

## Chapter 9 : Inequalities

### Part 3 : Solidarity

#### I. Non-Governmental Organizations and the United Nations

##### 1. Main organizations and aim (adapted from Wikipedia)

**NGOs are usually funded by donations, but some avoid formal funding altogether and are run primarily by volunteers.** NGOs are highly diverse groups of organizations engaged in a wide range of activities, and take different forms in different parts of the world. Some may have charitable status, while others may be registered for tax exemption based on recognition of social purposes. Others may be fronts for political, religious, or other interests. **Since the end of World War II, NGOs have had an increasing role in international development, particularly in the fields of humanitarian assistance and poverty alleviation.**

**The number of NGOs worldwide is estimated to be 10 millions.** Russia had about 277,000 NGOs in 2008. India is estimated to have had around 2 million NGOs in 2009, just over one NGO per 600 Indians. China is estimated to have approximately 440,000 officially registered NGOs. About 1.5 million domestic and foreign NGOs operated in the United States in 2017.

**The term "non-governmental organization" was first coined in 1945, when the United Nations (UN) was created.** The UN, itself an intergovernmental organization, made it possible for certain approved specialized international non-state agencies — *i.e.*, non-governmental organizations — to be awarded observer status at its assemblies and some of its meetings. Later the term became used more widely. Today, according to the UN, any kind of private organization that is independent from government control can be termed an "NGO", provided it is not-for-profit, non-prevention, but not simply an opposition political party.

One characteristic these diverse organizations share is that **their non-profit status means they are not hindered by short-term financial objectives.** Accordingly, they are able to devote themselves to issues which occur across longer time horizons, such as climate change, malaria prevention, or a global ban on landmines. Public surveys reveal that NGOs often enjoy a **high degree of public trust**, which can make them a useful - but not always sufficient - proxy for the concerns of society and stakeholders.

#### Top 10 Most Popular NGOs in The World in 2019

10. Cure Violence
9. CARE
8. Partners in Health
7. Acumen
6. BRAC
5. Mercy Corps
4. Medecins Sans Frontieres
3. Ceres
2. Danish Refugee Council
1. Wikimedia Foundation

##### 2. the future of NGOs and of the UN

#### Criticism

Southern organizations and governments argue that INGOs (International Non-Governmental Organizations) are **unaccountable and have too much power**; humanitarian agencies, meanwhile, fail to consult beneficiaries and local groups effectively, and it's unclear where donors' money goes. At home some politicians argue that INGOs shouldn't bite the hand that feeds them by campaigning while receiving

government grants. Conversely, they're accused of not campaigning enough; that they are apolitical, and too close, in some cases, to the corporate sector. Add to this list concerns about overheads, aggressive fundraising tactics, gender representation, and the failure to win key campaigns on critical issues such as climate change.

#### New forms of social action :

**Social innovation seems to be rising up around INGOs, making them appear out-dated and static in comparison.** Social enterprises are rapidly occupying the service delivery space where INGOs once led, with a fresh wave of **philanthro-capitalists (see II)** seeking out "beyond charity" solutions to poverty. Meanwhile, new social movements from *Occupy* to *UK Uncut* are highlighting the issues of inequality and social justice and inspiring young people more than ever before. Digital technology has bred a new rise of campaigners, from *38 Degrees*, to *350.org*, which seem to be more effective at rapid mobilization, both on and offline.

#### A different environment :

**The sector is also facing a rapidly changing, complex, and increasingly demanding environment, with new conflicts, climate change and colossal political, technological, and demographic transformation.** The world bears little resemblance to what it did in the sector's heyday of the 80s and 90s. Seven of the largest development organizations in the UK (Oxfam, Christian Aid, Action Aid, Cafod, World Vision, Tearfund, Save the Children) now have a combined income of more than £1bn, but is their influence and impact commensurate?

**NGOs have to adapt to the new settings or disappear.**

As for the UN, the situation is similar. **Critics have accused the UN of bureaucratic inefficiency, waste, and corruption.** However, **the UN's role is largely applauded.** In evaluating the UN as a whole, Jacques Fomerand writes that the "accomplishments of the United Nations in the last 60 years are impressive in their own terms. Progress in human development during the 20th century has been dramatic and the UN and its agencies have certainly helped the world become a more hospitable and livable place for millions." Evaluating the first 50 years of the UN's history, the author Stanley Meisler writes that "the United Nations never fulfilled the hopes of its founders, but it accomplished a great deal nevertheless", citing its role in decolonization and its many successful peacekeeping efforts. The British historian Paul Kennedy states that while the organization has suffered some major setbacks, "when all its aspects are considered, the UN has brought great benefits to our generation and ... will bring benefits to our children's and grandchildren's generations as well."

### 3. Foreign aid (extracts from the *Encyclopædia Britannica*)

**Foreign aid is the international transfer of capital, goods, or services from a country or international organization for the benefit of the recipient country or its population. Aid can be economic, military, or emergency humanitarian (e.g., aid given following natural disasters).**

The most common type of foreign aid is official development assistance (ODA), which is assistance given to promote development and to combat poverty. The primary source of ODA—which for some countries represents only a small portion of their assistance—is bilateral grants from one country to another, though some of the aid is in the form of loans, and sometimes the aid is channeled through international organizations and nongovernmental organizations (NGOs). For example, the International Monetary Fund (IMF), the World Bank, and the United Nations Children's Fund (UNICEF) have provided significant amounts of aid to countries and to NGOs involved in assistance activities.

**The vast majority of ODA comes from the countries of the Organisation for Economic Co-operation and Development (OECD), specifically the nearly two dozen countries that make up the OECD's Development Assistance Committee (DAC). The DAC includes western European countries, the United States, Canada, Japan, Australia, and New Zealand. Other providers of significant assistance include Brazil, China, Iceland, India, Kuwait, Poland, Qatar, Saudi Arabia, South Korea, Taiwan, Turkey, and the United Arab Emirates. In the 1970s the international community, through the United Nations, set 0.7 percent of a country's gross national income (GNI) as the benchmark for foreign aid. However, only a small number of countries (Denmark, Luxembourg, the Netherlands, Norway, and Sweden) reached that mark. Although the United States and Japan have been the world's two largest donors, their levels of**

**foreign aid have fallen significantly short of the UN's goal.**

### Criticism :

Significant criticisms have been leveled at both the donors and the recipients of foreign aid. Some groups in recipient countries have viewed foreign aid suspiciously as **nothing more than a tool of influence of donor countries**.

In general, opponents of the way that foreign aid programs have operated charge that foreign aid has been **dominated by corporate interests**, has created an **unreasonable debt burden** on developing countries, and has forced countries to avoid using strategies that might protect their economies from the open market. In addition, **many critics of U.S. aid illustrate the continued importance of political considerations over developmental ones**, citing for example the increase in aid to countries allied with the United States in the fight against terrorism following the September 11 attacks in 2001, regardless of their commitment to democracy and human rights.

Meanwhile, **some groups in donor countries have criticized foreign aid as ineffective and wasteful**. In the United States, for example, public opinion polls consistently show that most Americans believe that foreign aid consumes 20 percent of the country's budget—the actual figure is less than 1 percent—and that most recipients of foreign aid do not deserve it or do not use it wisely. Such criticisms have been bolstered by the generally disappointing results of foreign aid programs in sub-Saharan Africa, where many countries remain mired in poverty, corruption, and civil war despite the disbursement of significant foreign aid. With efforts to rebuild Iraq and Afghanistan, curtail drug production and trafficking, and battle HIV/AIDS, ODA—which had declined throughout the 1990s—increased in the early 21st century.

## **II. Volunteering, philanthropy and philanthrocapitalism**

### 1. the role of volunteering in the UK and the US

**The United States has a long history of volunteering.** Enshrined in the United States Constitution, the right to form voluntary associations has been a treasured aspect of American life since the nation's birth. Alexis de Tocqueville noticed the propensity for Americans to join civic organizations when he travelled the country before the Civil War. By 1944, Arthur Schlesinger would famously refer to America as a “nation of joiners.” **But in recent years, the percentage of Americans volunteering has dwindled and is now at its lowest level in a decade.**

From the Masonic lodge to the city softball league to the suburban megachurch, there are a lot of associations in which to volunteer in the USA. This impulse spans the country, uniting citizens in a multitude of common purposes and communities to serve. Such civic engagement is seen as **an obvious virtue**.

The idea of helping others is also woven into the fabric of Britain, every small town has OXFAM shop run by volunteers (see picture : Oxfam shop in Oxford – Trip to GB December 2019).



### 2. the birth of philanthropy : early examples

In the past, philanthropy was seen as a religious virtue. In the Middle-Ages, in Great Britain, clothiers built

wool-churches in East Anglia and the Cotswolds, hoping to secure a place in heaven. In colonial America, Protestants stressed the importance of charity. Charity is an important notion in the Protestant religion. Some examples of famous philanthropists in the USA :

- In Philadelphia, Benjamin Franklin financed street lighting, fire companies and built a hospital to care for indigent and insane people.
- Stephen Girard left his \$7bn estate to found an orphanage.
- In the 1900s, Rockefeller created an Institute for Medical Research, his foundation started distributing millions.
- Andrew Carnegie (a Scottish-American steel tycoon, and self-made man) created a public library, free of charge, in every town lacking one.
- Henry Ford is quoted as saying : « the highest use of capital is not to make money but to make money to do more for the betterment of life », the Ford Foundation, created in 1936 is one of the largest charities in the world, it handed out over \$8bn.
- Carnegie said : « no man becomes rich unless he enriches others ».

### 3. philanthrocapitalism

**Philanthrocapitalism is a way of doing philanthropy, which mirrors the way that business is done in the for-profit world.** It may involve venture philanthropy that actively invests in social programs to pursue specific philanthropic goal that would yield return on investment over the long term, or in a more passive form whereby "social investors" benefit from investing in socially-responsible programs

**There are many criticisms of philanthrocapitalism beginning with the limited transparency and accountability involved.** There are also concerns that private philanthropy erodes support for governmental spending on public services. The main worry with this practice is that collectively, it can lead to tax revenue problems for the government. Donations are still going towards philanthropy, but some public services may not be able to utilize these funds because they may never receive them. Because of this, **there is concern that the wealth of a few may be able to determine what organizations receive the most funding.**

**It was also noticed that many current and past philanthropists amassed their fortunes by predatory business practices which enhanced the very social problems their philanthropy is intended to alleviate.** Finally there are concerns of the existence of **ulterior motives**. These ulterior motives can range from business owners avoiding capital-gains taxes by donating their company's excess stock instead of selling it and estate taxes which would be assessed onto their family to collecting tax credits from the government.

#### Recent examples of philanthropy and philanthro-capitalism :

- The Bill and Melinda Gates Foundation spend billions fighting poverty, enhancing healthcare, and developing education, but their financial empire is also causing these very problems.
- Warren Buffett, an American billionaire, has pledged to give away 85% of his fortune to charity after his death.
- Bill Gates and Warren Buffet launched the **Giving Pledge**, resulting in 139 billionaires committing themselves to giving their fortunes away (\$365bn).
- In December 2015, Chan and Zuckerberg pledged to donate 99 percent of their Facebook shares, valued at \$45 billion, to the Chan Zuckerberg Initiative, a political action company that focuses on health and education. As of 2016, they have pledged more than \$4.6 billion to charities. But there are doubts as to their real motivations.
- Nobel Prize winner Mohammad Yunus alleviated poverty in Bangladesh with Microfinance. However, it has been shown that microfinance has a limited impact. Fair trade is also an indirect form of philanthropy.
- The rapper Akon is doing some philanthropic actions in Africa through the **Akon Lighting Africa**, a project started in 2014 by former music artist Akon with Samba Bathily and Thione Niang which aims to provide [electricity](#) by solar energy in [Africa](#). Their initial technique is to install Solar street lights and small energy systems.

Wouldn't it be better if the wealthy paid more taxes ? Warren Buffett says millionaires should pay a minimum income tax of 30%. He said : *"There's class warfare, all right, but it's my class, the rich class,*

*that's making war, and we're winning."*

## **Because of philanthropy do the states disengage ?**

### **III. Corporate Social Responsibility**

#### 1. definition

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental aspects. To engage in CSR means that, in the normal course of business, a company is operating in ways that enhance society and the environment, instead of contributing negatively to them.

CSR programs vary in scope, but a few common initiatives include:

- Direct giving to non-profit groups, such as a local food bank, often in conjunction with volunteer efforts by employees and donations from the company
- Job training programs for the disabled, or other disenfranchised groups
- Commitments to ensure diversity in the workforce across race, gender, and sexual orientation
- A focus on reducing the company's environmental footprint through more efficient supply chains, recycling, reduced energy use, and other efforts

#### CSR in Action — Starbucks

Long before its initial public offering (IPO) in 1992, Starbucks was known for its keen sense of corporate social responsibility, and commitment to sustainability and community welfare. Starbucks has achieved CSR milestones such as reaching 99 percent ethically sourced coffee; creating a global network of farmers; pioneering green building throughout its stores; contributing millions of hours of community service; and creating a groundbreaking college program for its partner/employees. Going forward, Starbucks' goals include hiring 10,000 refugees across 75 countries; reducing the environmental impact of its cups; and engaging its employees in environmental leadership.

Forbes made a list of the 10 companies with the best CSR reputations in 2017 : Lego, Microsoft, Google, Walt Disney Company, BMW Group, Cisco Systems, Robert Bosh, Intel, Rolls Royce Aerospace, Colgate-Palmolive.

Some also cite Apple, Ikea, Ben and Jerry's, Levi Strauss...

Another common manifestation of CSR plays out after natural disasters. For example, in 2017, Walmart and its foundation committed up to \$20 million toward relief efforts related to Hurricane Harvey in Texas. In 2018, Home Depot said it would commit \$3 million for disaster relief efforts in communities impacted by Hurricanes Florence and Olivia, the California wildfires, and flooding in the Midwest.

#### 2. Pros and cons

- ✓ profitability and value
- ✓ better customer relationships
- ✓ improves the company's reputation
- ✓ helps boost motivated employees
- ✓ CSR costs money to implement
- ✓ conflict with the profit motive, creates shareholder resistance
- ✓ customers are wise to greenwashing