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Hillary Clinton

Cosy ties mar Clinton foundation's message

In a populist election, CGI's melding of businesses and activists has proven politically troublesome



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10 HOURS AGO by: **David J Lynch** in New York

What **Donald Trump** (<http://next.ft.com/content/f13dd2ba-8427-11e6-a29c-6e7d9515ad15>) calls “the most corrupt enterprise in political history” drew prime ministers, Hollywood stars, corporate chieftains and non-profit activists to a midtown Manhattan hotel earlier this month.

The 12th and final meeting of the Clinton Global Initiative (CGI) — the Clinton Foundation's signature event — hosted lofty discussions about clean energy in Haiti, disabled rights in Moldova and educational reform in the US that seemed worlds away from the dispiriting 2016 presidential election campaign.

Yet the valedictory was soured by Republican allegations that the charitable foundation was part of a “pay-for-play” scandal during [Hillary Clinton’s \(http://next.ft.com/content/02065c7e-81a9-11e6-8e50-8ec15fb462f4\)](http://next.ft.com/content/02065c7e-81a9-11e6-8e50-8ec15fb462f4) State Department tenure. In return for contributing to the foundation, critics say, corporations and foreign governments alike sought project approvals and access to top US officials.

Former President [Bill Clinton \(http://next.ft.com/content/51dd3f30-7bdo-11e6-ae24-f193b105145e\)](http://next.ft.com/content/51dd3f30-7bdo-11e6-ae24-f193b105145e), who launched the foundation upon leaving the White House in 2001, says it deliberately married business and government resources to maximise its charitable impact. But in a populist election season, this melding of for-profit and non-profit actors — what CGI calls “doing well by doing good” — has given the foundation a politically troublesome Jekyll and Hyde image.

“I really like Bill and my wife is a big fan of Hillary,” said Kevin Hydes, chief executive of Integral Group, who attended the CGI meeting. “So we’re not going to change our vote, but I can see how some people might.”

Perhaps only the Clintons — whose quarter-century on the American stage has seemed an endless drama — could produce a charity that performs life-saving work for some of the world’s poorest people while exemplifying the cosy ties among some of its wealthiest elites.

Now, as officials prepare for a possible second Clinton presidency, the foundation’s sullied image frustrates those it has inspired. “I wasn’t at the State Department with Hillary Clinton every day, but I know the good that got done here,” said Stephan Ouaknine, a clean-energy investor, citing programmes on climate change, the rebuilding of Haiti and the distribution of life-saving medicines.

The foundation spent more than \$249m in 2014, according to its most recent audited financial report. Of that figure, more than 87 per cent was spent on its programmes, including on health, climate and development.

In depth

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Republican allegations — so far unproven — that Mrs Clinton rewarded foundation donors with special favours while serving as secretary of state are “a caricature” of the Clintons, Mr Ouaknine said. “They are hard-working public servants who, when it was possible to serve themselves, served themselves,” he said. “But while they were doing that, they made the lives of countless people better.”

Voters are proving less forgiving. In an ABC News/Washington Post poll this month, 59 per cent of respondents said Mrs Clinton's State Department gave special benefits to foundation donors and 90 per cent said such favours were inappropriate.

To Republicans, the foundation symbolises the corruption at the heart of the Clintons' long career in public service. In cases involving Swedish companies granted relief from US sanctions on Iran; the sale of US uranium assets to a subsidiary of a company owned by the Russian government; and arms deals with Middle Eastern nations, press reports suggest a link between donations and subsequent US government actions.

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Stephan Ouaknine, clean energy investor

In each instance, however, the details are complicated and the evidence of a specific quid pro quo is lacking. In an August 15 letter to Attorney-general Loretta Lynch, Republican Senator Charles Grassley, chairman of the Senate Judiciary Committee, acknowledged that critics' myriad complaints were "not proof of wrongdoing".

Following recommendations from FBI agents, the Department of Justice's public integrity unit considered opening an investigation into the foundation but prosecutors ultimately saw no grounds to proceed. Craig Minassian, the foundation's chief communications officer, says the DoJ never contacted the organisation about its concerns.

Mr Grassley asked Ms Lynch to explain the decision not to investigate, arguing that published reports "raise reasonable suspicions and undermine the public's confidence in the integrity of the State Department's operations during Secretary Clinton's tenure".

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Richard Painter, who was President George W Bush's chief ethics lawyer, said he saw no evidence that Mrs Clinton violated any laws while dealing with the foundation as the nation's top diplomat. If foundation donors got better treatment from the State Department than the average taxpayer, that is little different from the way government officials in both parties treat their campaign contributors.

“I don’t see any serious ethical issue when she was at the State Department,” said Mr Painter, now a corporate law professor at the University of Minnesota.

The foundation also earns top marks from watchdog groups, such as Charity Navigator.

Still, holding the CGI roughly seven weeks before the election raised eyebrows, even among Clinton supporters, since it highlighted her close ties to prominent US companies. CGI features the euphemistic lingo of the well-intentioned left, where people “share” rather than discuss. Its eclectic cast of attendees included designer Donna Karan, the mayor of Srebrenica, actor Ben Affleck and the chief executives of companies such as Western Union and Freeport-McMoRan. Chelsea Clinton, the couple’s daughter and a foundation board member, played a starring role.

Several high-profile attendees from previous years opted to skip the final meeting. Among the no-shows was President Barack Obama, who stayed away even though he was in New York and appeared at both the United Nations General Assembly and a nearby Commerce Department forum.

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Among attendees, there was little concern about the corruption claims. “I don’t see it. I’ve tried to understand the claims,” said Harold Levy, executive director of the Jack Kent Cooke Foundation in Virginia. “I’m not persuaded they’ve done anything wrong.”

Added the Rev Jesse Jackson: “It wasn’t an issue until Hillary was a step away from the presidency. It is a political attack in the rawest sense.”

Irish billionaire Denis O’Brien, CEO of Digicel, who has given more than \$10m to the Clinton Foundation, ridicules the idea that corporations are buying special privileges with their donations. Companies spend millions of dollars on armies of lobbyists to twist arms in Congress and the executive branch, he says. “Does Goldman Sachs need to give money to CGI to see the treasury secretary?” he asks. “It’s complete bullshit in my mind.”

Clinton supporters bristle at the comparative lack of scrutiny received by the [Trump Foundation \(http://next.ft.com/content/7d0144ac-8019-11e6-8e50-8ec15fb462f4\)](http://next.ft.com/content/7d0144ac-8019-11e6-8e50-8ec15fb462f4), through which the Republican candidate spent charitable funds on personal legal bills and two portraits of himself, according to The Washington Post.

If Mrs Clinton is elected, her husband will step down from the foundation’s board to eliminate “legitimate concerns about potential conflicts of interest”, he announced last

month. The charity also will limit its fundraising to US citizens and US-based independent foundations. Programmes currently funded by other governments will be offloaded to other charities.

But Chelsea will remain a board member, which Mr Painter says is a mistake. If any Clinton remains a decision maker, the foundation will remain vulnerable to the same appearance issues that dog it today. “The family should sever all its ties to the foundation,” says Painter. “It’s just time to move on. The Clinton family can do other things.”

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