

Philanthropy in the NAFTA Countries

The Emergence of the Third, Non-Profit Sector

To give or to receive, to be or to have are and have been for centuries ethical alternatives which have occupied both the thinking and activity of philosophers and politicians, businessmen and ordinary citizens.

At the end of the twentieth century, when all rational systems aspiring to a social utopia have proven their limitations, when the great social and religious paradigms which promised more or less infallible roads to collective and individual happiness have failed, society is forced to seek more practical, more human solutions to the very grave problems it faces.

This is the intention of "philanthropy," a movement which has existed in human history for centuries, but has only recently become strong and meaningful. More than a movement, it is actually an attitude on the part of the more privileged sectors of society. Philanthropy consists of building a culture of civic participation which recognizes the social responsibility of companies and of their individual leaders and managers. It is an attitude which includes, as the etymology of the word itself suggests, love of Man, but not in the abstract. It implies, rather, love for concrete human beings who due to circumstances beyond their control suffer poverty, hunger, disease and generally unacceptable living standards and conditions for personal growth. Philanthropy is, then, the art of giving disinterestedly, but with concrete, tangible goals. Or, as the Mexican Center for Philanthropy defines it, "It is an attitude of respect for, interest in and commitment to the development of human beings, nature and life. It is manifested in all cultures through

attitudes, activities and institutions which, in a disinterested way, seek a better quality of life for all members of the community."

Throughout the twentieth century, but with more impetus in the last three decades, a great many foundations and organizations dedicated to obtaining financial, human and political resources for philanthropic ends have emerged in the three countries party to the North American Free Trade Agreement. Their activity is based on what the social Christians call "subsidizing", whereby sectors of the population with more economic resources and knowledge, education and access to advanced technology, offer part of their benefits to those lacking them. In this way, one of the fundamental principles of philanthropy consists of creating a culture of societal collaboration which takes on board the idea that it is not enough for companies and individuals to donate money to solve problems like hunger, marginalization and ignorance. What is needed is that they commit even more important resources: their time, knowledge and talents. In his welcoming speech to the participants in the First Trilateral Forum on Social Investment, Manuel Arango Arias, president of the Mexican Center for Philanthropy, said that its essence is "...time, talent and work voluntarily given for human welfare and the protection and restoration of [our] surroundings."

This forum, held in Mexico City in January 1995, was a fundamental effort to establish contact among the representatives of the three countries' main philanthropic institutions. Conceptions, strategies and plans of action for continuing trilateral philanthropic

work were discussed. Concrete case histories of successful projects carried out by philanthropic foundations of the three countries were also presented.

The most outstanding general agreements and conclusions include the following: establish and foster a new culture of civic participation, making a priority of creating awareness about the corporate social responsibility; create a new social pact among government, businessmen and the non-profit sector of society; make companies aware of their responsibility to invest in society by donating time, talent or funds; overcome the social assistance idea of “the donation culture” in order to move forward toward “the culture of social investment”; relate philanthropy to a business strategy and the world of the economy to the world of social development; create a non-profit-friendly legal framework which would stimulate the flow of donations; open the philanthropic culture up to the world of the mass media and the exchange of ideas; intensify the search for solutions conducive to social development and an improved quality of life in our communities, with deep-rooted projects and long-range programs; establish forms of cooperation and exchange of information among philanthropic institutions in Mexico, the United States and Canada; and organize and systematize the results of forums and meetings of the different philanthropic associations of the three countries.

A series of interesting facts came out of the forum workshops:

—In Mexico, more than 500 institutions and companies are affiliated to the Mexican Center for Philanthropy;

—126 billion dollars were collected both from companies and individuals in the United States in 1994 for social assistance;

—U.S. citizens did 19.5 million hours of volunteer work which, if paid, would come to almost 190 million dollars in donations;

—U.S. companies gave donations equal to almost 1.5 percent of their pre-tax earnings;

—There are initiatives in Canada to legalize social development contributions as a moral and legal oblig-

ation of companies; one of these initiatives would make it obligatory for all companies to put at least one percent of pre-tax profits into social assistance projects, etc. (The Mexican initiative MIRA Program, Look Out for Others,¹ is an outstanding example of this kind.)

Among the many participants in the meeting were foundations and associations from the three countries with long experience in the area: from Mexico, among the best known are the Mexican Foundation for Social Development, the Mexican Foundation for Health, the Foundation of Support for Children with Cancer, the UNAM Foundation, the Miguel Alemán Foundation and the Mary Street Jenkins Foundation. Outstanding participants from the United States include the Rockefeller, Ford and Kellogg Foundations, as well as the Synergos Institute. Finally, from Canada the Centre for Business and the Community of the Royal Bank of Canada and the Business Council on National Issues were among those present.

Philanthropy covers an enormous number of activities and fields, not only support to communities with concrete needs, but also financial aid and support with human resources to overall projects which benefit society as a whole. Resources are channeled into the fight against poverty, the construction of decent accessible housing and educational and job-training programs, as well as to foster medical and biological research—for example in AIDS research— projects of environmental clean-up and preservation, like the Canadian projects to deal with the problem of climatic change, or to institutions dedicated to sustainable development. Many important associations are also dedicated to fostering culture and the arts.

Philanthropy has spurred the emergence of a third sector—the non-profit sector—in addition to the other two traditional sectors: the public sector, represented mainly by the government, and the private sector, which includes companies competing on the market. This is a third sector which constitutes a needed

¹ The Spanish word “mira” means “look.” [Translator’s Note.]

link between economy and society, representing the increasing participation of civil society in matters of its concern. Philanthropic institutions join in the efforts of a society which organizes itself outside the sphere of political power to build a better and more just world.

As Peter Drucker said in his book *Post-Capitalist Societies*, "Economic performance is a company's first responsibility, but not its only one. A company is fully responsible for its impact on the community and society." Philanthropy conceived as an investment in society is not only a moral imperative for businessmen, but it can also be very beneficial for the companies themselves. As Brian Davis, vice president of the Royal Bank of Canada says, it can also be "good business." In effect, if companies help to better educational research and community systems, people can have a better standard of living, which in turn will mean more and better customers for goods and services.

However, the essential intention of philanthropy is, as David Rockefeller said, "to establish an

acceptable balance of the clear benefits of a democratic market economy and its ability to ensure maximum economic efficiency, sustained development and a system which provides for a fair distribution of income, better employment levels and good education and medical care for all." To this end, the third, or voluntary, sector, has to establish solid, long-term goals which aim not only to temporarily alleviate some of the many deprivations suffered by vulnerable sectors of society, but also seek to have a more permanent impact in bettering their overall quality of life. The idea is to use the knowledge and access to the increasingly sophisticated technology at the disposal of businessmen, intellectuals and professionals in the manner of the old Asian saying: To help a man, it is better to teach him to fish than to give him a fish. ❧

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Mission and Objectives Of the Mexican Center for Philanthropy

Mission

Foster and facilitate a philanthropic culture of social responsibility to strengthen the organization and active participation of society in solving community problems.

Objectives

- * Support organized civil society in contributing altruistically to social development and well-being.
- * Generate and disseminate information about institutions, groups and individuals involved in philanthropic activity.
- * Establish efficient communication among philanthropic associations and transform individual experience into shared knowledge.
- * Professionalize the organization and work of philanthropic institutions.
- * Put modern financial mechanisms in place to maximize resources for philanthropic projects.
- * Propitiate the most appropriate legal and fiscal framework for this sector.
- * Foster close relations with philanthropic organizations internationally to create a culture which crosses all borders.