

## Philanthropist delivers

Financier sees the downside of globalization, commits to giving more than \$100 million to combat poverty, ill health and illiteracy in Latin America

**Douglas Todd**

Vancouver Sun

*Saturday, September 13, 2008*

The boardroom for Frank Giustra's global empire, on the top floor of a tower in downtown Vancouver, has the luxurious-yet-antiseptic quality of most corporate offices, despite its panoramic view of the North Shore mountains.

But Giustra, head of Endeavour Financial, livened up the typically dull boardroom this week as he talked about his adventurous personal, business, philosophical and increasingly philanthropic life -- which he hopes will give a more human face to capitalism.

The 51-year-old mining and financial whiz is worried economic globalization has not been friendly to poor people, especially those in developing countries where resource-extraction industries like his have made a great deal of money.

So he is trying to do something about it, something he hopes may head off, at its most extreme, revolution.

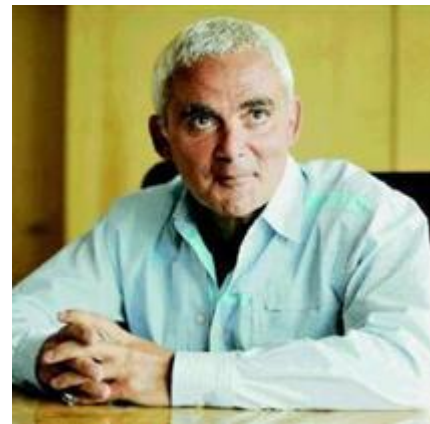
"Democracies only work if there's a sense of fairness in the system. You're putting all that in jeopardy if you allow the wealth gap to grow," said Giustra, wearing a stylish open-collared blue shirt to go with his tanned face and dark, exotic eyes.

"The gap between the rich and poor is widening, including in North America, and it's not a good thing. It's a really bad thing if you have a few really wealthy individuals, a shrinking middle class and a lot, a lot, of poor people. It's a trend that's happened in the last 30 years, especially the last 10. You're asking for trouble. You're asking for social upheaval. Crime. Corruption. And in extreme situations: revolutionary political thinking."

Since Giustra began a much-talked-about friendship with former U.S. president Bill Clinton four years ago, initially involving a \$31-million donation to Clinton's anti-AIDS/HIV project in Africa, Giustra no longer has the luxury of staying out of the media spotlight.

Unlike more self-protective North Americans who are also worth hundreds of millions of dollars, Giustra is doing things like joining Clinton on Oct. 17 in Vancouver for a presentation to the B.C. Business Council on corporate social responsibility.

That event follows a gala fundraiser Giustra held with Clinton (plus actors Tom Cruise and Robin Williams) in Toronto in March. There was also an Aug. 4 news conference with Clinton in Mexico City, at which the B.C. financier and the former U.S. president teamed up with Carlos Slim Helu, a telecommunications pioneer ranked the world's second-richest man.



CREDIT: Ian Smith, Vancouver Sun

Multimillionaire Frank Giustra talks about teaming up with former U.S. president Bill Clinton to sponsor a \$100-million initiative to fund sustainable development in Latin America.



CREDIT: Shannon Stapleton, Reuters, Vancouver Sun, Files

Former U.S. president Bill Clinton, with Frank Giustra on his left, announces the Clinton Giustra Sustainable Growth Initiative's launch in 2007.

Recognizing the downside of globalization, Giustra and Slim Helu pledged to eventually provide hundreds of millions of dollars in aid and business development programs to Colombia, Peru and Mexico through the Clinton Giustra Sustainable Growth Initiative and other non-governmental organizations.

One year after announcing the Clinton Giustra Sustainable Growth Initiative, the organization's most advanced projects in Latin America are accomplishing a range of goals -- from providing rare medical care and education to thousands of rural Colombians to supporting an organic spice business and a fishing cooperative.

The Vancouver mining mogul and the former Democrat president are supporting such efforts because they want to see the benefits of globalization shared more fairly.

"Although the Colombian stock market has risen 14-fold since 2001, 22 million Colombians still live in poverty," warns a typical line from a recent joint Giustra-Clinton statement.

Giustra firmly disagrees with the famous economist Milton Friedman, a key Republican party advisor, who said free society would collapse if corporate leaders became "socially responsible" instead of simply making as much money as possible for shareholders.

"I don't believe that," Giustra said this week.

"Corporate social responsibility is really catching on, especially in the resource sector. From a business point of view, it's the smart thing to do. You're helping create sustainable communities in the land where you operate. And shareholders believe it's important."

#### DECADES OF DEALINGS

From his boardroom in Vancouver, as well as his offices in London, England, Giustra has spent decades weaving together elaborate deals involving gold, cobalt, uranium and copper in South Africa, Colombia, Mexico, Kazakhstan, Cameroon and other far-flung places.

However, the more personal and philosophical sides of Giustra's life come to the fore as he simply points out his the sweeping view of the North Shore mountains through his office window.

It is a view that takes in West Vancouver, where he has a \$20-million mansion in which he loves to read books, including titles on the Roman Empire, Gandhi and the Dalai Lama. The latter has greatly influenced Giustra's philanthropy.

"I believe in the Dalai Lama's main philosophy; that we are all interconnected in some way we don't understand," Giustra said, clarifying he doesn't think of himself as a Buddhist.

"Everything you do affects everybody else. You're not getting it if you think you're just an individual, alone. Every single thing we do, and I mean everything, affects everyone else. It's just a fact."

Apart from spending time exploring spiritual world views, it's also on the North Shore that Giustra does more mundane things, including keeping in top shape -- physically prepared to jet around the world to take on the kind of financial and charitable challenges others tell him are impossible. For exercise, Giustra regularly hikes up the gruelling Grouse Grind stairway and bicycles over the Lions Gate Bridge (after which was named the successful film company he founded in 1997 and sold in 2003).

His parents, in their early 80s, also now happily make their home together in West Vancouver. It was partly from his early years, witnessing his mother and father living in different parts of the planet out of financial necessity, that Giustra learned what it means to struggle.

He picked up, as he said, "the general sense of having less than others."

In those formative years, Giustra was raised mostly in Italy and Argentina, largely by his devoutly Roman Catholic mother. (His parents still attend Catholic church, but he doesn't.)

In 1950 his dad had moved from Italy to the far north of Canada to work as an itinerant labourer in the mines. His

father, said Giustra, wanted "to make enough money to bring us here."

Giustra's family, including brother and two sisters, didn't live in the same house until they immigrated to Aldergrove when Giustra was a teenager.

#### SOFTENING EDGES OF GLOBAL CAPITALISM

Why did Giustra last year commit to giving away an additional \$100 million to his philanthropic initiative with Clinton, thus further sticking his neck out into the public realm?

There are multiple reasons. They have to do, he said, with witnessing a great deal of poverty, ill health and illiteracy in Latin America and other developing regions. He also believes in giving something back for his incredible good fortune.

Furthermore, he wishes to soften the harsh edges of global capitalism. In the long run, believing in the kind of interconnectedness taught by the Dalai Lama and Clinton, Giustra suggests the entire international business community could benefit from what he and a few others in the mining business are trying to accomplish.

However, for his philanthropic troubles, Giustra has opened himself to attacks from skeptics, the most cynical of whom suggest he's teaming up with Clinton and lending a helping hand to the world's struggling mainly to pull off further business deals.

With Clinton often using Giustra's jet in the past few years, media outlets early in 2008 questioned a 2005 development in Khazakstan in which Giustra bought into some uranium projects after the two made a joint visit to the country.

Giustra believes the suspicious coverage reflected gamesmanship in U.S. "electoral politics," a subject on which he insists he is neutral. Now that he has issued "corrections" to the media about their Khazakstan articles, Giustra said he won't speak further about politics or the Khazakstan agreement. "It's done. It's over."

Instead of talking about the controversial articles, the Vancouver financier elaborates on his global economic rationale for giving away millions.

In the larger philosophical scheme of things, he acknowledges his devotion to philanthropy in the Third World involves what some might call enlightened self-interest.

Giustra, who has said his generosity has often proved profitable, believes the developing world will remain stable and open to foreign investment only if steps are taken to ensure the poor actually benefit from globalization.

To help explain, Giustra has brought his Latin American specialist to the Vancouver boardroom to discuss the details of the Clinton Giustra Sustainable Growth Initiative.

It involves a complex, multi-pronged effort to support not only traditional health and education programs, but rural business development. The initiative's aim is to provide more than charitable handouts, also helping to build sustainable economies in poor regions.

"In Latin America there is a really vital discussion about globalization and whether it really helps developing countries," said Eric Nonacs, a longtime adviser to Clinton on foreign policy.

"Advocates for open trade have to show it will help. And we can't take it for granted that it will."

Giustra and Nonacs said they're bringing in other mining companies as philanthropic partners because the resource-extraction industry is on the "front lines" in developing countries.

"Mining companies realize if the roads are blocked, they're not going to be able to do any business," Nonacs said.

Given the potential for social protest in response to foreign investment in developing countries, Nonacs said the Clinton Giustra Sustainable Growth Initiative is "not just a nice thing to do."

It's a way to show local populations that globalization will work for them, that foreign mining operations will consistently

help them and their families.

With his extensive reading on the rise and fall of the Roman Empire and others, Giustra realizes that globalization is a fragile system, that all political and economic dynasties will someday disintegrate.

Even though he rejects economic protectionism and doesn't see an alternative to free trade, he said it doesn't take a genius to recognize that, even in North America, globalization is implicated in major social problems, including the shrinking middle class.

"There are structural problems [in North America] that have to be changed in the long term. The U.S. is now skewed to a service-and-consumption economy. And they have to somehow skew it back to a production and manufacturing economy."

He doesn't have a simple answer. Such a profound transformation of the global economic system, he said, will "take a lot of work."

#### INFLUENCED BY ANDREW CARNEGIE

At the same time as his world view has been shaped by his belief in the interconnectedness of all things, Giustra said he has also been influenced by the early 20th-century Scottish-American industrialist Andrew Carnegie. The well-connected author of *Triumphant Democracy* and *Gospel of Wealth* often spoke of the responsibilities that go with great wealth.

"I have a philosophy of money. Don't get me wrong: I think money is very important. It's right up there with oxygen. It's just that you reach a point when it doesn't add anything to your life," Giustra said, saying he owes much of his wealth to good luck.

"You reach a saturation point, where the incremental changes in dollars don't move the dial on your happy meter. I think in general there is too much concentrated wealth in the world today."

Even though Giustra's financial portfolio has been hammered by a recent downturn in commodity prices, he said he remains committed to the Clinton Giustra Sustainable Growth Initiative. "It's going to be a lifelong project."

Giustra continues to marvel at Clinton's tireless work pace, plus the former president's desire to use his ingenuity and profile to make a difference on the planet.

"He's not afraid to take on a challenge which others might not. We all have a limited lifespan here. And I think he thinks he feels he has a lot to get done, and he going to get it done."

Asked if he's like Clinton, Giustra acknowledges, "a bit."

In addition to "working all the time," he said, "I spent the first half of my life making money and I'm going to spend the next part of my life doing something good with it."

dtodd@vancouversun.com

To read Douglas Todd's blog, go to [www.vancouversun.com/thesearch](http://www.vancouversun.com/thesearch)

#### WHAT DO YOU THINK?

Reader Feedback: We hope you enjoyed this instalment of Weekend Review.

As we continue to try to improve our weekly package, we encourage your input on how we can make it better. Please e-mail us with your thoughts at [weekendreview@vancouversun.com](mailto:weekendreview@vancouversun.com).

