



Charity needs capitalism to solve the world's problems

January 20, 2012

By Bill Clinton, former US president

Charity alone will not solve the world's problems. [Capitalism](#) can help and at the same time put people back to work. There has always been a gap between what the government can provide and what the private sector can produce, a gap charities have long helped to fill. But as our world and economies evolve, we have an opportunity and a responsibility to reconsider how to fill this gap – to rethink the relationship between economic and social challenges, so that benefits and opportunities are available to more people.

First, this rethinking is necessary because people are demanding it. From [Zuccotti Park](#) to [Tahrir Square](#), people are standing up and saying that for too many citizens the current systems are not working.

Second, the financial crisis has made plain that the path we were on was unstable and unsustainable. While our global economic system has brought benefits to many, it has also exacerbated inequalities, both within and among countries. Too much inequality not only hurts the poor and stifles the dreams of the middle class, it also hinders productivity and growth.

Finally, our increasing interdependence strengthens the link between our prosperity at home and prosperity abroad. It is hard to sell things people cannot afford to buy. Also, economic privation breeds political resentment with all its costly consequences. We therefore have a vital stake in the fates of others – a stake that extends beyond compassion to political stability and economic security.

How do we change course, to merge social and economic progress? [Haiti](#) offers us some lessons. Earlier this month, when I travelled there to mark the second anniversary of its devastating earthquake, I could feel a palpable change in the country. Much of this has to do with the focus and drive of the new government. But a lot of it is also due to the approach of Haiti's friends and partners – an approach driven more by empowering people and communities than by imposing external solutions. My good friend Denis O'Brien and the Digicel Group not only employs 70,000 Haitians, they also rebuilt the famed 19th-century Iron Market bazaar, one of the capital's landmarks, to create jobs for others, and give charitably to education to ensure that there will be a better educated, more employable workforce. Another example from Haiti is an innovative fund set up by the Carlos Slim Foundation and Frank Giustra to invest in entrepreneurs – giving them a hand up, not a handout.

We are starting to see the success of this new approach in other countries and sectors as well, in the approach of the Bill and Melinda Gates Foundation, in companies such as Walmart,

Google and Procter & Gamble that have shifted their corporate culture from promoting social responsibility to increasing shared value.

This is the lesson that we learnt while working to solve the Aids crisis, when the pharmaceutical industry moved from being a low-volume, high-margin business to a low-margin, and high-volume one with guaranteed payments. Today, this system is providing millions of people around the world with lifesaving HIV/Aids treatments at much lower costs while also improving the profitability of the companies involved. Similar lessons were learnt from our work with farmers in Africa: by helping them access the fertilisers, seeds and markets they need, we could provide them with a fundamentally more sustainable way to lift their families from poverty than we could ever hope to achieve through traditional charity. The lessons of this work and the benefits of boosting productivity are clear.

The common thread through all this evidence is that private wealth can effectively advance the public good when governments, businesses and non-governmental organisations work together to share expertise and implement lasting solutions. When our bottom line is more about strengthening the future than maintaining the present, and when our financial interests are aligned with our social ones, we will be closer to the kind of world we want all our children to live in.

One of the ways in which I have been trying to support the work of leaders around the world as they rethink our approaches to global problems is via the vigorous discussions and diverse commitments that are generated through our Clinton Global Initiative. To date, members of CGI have made more than 2,100 commitments that have already improved, or are now helping, the lives of nearly 400m people in 180 countries. Many of these commitments reflect the new approach to problem-solving by better aligning the interests and objectives of private corporations, governments and non-governmental organisations. Beyond their specifics, the goal of these projects is to work ourselves out of a job – not to generate perpetual aid dependence.

These efforts benefit both the communities they target and the corporations and philanthropists involved, diversifying their businesses, expanding their markets, training more potential workers and helping to create a culture of prosperity. All this enhances profits, increases economic inclusion and gives more people a stake in a shared future.

Because of these developments, and in spite of current economic conditions, I am hopeful for the future. The problems we face are solvable: we have the means. What we need is innovation, imagination and commitment. The most effective global citizens will be those who succeed in merging their business and philanthropic missions to build a future of shared prosperity and shared responsibility.