

SESSION I : Corporate Philanthropy — Present and Future

The Role of Private Foundations in Japan

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Private philanthropic activities in Japan are by no means adequate in light of the nation's economic achievements. Before the war, numerous organizations, such as the Mitsui Hoonkai, contributed annually on a scale of ¥1 to ¥2 billion (calculated at present value). The activities of such organizations became decidedly limited after the war. While over 70 foundations with endowments over \$100 million can be counted in the U.S., in contemporary Japan only a handful exist with endowments over ¥10 billion (approximately \$55 million).

Some of the more obvious reasons for the inadequacy of philanthropic activities in Japan are the following:

(1) No effort has been made to nurture specialists and professionals in the philanthropic field. Thus, foundations often fail to carry out their founding vision once the founders are no longer around.

(2) The deep-rooted and misguided notion that foundations should not make outlays for personnel expenses and project surveys hinders development of capable staff and worthy projects.

(3) The tax system and legal framework for philanthropic organizations have lagged behind the nation's rapid post-war economic growth.

Aside from such factors, the difference in attitude between Japanese and Americans has contributed to the overwhelming difference in philanthropical development. In general, the

Japanese tend to forget that laws and government are of their own creation and expect public bodies to take responsibility for various aspects of society. Americans, on the other hand, ever since their nation's founding, have felt the need to make up for the deficiencies of the government, with private philanthropy being one outgrowth of this outlook.

Only recently have the Japanese come to recognize the need for private foundations. Chairman Eiji Toyoda of the Toyota Foundation makes the point that private foundations, as opposed to corporate contributors, can pursue long-term goals not restricted by business interests and, in the case of international grant-making activities, are free to respect the will and sovereignty of the beneficiary country.

Since Japan is a leading economic nation, in order to help it take on its share of global responsibility, Japanese foundations should assume a greater international role. If the past efforts for "internationalization" can be called "vertical" in terms of its "goal oriented" approach, future efforts must be "horizontal." That is to say, the time has come for Japan to understand other societies on their own terms and learn to appreciate different values and needs. Private foundations are best-suited to undertake such efforts, free of governmental need to protect national interests, and corporations' profit orientation.

Private foundations in the U.S. and Europe play a significant role in policy affairs as well, often providing a place for extensive debate. Japan has much to learn from their experiences and it is hoped that the private sector will redouble its efforts to help philanthropy perform its vital role in society and in the international community.