

SESSION III : Priorities of International Philanthropy

Contribution to Third World Development: A Company Priority

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Morgan Guaranty's charitable contributions come either from a charitable trust established for that purpose some 25 years ago, or from the bank directly. The trust acts as a cushion in a bad earnings year and as a repository for an extra large tax deductible contribution.

This year worldwide, we will give nearly \$7 million, including our matching gift program through which we match gifts our employees make to organizations around the world. \$1.3 million will go for international purposes, and this is roughly evenly divided between what we give from New York, and from the contribution committees in the bank's offices around the world.

More than half of the Bank's earnings and half our assets now come from abroad, and we present ourselves to clients as an international institution able to speak with one voice anywhere in the world. We have thus steadily increased our international giving and expect it will continue to grow.

Our international contributions are given to three broad types of groups: those working to promote international understanding, those based in the United States with relief or development programs abroad, and institutions abroad working in education, development, culture, and health care.

We view ourselves as catalysts, as facilitators helping non-profit organizations do a better job. Sometimes we give financial, marketing, fund-raising, or data-processing help and

advice, recruit an officer to sit on the group's board if they wish, make introductions, or give them used office equipment. Above all, we stress cooperation, both within the bank, and among the bank, recipient, and other sectors. In these ways, giving is often the least important thing we do.

We do it not simply because it is right to help groups which need philanthropic support, but because it is good business to be concerned about the quality of life in the community. Strong non-profit organizations help to make New York, for example, a better place to live, enabling us to attract the best people to work at the Bank. As the fortunes of the communities where we live and work around the world prosper, so does Morgan Guaranty. It is our responsibility to those communities, to our employees, and to our mission to do as much as we can in as thoughtful and intelligent a way as we can.

In today's interdependent world, we cannot limit philanthropy to our headquarters community. A corporation in Japan or in the United States or France or Germany cannot sit idly by while it consumes the world's resources, earns a living from other countries, and has the capacity to be of enormous help without doing something about the problems of such countries and making sure the solutions are tried and delivered.

About three years ago, we began to make Third World development a priority. Since then, we have supported a number of development agencies, initially with general unrestricted support, increasingly with grants targeted to specific development initiatives in which we might have some institutional interest. We try hard to apply our philosophy of managing these relationships by supporting them not just with money, but with the full resources of the bank where desirable and possible.

Let me give you an example. As I am sure is no secret to you, we have debt problems in a number of countries, including Chile. We also have shareholders and staff who are genuinely concerned about the Chilean society and economy. We knew, had worked with, and respected the Pan American Development Foundation (PADF), and knew they did not have a National Development Foundation (NDF) in Chile as they did in other areas of the western hemisphere. NDFs are private not-for-profit entities formed to raise money to provide technical assistance and investment capital to small enterprises.

Because PADF wanted to become more active in Chile, we underwrote the costs of studying the feasibility of establishing

an NDF in Chile, and then implementing the resulting plans. We made office space available for early meetings of the local steering committee and our bankers have provided ongoing advice and counsel.

Since all this happened, the United States Agency for International Development (AID) modified its policy of excluding Chile from receiving foreign aid and told PADF that it was all right to use their grant from AID on the Chilean initiative. The NDF in Chile is now operating and the first loans have been made.

This project, it seems to me, very much embodies our theme of cooperation among many organizations. It is a good example of our rule of total involvement. It proves our role as a catalyst. Although our initial involvement was modest, we were told nothing could have happened without it.

As our philanthropic activities have increased, we have also expanded the publicity we provide concerning our programs. It has been asked if this publicity is a moral obligation or marketing tool. We think it is more the former, but cannot help but be the latter. It is also a communications tool, a morale builder among our own people, a consciousness-raising tool among all those who hear of the work, and an advocacy tool with those governments and representatives of the private sector where we work.