nonprofits last year, with higher education and family foundations receiving the most money, according to the *Chronicle of Philanthropy*. Heading the list is **Facebook** co-founder **Mark Zuckerberg** and his wife Priscilla Chan (\$992.2 million). Other notable givers who made the cut include **Michael Bloomberg** (4th, \$452 million), **eBay** founder **Pierre** and **Pam Omidyar** (7th, \$225 million), **Google** co-founder **Sergey Brin** and his wife **Anne Wojkicki** (9th, \$219 million), businessman **David Koch** (24th, \$101 million), and radical hedge fund manager **George Soros** (47th, \$40 million).

Several high-profile think tanks have spotty track records on disclosing their funding sources, according to a new study reported on by the *New York Times*. Organizations such as the **Hoover Institution**, **Center for American Progress**, and **Center for Strategic and International Studies** each received one star out of five in the survey by **Transparify**, a small nonprofit based in Tbilisi, Georgia, and funded by George Soros's **Open Society Foundations**. By contrast, the **Brookings Institution** and **Heritage Foundation**, each received four stars because they publicly disclose donors who give more than \$5,000. "It's important that people can have confidence in the integrity of the research, and if you are concealing the sources of funding that is relevant, as people don't know how your research may be motivated," said **Hans Gutbrod**, Transparify's executive director.

Hans von Spakovsky, one of the nation's leading experts on elections and election reform, has joined the **American Civil Rights Union**'s Policy Board. Von Spakovsky is manager of the Heritage Foundation's Election Law Reform Initiative and a senior legal fellow in Heritage's Edwin Meese III Center for Legal and Judicial Studies. A former counsel to the assistant attorney general for civil rights at the U.S. Justice Department, von Spakovsky provided expertise in enforcing the Voting Rights Act and the Help America Vote Act of 2002.

Tom McDonnell is retiring June 30 as CEO of the Kansas City, Missouri-based **Ewing Marion Kauffman Foundation** in Kansas City, Missouri. McDonnell, 68, reportedly said the charity needs a leader who can serve five to seven years to see the foundation's strategic plan through, and he "did not plan on that kind of extended commitment." He will be replaced by **Wendy Guillies**, the foundation's vice president for communication. The foundation reported assets of nearly \$1.8 billion at the end 2012, which placed it 56th among U.S. philanthropies by assets, according to FoundationSearch.com.

Goldman WATCH

Goldman Sachs has had a rough year so far, according to Nathan Vardi of *Forbes* magazine. As of mid-May its stock had fallen 9.4 percent and its fixed income, currency, and commodities trading operations are sputtering. Regulators are restricting the investment bank's risk-taking bets. To make matters worse, Anthony Noto, one of the Goldman's star employees, is quitting to move to Coatue Management, a successful hedge fund that invests in technology concerns. "Noto was the man fueling Goldman Sachs' resurgence in technology-sector investment banking," writes Vardi. Noto was in charge of Goldman's global telecommunications, media and technology investment banking group, and led the huge \$2.1 billion Twitter initial public offering last year.