

# The Seattle Times



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## Philanthropy creates economic hub in region

By Kristi Heim, *Seattle Times* business reporter

A century after Andrew Carnegie and John D. Rockefeller started the first big wave of charitable giving in the U.S., philanthropy has become a booming business.

At the epicenter of this revolution, Seattle is on track to become as famous for the way it gives money away as for how it made it, speakers at an annual economic forecast said Wednesday.

“We’re on the threshold of an industrial revolution in this new industry of giving,” said Matthew Bishop, American business editor of *The Economist*, speaking at the 35th annual Economic Forecast Conference. This year the conference focused on the economics of global philanthropy.

Call it the “Seattle mystique,” or the “compassion corridor,” but philanthropy is creating a kind of economic hub in the region.

Local economist Dick Conway, principal of research firm Conway Pedersen Economics, said the region is on track to outperform the U.S. economy by a healthy margin this year. He predicts regional employment to grow almost 3 percent this year and personal income to increase by about 8 percent.

While Conway has never calculated the economic impact of charitable giving, the influence of the Bill & Melinda Gates Foundation “could be a magnet for other activities,” he said.

The world’s largest charitable foundation now has a \$32 billion endowment and at least \$31 billion more on the way over time from billionaire investor Warren Buffett.

The foundation will effectively double its grant

making starting in 2009 to about \$3 billion a year, said Chief Operating Officer Cheryl Scott.

To give away money at that rate, the foundation needs to fill 200 new positions in the next 18 months, she said.

A University of Washington study is under way to assess the economic impact of global health in Seattle, said Scott Jackson, vice president of the Seattle nonprofit PATH. He identified some of its early findings:

- Global health programs based in Seattle are reaching people in 65 countries.
- More than 200 organizations in Washington state identified their work as having an impact on global health.
- About 30 percent of total U.S. funding for HIV research is coming to the Seattle area.

Business and philanthropy are blending in new ways, and Seattle entrepreneurs are contributing to the innovation.

Seattle-based Global Partnerships, for example, raises money from private investors for social-investment funds. The organization is investing \$25 million this year, most of it collected from traditional capital markets, into two dozen microfinance institutions around the world to increase their capacity to grant small loans. Such microloans, from \$30 to \$100, are designed to help poor people start businesses.

The Initiative for Global Development (IGD), a national network of business leaders lobbying to make global poverty a priority among policymakers, grew out Global Partnerships.

The group held a national meeting last year with 200 business and government leaders. Former Secretaries of State Colin Powell and Madeleine Albright were co-chairs and President Bush spoke at the event.

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## **Philanthropy creates economic hub in region** *continued*

The initiative is targeting emerging presidential candidates for the 2008 election to get them to make poverty eradication a top theme, said IGD Chief Executive Jennifer Potter.

To draw attention to the issue, the president's State of the Union addresses should include a regular progress report on global poverty, she said.

Some at the Seattle conference questioned whether the root causes of poverty and inequality are being addressed, or just the ensuing problems.

While more wealth is being generated than ever before, a disparity exists between the world's super-rich and the rest of the population.

A major challenge is making foundations more transparent, accountable and effective, so all that money can do a better job solving problems than previous efforts, said Bishop, The Economist editor.

As a global industry, philanthropy "is going to develop many of the attributes of the for-profit world," he said. That means a more critical eye on areas like how foundations handle investments.

"That kind of public scrutiny, fair or unfair, is going to be part of philanthropy going forward," Bishop said.

### **Governor pushes biotech in budget**

Washington's economy has pumped out 155,000 new jobs over the past two years and companies such as Boeing, Microsoft and Starbucks are household names the world over. But what's the next big thing?

Gov. Chris Gregoire on Wednesday outlined a 10-year "business plan" that calls for the state to forge into new frontiers of medicine and high-tech invention, biofuels and tourism.

The plan calls for expansion of the state economy, which has boomed through strong manufacturing, agribusiness and high-tech sectors. Gregoire did not offer price tags for specific initiatives, but said advances under the program she has dubbed "Next Washington" will include:

- Health care and biomedical advances. Universities, nonprofit research institutes and foundations, and the private sector will work together for global health advances through research and development of

cutting-edge products and treatment, she said.

- Biofuels. The alternative energy field can help the environment and create jobs, the governor said.
- Agriculture. Gregoire said new research can make Washington farms even more productive and that better marketing can expand this sector.
- Tourism. Gregoire wants to quadruple the state's tourism promotion budget. She proposes \$12 million in public and private financing, plus \$875,000 on early advertising aimed at getting a slice of the attendance at the 2010 Winter Olympic Games in British Columbia.
- Film. Gregoire said she has changed her mind and now supports efforts to land more films and TV shows to the state.