

# Public and Private Philanthropy in the Eighties

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## Introduction

Patterns of funding social services have altered drastically during this century. In the early decades, government provided a rudimentary level of care for the indigent elderly, for orphaned children and for the destitute. The provision of other services was deemed to be the responsibility of the voluntary sector. "Social services" included both social assistance and personal social services. Voluntary organizations and government provided both without a clear distinction between the categories.

In modern times government is considered to be solely responsible for an adequate income level for all citizens. These income maintenance payments are called social assistance. The work of charitable organizations is now largely confined to the provision of personal social services. Ontario citizens have come to expect that government should also be responsible for more of these personal social services. Society, in Ontario, has begun demanding government assistance for more than the indigent elderly and for orphans. Family counselling, day care, homemaking services and help for the handicapped have been requested from government sources.

The government has responded to these pressures by adding some new services. A comparison may be made of programs subsidized in Metropolitan Toronto in fiscal years 1971 and 1976. In 1971 subsidies were provided for five general categories of personal social services. These were: homes and centres for the elderly, homemaking and nursing services, day nurseries, child welfare and children's institutions, and vocational rehabilitation. In 1976 there was an expanded range of government services: services for the retarded, for rehabilitation, for credit counselling, for work-activity projects, and for new types of services and institutions for children and youth.<sup>1</sup>

By 1982, the range of programs receiving government subsidization had increased again. Residential facilities for the retarded, the mentally and physically disabled and those discharged from correctional institutions had been added. There were also home support services for the elderly and the disabled and increased family crisis-intervention services.<sup>2</sup>

In 1971 the cost of subsidized social services (social assistance and personal social services) in Metropolitan Toronto was \$104 million. In 1976 it was over \$237 million. By 1980 the total had climbed to \$372 million.<sup>3</sup> Part of this increase can be attributed to a 1.3 per cent annual growth in population in Metro and to a high rate of inflation. Even if allowance is made for these factors, it is obvious that services are more heavily subsidized than in 1971. It is interesting to note that in the same period the United Way of Greater Toronto increased its allocation to agencies from \$10.9

million in 1971 to \$12.9 million in 1976 and to \$16.8 million in 1981. That is, allocations from voluntary dollars had increased 54 per cent while government expenditures increased 258 per cent in roughly the same period of time.

Similar trends may be found in expenditures on other human services. Education expenditures in Ontario, including those for post-secondary education, rose from \$3.2 billion in 1971 to \$7.2 billion in 1979.<sup>4</sup> Health expenditures in Ontario rose from \$2.7 billion to \$7 billion during the same period.<sup>5</sup> Voluntary contributions, of course, have not been as significant in the health field since the introduction of universal health care in 1959. Just as health care costs have been considered to be a responsibility of government, so has the cost of education, including a high percentage of post-secondary expenditures.

This reliance on public sector spending in traditional philanthropic fields has been much more marked in Canada than in the United States. Bird and Bucovetsky state quite flatly that “the voluntaristic tradition in Canada has always been less significant than in the United States and the tendency to turn to government correspondingly greater”.<sup>6</sup>

This paper attempts to look at some of these trends in greater detail and from an economic perspective. Part I discusses individual charitable donations from the viewpoint of economic rationality. The ability of both the individual and the corporation to pay for philanthropic activity is examined.

Part II provides further information on the role of the government in funding traditional philanthropic areas and trends in corporate and individual giving are analyzed.

## **PART I**

### **The Economics of Giving**

#### **A. Theoretical Framework: Consumer Preference**

“Economic man” is considered to operate on a series of assumptions. First, that an individual attempts to maximize his satisfaction at all times. Second, there is an assumption that more things, or goods, provide more satisfaction. Third, if other things are equal and economic man chooses one set of goods, X, over another set of goods, Y, then there is an assumption that he has revealed a preference for X. If, on the other hand, he does not choose X over Y when all other things are equal, he is said to be indifferent, or equally satisfied with either choice.

This simplified view of an individual’s rationale for choosing goods or services provides the framework for our discussion of charitable giving. An individual is assumed to have some personal disposable income after he has provided for the essentials of daily life. This personal disposable income, however large or small, may be used in two ways: it can be saved or it can be donated to some worthy cause or person. The portion saved can remain as savings or it can be used to increase consumption at a later date.

This donation could be made on a purely philanthropic basis, i.e., the donor would not expect an economic return for his donation. Most usually, however, the donor would operate from a “self-interested altruistic” basis.<sup>7</sup> He would derive well-

being, or a sense of satisfaction from his action if some social reward were to be given. This could take the form of increased esteem from colleagues,<sup>8</sup> payment of social dues,<sup>9</sup> the satisfaction derived from salving one's conscience or the more immediate satisfaction of decreased annoyance from a charitable canvasser.

The simplest form in which the donor can achieve wellbeing or satisfaction is in the form of a direct psychological "utility". He achieves satisfaction by helping another person. Using Robert Schwarz's words, "the welfare of B, as a 'good' enters A's utility function on an equal basis with goods personally consumed and A gives according to his utility function, a resource constraint and relative prices."<sup>10</sup>

It can be seen that A could enjoy an increased level of satisfaction by ensuring that he is enhancing B's welfare via his donation. His resource constraint is determined by the size of his personal disposable income and the relative price of the donation is considered to be tax-determined. That is, because charitable donations are tax-deductible, the net cost of donations is the price after the marginal tax rate is considered. The corollary to this is that tax donations are responsive to "price" or the tax system.<sup>11</sup>

Figure 1

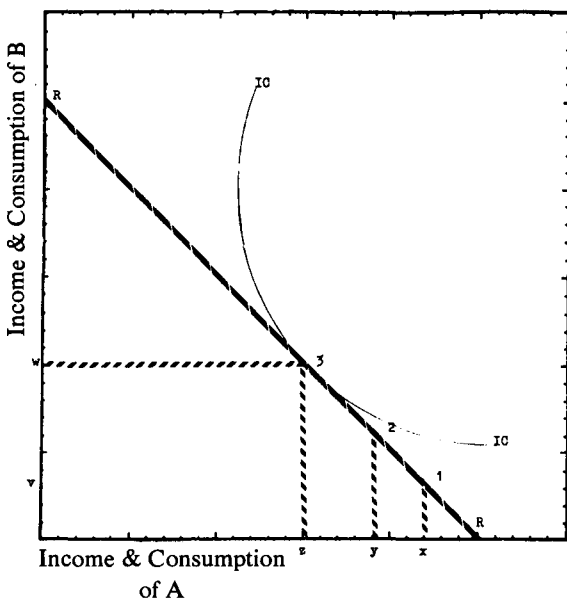


Figure 1 is based on the assumption that A's utility is a function of his personal consumption and of B's consumption. A will try to maximize his utility subject to his income, and will spend his income so that marginal utility derived from a dollar spent on his own consumption is equal to the marginal utility of a dollar given to B.

IC is the highest indifference curve that A can attain. RR is the budget constraint or resource, the slope of which relates the price of A's giving to the price of personal consumption (not allowing for a tax-determined price of giving). Point 1 pertains

when A's income is  $x$  and B's income is  $v$ . Point 3 is where A's utility is maximized; here he consumes  $z$  and gives  $x-z$  to B. At Point 2 the income of B increases relative to the income of A. A will then tend to give less to B. (An alternative theoretical framework may be found in Appendix II.)

Preference theory does not offer a complete answer to the reasons behind corporate donations, as the corporation is supposed to be governed more closely by the profit picture. In other words, the corporation will tend to operate in terms of enlightened self-interest.

A corporation may prefer to make a corporate donation rather than have an increased profit if the officers can perceive a benefit to be gained. The corporate officers may choose to exchange charitable donations for community goodwill. Enlightened self-interest may indicate that external benefits could be gained. As an example, local charities could be seen to be aiding employees and improving the community environment.

A corporation could decide that a donation is a preferred expense as it gives satisfaction to corporate managers or officers. For example, a donation to the president's alma mater provides corporate visibility as well as esteem for that individual executive.<sup>12</sup> In some cases a donation may be related to tax policy although this does not appear to be a major factor since few companies in Canada use all of their allowable charitable deductions.

## **B. Ability to Pay**

### **1. Individual**

It was noted earlier that the resource constraint on the individual was the size of his personal disposable income. However the amount of personal disposable income available to the donor does not by itself show ability to pay. The cost of living must be considered as well. Both the personal disposable income index (PDII) and the consumer price index (CPI) provide a means of judging whether an individual's ability to pay is likely to have remained constant during the last 10 years. These Canadian statistics, which measure society's ability to make donations, serve as a proxy for individual data.

Table 1 shows a PDII (column 1) converted from dollar values given in *Ontario Statistics*. This index is contrasted with the CPI (column 2) and the difference between the two indices is shown in column 3.

In 1972, the PDII was 8.8 index points above the CPI. By 1980 the difference had risen to 110.7 index points difference. That is to say that personal disposable income had increased sharply even after the effects of an increased cost of living had been removed. The individual's ability to pay for donations appears to be much greater now than in 1971.

Another measure of the individual's ability to pay can be found in Table 2. This table shows total individual donations as a percentage of total individual assessed income.

This table indicates very clearly that individual donations during the period 1958 to 1980 steadily dropped as a per cent of assessed income. In 1958 individual

Table 1  
**Indices of Personal Disposable Income  
and Consumer Prices for 1971-1980**

(1971 = 100)

Year	Personal Disposable Income Index Canada	Consumer Price Index Canada	Difference PDII Less CPI
1971	100.0	100.0	0.0
1972	113.6	104.8	+ 8.8
1973	133.0	112.7	+ 20.3
1974	157.7	125.0	+ 32.7
1975	185.2	138.5	+ 46.7
1976	209.4	148.9	+ 60.5
1977	230.4	160.8	+ 69.6
1978	258.0	175.2	+ 82.8
1979	287.5	191.2	+ 96.3
1980	321.3	210.6	+110.7

Source: Government of Ontario, *Ontario Statistics 1982*, Toronto, Ministry of Treasury and Economics, 1983, pp. 348, 371.

donations were 2.0 per cent of assessed income. This percentage declined until 1970 when it reached the 0.5 per cent mark, where it has remained ever since. It can be seen that the dollar value of individual donations fluctuated somewhat but is now much higher in current dollars than it was in 1958.

The total of individual assessed income in 1958 was \$16 billion, increasing to \$210 billion in 1980. This represents four times the increase in donations during the same period. Again the individual's ability to pay does not appear to have declined.

## 2. Corporate

The resource constraints on a corporation are usually considered to be determined by the profit made by the corporation. The profit picture may be altered by the imposition of taxes and thus could conceivably reduce the corporation's ability to pay.

Table 3 shows corporate donations in Canada from 1958 to 1980 in dollars, as a percentage of corporate profits before tax and as a percentage of corporate profits after tax.

Several things are to be noted in this table. Again the dollar value of the donations has increased markedly from the 1958 base. In fact corporate donations rose 416

Table 2

**Total Individual Donations**

Year	Individual Donations (\$ millions)	Individual Donations as % of Individual Assessed Income
1958	326	2.0
59	358	2.1
1960	N/A	N/A
61	302	1.5
62	298	1.4
63	308	1.4
64	326	1.3
65	299	1.1
66	224	0.6
67	243	0.6
68	251	0.6
69	260	0.6
1970	268	0.5
71	281	0.5
72	345	0.5
73	393	0.5
74	440	0.5
75	506	0.5
76	599	0.5
77	659	0.5
78	752	0.5
79	885	0.5
1980	1,050	0.5

Source: Government of Canada, *Taxation Statistics*, Ottawa, Queen's Printer, 1982.

Table 3

**Corporate Donations**

Year	Corporate Donations (\$ millions)	Corporate Donation as a % of Corporate Profit Before Tax (1)	Corporate Donation as a % of Corporate Profit After Tax (1)
1958	38	1.0	1.6
59	42	1.1	1.8
1960	39	1.0	1.7
61	38	0.9	1.6
62	40	0.9	1.5
63	42	0.9	1.4
64	46	0.8	1.2
65	64	1.0	1.5
66	64	1.0	1.5
67	74	1.1	1.7
68	69	0.9	1.4
69	63	0.8	1.2
1970	60	0.8	1.3
71	61	0.7	1.1
72	75	0.7	1.1
73	93	0.6	0.9
74	122	0.6	0.9
75	97	0.5	0.8
76	121	0.6	0.9
77	134	0.6	1.0
78	142	0.6	0.8
79	171	0.5	0.7
1980	196	0.5	0.8

Source: Government of Canada, Statistics Canada, *Corporate Taxation Statistics*, pp. 62-208, *National Income and Expenditure Accounts*, pp. 13-201.

- (1) See Appendix I (Table A6) for explanation of why profit data were taken from Statistics Canada 13201 rather than 61-207.

per cent in the period compared with a 222 per cent rise in individual giving. Most importantly, the rate of giving has decreased at the same proportionate rate whether one looks at corporate profits before or after tax.

Barbara Michalos uses a similar series of data to point out the progressively downward trend in the contribution rate even during economic boom times.<sup>13</sup> It is difficult to infer from this that profits, as budget constraints, play a very large role in the granting of corporate donations. Certainly the lack of profits will preclude a company from contributing to philanthropy but large profits do not always seem to mean larger donations. Michalos suggests that when profits decline, contributions will decline proportionately but when profits increase, contributions increase marginally rather than proportionally.<sup>14</sup> This appears to be borne out by the experience of volunteer canvassers of the United Way of Greater Toronto.

Experience of the United Way can also shed further light on the relationship between donations and ability to pay. A study conducted in 1979 is reproduced to show how employee donations and average wages and salaries are connected. (Table 4)

Selected industry groups (SIG) are listed in descending order of their average employee per capita donation. For example, the employees of the motor vehicle group give an average per capita gift of \$36.05 while employees of the transportation industry give an average gift of \$5.67. When the industrial groups are ranked by their average wages and salaries it is clear that the rankings are not similar. For example, motor vehicles employees are first in per capita giving but third in average wages and salaries. Metal/mines employees are nineteenth in per capita employee giving but are second in average wages and salaries. In summary, this table indicates there is no direct relationship between the giving by an average employee giving in a particular industry and the average wages and salaries of that industry.

## **PART II**

### **A. Social Services**

#### **Role of the Government in Philanthropy**

As was noted in the introduction, government social services have expanded very rapidly in the last decade. The greatest period of growth was in the early Seventies when economic conditions were buoyant, the threat of the OPEC cartel seemed unlikely to last and it appeared that society could indeed afford to expand social services.

Table 5 depicts this situation quite graphically. It shows the Ontario expenditures on personal social services (excluding income maintenance) for the years 1971 to 1976. Values are given in current and constant dollars, showing an absolute increase in tax dollars on personal social services:

The services are those which have historically been the concern of charitable, non-profit, private organizations. In some cases the government has been pressured to assume responsibility—as an example most health services such as those provided by the Victorian Order of Nurses have been considered to be the territory of



Table 4

## 1978 Employee Per Capita Analysis

SIC	Trade Group	Average (b) Employee Per Capita Gift	Employee Per Capita Rank	Average (a) Wages & Salaries Rank
323	Motor Vehicle	36.05	1	3
291	Primary Metal	33.03	2	4
365	Petroleum	27.60	3	1
869	Business Services	27.00	4	16
721	Insurance	24.34	5	13+
143	Alcoholic Beverages	23.15	6	7*
373	Chemicals	19.61	7	5
101	Food Processing	18.51	8	14
162	Rubber & Plastics	16.62	9	11
712	Banks	15.38	10	16
271	Paper	15.10	11	15
631	Food Stores	14.77	12	17
141	Non-Alcoholic Beverages	14.76	13	7*
543	Communications	14.60	14	9
251	Wood	13.30	15	10
331	Electric Products	12.78	16	12
793	Real Estate	12.51	17	13+
059	Metal Mines	10.80	18	2
153	Tobacco	8.60	19	6
642	Department Stores	8.17	20	18
501	Transportation	5.67	21	8

\* Alcoholic and Non-Alcoholic Beverage employees' wages and salaries are grouped together.

+ Average salaries for 793 and 721 are similar.

Source: (a) Statistics Canada Catalogue 72-002.

(b) Padgett, M.G., and Webster, C.R., *Corporate and Employee Giving to United Way/Centraide Campaigns, 1978*, Toronto, United Way of Canada, 1979, p.11.

Table 5

**Ontario Trends in Provincial, Federal, Municipal, and Other Participation in Personal Social Service Expenditures  
For Fiscal Years 1971-1976**

Personal Social Service Expenditure (\$ thousands)*	1971 \$	1972 \$	1973 \$	1974 \$	1975 \$	1976 \$	% Change**
<i>Provincial</i>							
A Current	35,764	57,558	82,171	108,021	141,014	142,144	325.4
B Constant	35,764	54,817	71,702	82,021	96,321	94,853	162.5
<i>Federal</i>							
A Current	46,613	54,542	47,820	60,405	99,885	112,564	141.5
B Constant	46,613	51,945	41,728	45,866	68,227	70,177	50.6
<i>Municipal</i>							
A Current	24,557	32,099	24,423	27,989	36,395	33,806	37.7
B Constant	24,557	30,570	21,312	21,252	24,860	21,076	(14.2)
<i>Other Sources</i>							
A Current	2,021	4,386	5,851	5,496	8,700	11,203	454.3
B Constant	2,021	4,177	5,106	4,173	5,943	6,984	245.6
<i>Total Expenditure</i>							
A Current	108,955	148,585	160,265	201,910	285,994	309,717	184.3
B Constant	108,955	141,510	139,847	153,311	195,351	193,090	77.2

\* rounded to the closest thousand dollars      \*\* percentage increase/(decrease) from 1971 to 1976

Source: Webster, C.R., *Funding Patterns for Personal Social Services*, Toronto, United Way of Greater Toronto, 1979, p.10.

government. The United Way of Greater Toronto led several delegations to persuade the province to accept greater responsibility.

In other areas, such as day care, the province and municipalities have been reluctant to accept responsibility. Unfortunately, so have the non-profit funding agencies with the result that private commercial operators have tended to dominate the field.

## **B. Other Policy Fields**

Social services is not the only policy field in which governmental expenditures have outstripped donations. An interesting comparison can be made between budgetary expenditures by policy fields in Ontario and corporate donations in Canada. In Table 6 corporate donations show fields of service roughly comparable to the policy fields in Ontario. Although the data are for different jurisdictions the assumption is made that the trends are valid, especially because so many corporations are based in Ontario. Table 6 compares expenditures in the various fields of service in the years 1974 to 1980. The total expenditure increased from \$5,783 million in 1974 to \$10,736 million in 1980, an average annual increase of 10.8 per cent. A similar breakdown is listed for corporate giving in Canada. During the same period it is seen that corporate giving moved from \$40 million to \$58 million, an average annual increase of 6.4 per cent or 4.4 per cent lower than the annual increase in government expenditure.

Government health expenditures in Ontario increased at roughly one and one half times the rate at which corporations donated to this field in Canada. Similarly, the policy fields of education and colleges and universities showed an increase nearly double the rate of corporate donations to education.

In all fields, there has been a much greater increase in government expenditures than in corporate donations. It can be postulated that government expenditures are a close substitute for philanthropic giving and can thus displace many of the charitable endeavours which have flourished in the past. This idea is based on the concept that the individual who is solicited for organized charity may believe that he is responding to coercion and thus paying a form of taxation. Since government expenditures would provide more coverage, supposedly at a more economic cost because of the greater base, it is understandable that many donors would not respond to pleas for greater assistance to the voluntary sector.

This attitude is now causing a great deal of concern to government and voluntary agencies alike. Many governments are now wishing to retreat from heavy budget expenditures on items once considered private-sector responsibilities. Unfortunately, many agencies and organizations such as United Ways, colleges and hospitals are finding it increasingly difficult to raise sufficient funds to replace government grants.

This may be seen in Figures 2 and 3. Figure 2 is a plot of corporate, individual and aggregate donations from 1958 to 1980 in current dollars. The individual donations curve shows a strong growth pattern while the corporate donations curve shows relatively slow growth. Figure 3 removes the effect of inflation and plots the same donations as in Figure 2 in constant 1971 dollars. This graph shows only

Table 6

**Budgetary Expenditures by Policy Field — Ontario**  
(\$ millions)

	1974	1975	1976	1977	1978	1979	1980	Average Annual % Change
Health	2,494	2,945	3,350	3,628	3,955	4,269	4,897	11.9
Education	1,598	1,776	1,986	2,342	2,390	2,563	2,604	8.5
College & Univ.	878	1,109	1,158	1,259	1,372	1,446	1,542	9.8
Community & Social Service	739	956	1,034	1,140	1,228	1,342	1,528	12.9
Culture & Rec.	74	109	144	192	207	202	162	13.9
Social Sect.	—	—	—	—	2	3	3	—
<b>Total</b>	<b>5,783</b>	<b>6,805</b>	<b>7,672</b>	<b>8,561</b>	<b>9,154</b>	<b>9,825</b>	<b>10,736</b>	<b>10.8</b>

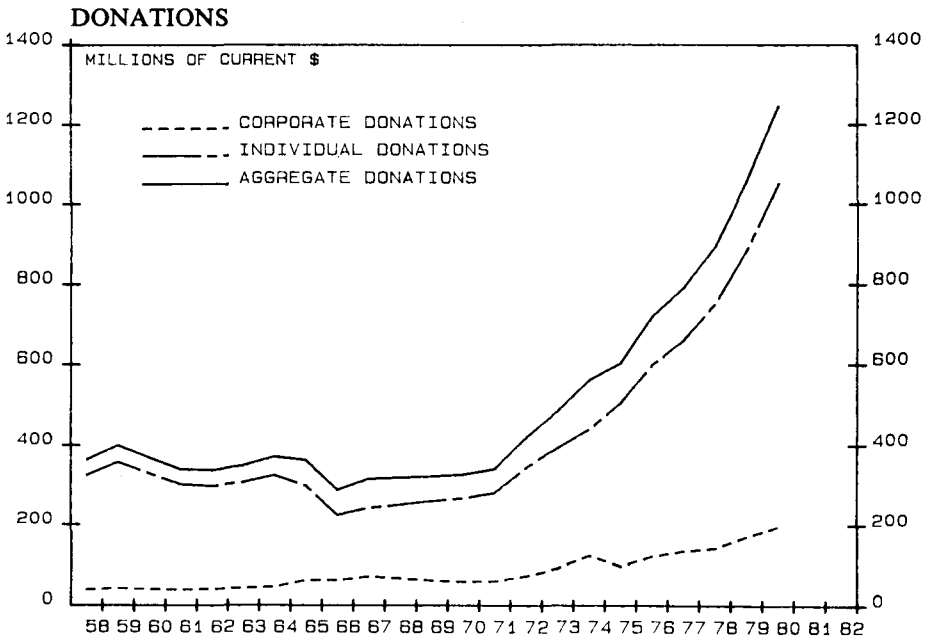
Source: Government of Ontario, Ministry of Treasury and Economics, *Ontario Statistics 1982*, Toronto, Ministry of Treasury and Economics, 1982, p.391.

**Corporate Giving by Field of Service — Canada**  
(\$ millions)

Health & Welfare	15	15	16	19	20	25	24	8.2
Education	11	9	10	12	12	13	14	4.1
Culture	4	3	4	5	5	7	7	9.8
Civic	4	3	4	5	6	6	6	7.0
Other	6	4	4	4	6	7	7	2.6
<b>Total</b>	<b>40</b>	<b>34</b>	<b>38</b>	<b>45</b>	<b>49</b>	<b>58</b>	<b>58</b>	<b>6.4</b>

Source: Hopkinson, R.A., "Beneficiaries — Allocation of Total Donations", *Corporate Giving in Canada 1974-1980*, Montreal, Institute of Donations and Public Affairs Research, 1974-1980.

Figure 2



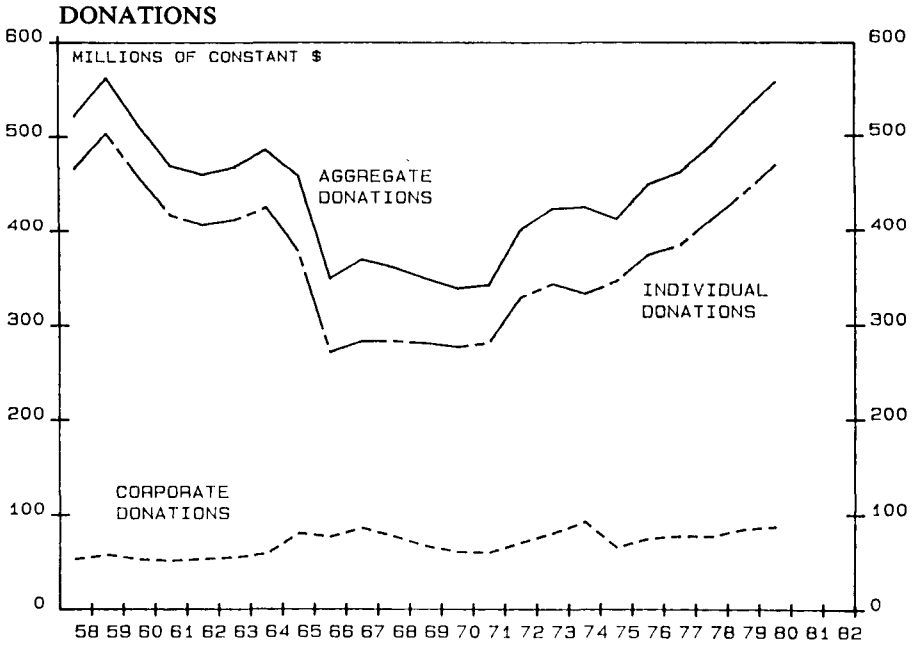
minimal growth in the corporate donations, while individual donations dipped in the mid Sixties and did not climb back to the 1958 level until 1980.

Figure 4 shows a plot of corporate donations as a per cent of both before- and after-tax corporate profits. Individual donations are shown as a per cent of individual assessed income as reported by Revenue Canada. All three categories have declined in 1980 to less than one half of their 1958 level. The downward trend has been gradual and has levelled off in recent years.

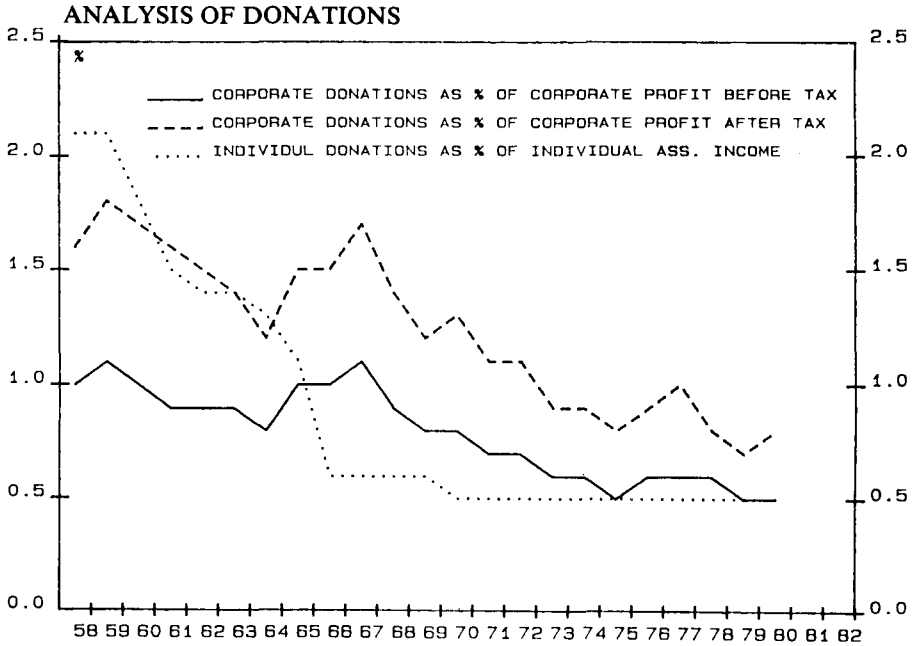
These trends are in agreement with data described in a Canadian study by R.D. Hood, S.A. Martin and L.S. Osberg. This study showed that the estimates for price elasticities for individual charitable donations were much smaller than estimates made in the United States. Income elasticities were only slightly lower than American estimates.<sup>15</sup> J.A. Johnson, in discussing this study comments that "if these estimates are correct, the proportion of income given to charitable organizations will fall over time as incomes increase".<sup>16</sup>

There does not seem to be much cause for optimism when one looks at traditional philanthropic fields. Government spending has become increasingly more important until during the Seventies it displaced many types of private philanthropy. Leaders of the United Way and other fund-raising organizations initially saw government involvement as a chance for voluntary organizations to change their focus, expand their boundaries, and develop innovative approaches to emerging needs. These opportunities could only be seized if there was a steady commitment from government and a steady or increasing response from the voluntary sector. Instead, it may be that governments are now unable to maintain their heavy mon-

**Figure 3**



**Figure 4**



etary commitments to social and health services, education and culture.<sup>17</sup> It also appears that voluntary donations are unlikely to reach previous levels. The result of this impasse is that social services, in particular, may have difficulty in maintaining existing services or acquiring additional funding until a new equilibrium is established between government and the voluntary sector.

#### FOOTNOTES

1. *Expenditures by Counties*, Toronto, Ministry of Community and Social Services, Government of Ontario, 1972 and 1977.
2. *Ontario Statistics*, Toronto, Ministry of Treasury and Economics, Government of Ontario, 1983, pp.116, 117.
3. *Ibid.*, p.119.
4. *Ibid.*, p.210.
5. *Ibid.*, p.136.
6. Bird, R.M., and Buscovetsky, M.W., *Canadian Tax Reform and Private Philanthropy*, Toronto, Canadian Tax Foundation, 1976, p.4.
7. Tinari, Frank D., "A Theoretical Foundation for the Empirical Analysis of Household Monetary Donations: A Note", *American Economist*, 22, Spring 1978, p.73.
8. Levy, Ferdinand K. and Shatto, Gloria M., "Evaluation of Corporate Contributions", *Public Choice* 33(1), p. 24.
9. Footnote 6, *supra*.
10. Schwarz, Robert A., "Personal Philanthropic Contributions", *Journal of Political Economy*, 1970, p.1265.
11. Hood, R.D., Martin, S.A. and Osberg, L.S., "Economic Determinants of Individual Charitable Donations in Canada", *Canadian Journal of Economics*, X(4), p.666.
12. Footnote 8, *supra*.
13. Michalos, Barbara L., "Canadian Corporate Charitable Contributions: Trends and Policies", *Social Indicators Research* 9 (1981), p.141.
14. *Ibid.*, p. 141.
15. Footnote 11, *supra*, pp. 653-669.
16. Johnson, J. A., *The Determinants of Charitable Giving with Special Emphasis on the Income Deduction Under the Income Tax—A Survey of the Empirical Literatures*, Hamilton, McMaster University, Department of Economics, 1982, p.10.
17. "Walker Urges Handover of Some Social Services", *The Globe and Mail*, Toronto, March 4, 1982.

## APPENDIX I

### Additional Tables

Table A1 Individual Donations Compared to Personal Disposable Income and Consumer Price Index for Canada 1965–1980

Table A2 Corporate and Individual Donations

Table A3 Corporate Donations As a Per Cent of Corporate Profits

Table A4 Ontario Social Services Expenditures, \$ Per Capita 1975–1980

Table A5 United Way Per Capita Contribution—Selected Cities 1975–1982

Table A6 Anomalies of Statistics Canada Corporate Profit Reporting 1975–1980

Table A7 Corporate and Employee Giving Related to Total United Way of Greater Toronto Campaign Receipts 1975–1982

Table A8 Analysis of Aggregate Donations 1958–1980

Table A1

### Individual Donations Compared To Personal Disposable Income and Consumer Price Index for Canada 1965–1980

Year	Individual Donations (\$ millions)	% Chg.	Personal Disposable Income (\$ millions)	% Chg.	CPI All Items	% Chg.
1965	299	−8.3	36,263	9.7	80.5	-
1966	224	−25.1	39,901	10.0	83.5	3.7
1967	243	8.5	43,123	8.1	86.5	3.6
1968	251	3.3	48,820	13.2	90.0	4.0
1969	260	3.6	50,911	4.3	94.1	4.6
1970	268	3.1	54,099	6.1	97.2	3.3
1971	281	4.9	59,943	11.0	100.0	2.9
1972	345	22.8	68,100	13.6	104.8	4.8
1973	393	13.9	79,719	17.1	112.7	7.5
1974	440	12.0	94,545	18.6	125.0	10.9
1975	506	15.0	110,996	17.4	138.5	10.8
1976	599	18.4	125,510	13.1	148.9	7.5
1977	659	10.0	138,094	10.0	160.8	8.0
1978	752	14.1	154,623	12.0	175.2	9.0
1979	885	17.7	172,308	11.4	191.2	9.1
1980	1,050	18.6	192,572	11.8	210.6	10.1

Source: PDI and CPI: Government of Ontario, *Ontario Statistics 1982*, p.348, 371  
 Individual Donations: Government of Canada, *Taxation Statistics*



Table A2  
Corporate and Individual Donations

Year	A Corporate Donations	B Individual Donations	A+B Aggregate Donations	A as % of Corporate Profit Before Tax	A as % of Corporate Profit After Tax	A as % of Aggregate Donations	B as % of Individual Assessed Income
1958	38	326	364	1.0	1.6	10.4	2.0
59	42	358	400	1.1	1.8	10.5	2.1
1960	39	N/A	N/A	1.0	1.7	N/A	N/A
61	38	302	340	0.9	1.6	11.2	1.5
62	40	298	338	0.9	1.5	11.8	1.4
63	42	308	350	0.9	1.4	12.0	1.4
64	46	326	372	0.8	1.2	12.4	1.3
65	64	299	363	1.0	1.5	17.6	1.1
66	64	224	288	1.0	1.5	22.2	0.6
67	74	243	317	1.1	1.7	23.3	0.6
68	69	251	320	0.9	1.4	21.6	0.6
69	63	260	323	0.8	1.2	19.5	0.6

(\$ millions)

Table A2 (continued)

## Corporate and Individual Donations

Year	A Corporate Donations	B Individual Donations	A+B Aggregate Donations	(\$ millions)			A as % of Aggregate Donations	A as % of Corporate Profit Before Tax	A as % of Corporate Profit After Tax	A as % of Aggregate Donations	B as % of Individual Assessed Income
1970	60	268	328	0.8	1.3	18.3	0.5				
71	61	281	342	0.7	1.1	17.8	0.5				
72	75	345	420	0.7	1.1	17.9	0.5				
73	93	393	486	0.6	0.9	19.1	0.5				
74	122	440	562	0.6	0.9	21.7	0.5				
75	97	506	603	0.5	0.8	16.1	0.5				
76	121	599	720	0.6	0.9	16.8	0.5				
77	134	659	793	0.6	1.0	16.9	0.5				
78	142	752	894	0.6	0.8	15.9	0.5				
79	171	885	1,056	0.5	0.7	16.2	0.5				
1980	196	1,050	1,246	0.5	0.8	15.7	0.5				

Source: Corporate Profit: Stat Can. 13-201, *National Income and Expenditure Accounts*Corporate Donations: Stat. Can. 61-208, *Corporate Taxation Statistics*Individuals: *Taxation Statistics*

Table A3

**Corporate Donations As a Per Cent of Corporate Profits**

	Corporate Profit Before Tax (\$ millions)	Corporate Donation as % of Corporate Profit Before Tax	Corporate Profit After Tax (\$ millions)	Corporate Donation as % of Corporate Profit After Tax
1958	3,669	1.0	2,333	1.6
59	3,966	1.1	2,363	1.8
1960	3,870	1.0	2,301	1.7
61	4,066	0.9	2,437	1.6
62	4,450	0.9	2,718	1.5
63	4,932	0.9	3,053	1.4
64	5,841	0.8	3,756	1.2
65	6,318	1.0	4,130	1.5
66	6,714	1.0	4,371	1.5
67	6,823	1.1	4,441	1.7
68	7,742	0.9	4,909	1.4
69	8,294	0.8	5,095	1.2
1970	7,699	0.8	4,648	1.3
71	8,681	0.7	5,349	1.1
72	10,799	0.7	6,895	1.1
73	15,417	0.6	10,353	0.9
74	20,062	0.6	13,030	0.9
75	19,663	0.5	12,177	0.8
76	19,985	0.6	12,872	0.9
77	20,928	0.6	13,672	1.0
78	25,668	0.6	17,394	0.8
79	33,941	0.5	23,834	0.7
1980	36,456	0.5	24,274	0.8

Source: Government of Canada, Statistics Canada, *Catalogue 13-531, 13-201, 13-001, 61-208*, Ottawa, Queen's Printer, 1967-1981.

## APPENDIX 1

Table A4

**Ontario Social Service Expenditure. \$ Per Capita****1975 - 1980**

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1975	97.76
1976	101.44
1977	118.75
1978	129.41
1979	140.26
1980	159.35
Average Annual % Chg.	10.20

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Source: Government of Ontario, Ministry of Treasury and Economics, *Ontario Statistics 1982*, Toronto, 1982, p. 120.

Table A5

**United Way Per Capita Contribution — Selected Cities**  
**Total Dollars Received by United Way Divided by Total Population**

	1975	1976	1977	1978	1979	1980	1981	1982	Average Annual % Change
Vancouver	4.12	5.88	4.41	4.97	5.34	5.65	6.18	6.72	7.2
Regina	5.63	6.24	6.50	6.90	7.59	7.75	8.61	8.86	6.7
Toronto	7.38	7.50	7.39	7.87	8.46	9.14	9.82	10.37	5.0
Montreal	3.81	3.23	3.40	4.11	4.50	5.01	5.37	5.07	4.2
Fredericton	4.75	5.17	6.31	6.31	7.53	8.08	8.03	8.95	9.5
St. John's	3.60	4.84	5.34	6.00	6.31	6.71	6.30	6.54	8.9
Canada	4.57	4.71	4.79	5.13	5.51	5.90	6.23	6.23	4.5

Source: United Way of Canada, *Campaign Results 1975 — 1982*, Ottawa, 1975 — 1982.

Table A6

**Anomalies of Statistics Canada Corporate Profit Reporting**

(\$ millions)

Year	Before Tax	Before Tax	After Tax	After Tax
	61 - 207	13 - 201	61 - 207	13 - 201
1975	23,290	19,663	14,867	12,177
1976	24,385	19,985	16,231	12,872
1977	25,777	20,928	17,279	13,672
1978	33,556	25,668	23,448	17,394
1979	46,112	33,941	32,408	23,834
1980	51,488	36,456	35,620	24,274

Notes: (1) After Tax Profit 13-201 is Before Tax Profit less Liabilities.

(2) 13-201 does not include Inter-Corporate Dividends or Capital Gains/Losses.

Source: Statistics Canada 13-201 *National Income and Expenditure Accounts*  
 Statistics Canada 61-207 *Corporation Financial Statistics*

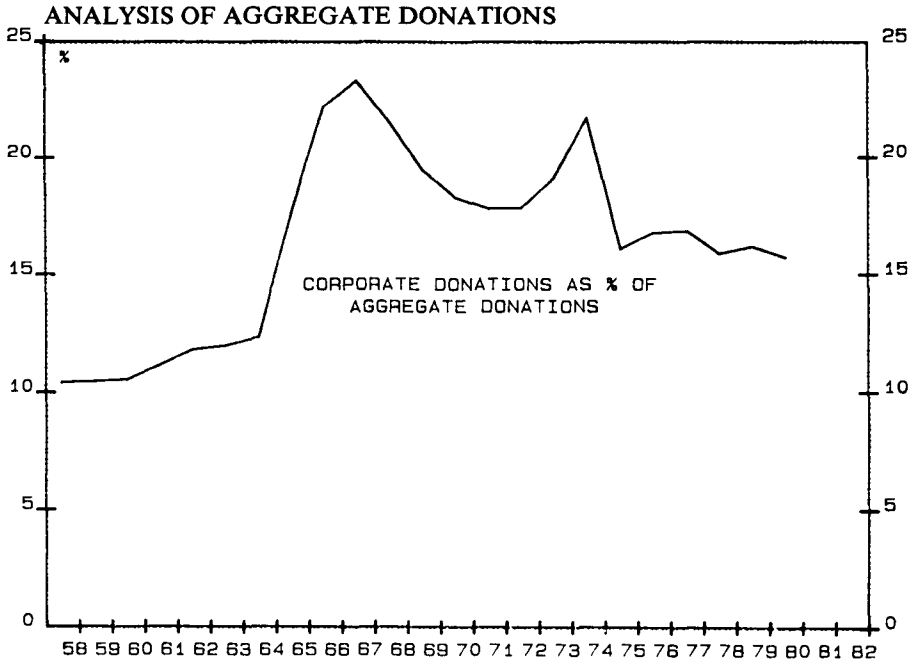
For purposes of this report, *National Income and Expenditure Accounts* data were used so as to be compatible with material produced by the Canadian Tax Foundation.

Table A7

United Way of Greater Toronto  
Corporate and Employee Giving Related to Total Campaign Receipts

	1975	1976	1977	1978	1979	1980	1981	1982
Total Corporate Gifts (\$ 000's)	6,230	6,541	6,781	6,600	7,374	8,135	8,811	8,467
Total Employee Gifts (\$ 000's)	4,884	4,531	4,528	5,608	6,098	6,486	6,927	7,491
Total Corporate Gifts as a % of Campaign Achievement	40.4	41.8	43.2	39.4	40.9	41.5	41.9	38.1
Total Employee Gifts as a % of Campaign Achievement	31.7	28.8	28.8	33.5	33.8	33.1	33.0	33.7
% of Annual Increase in Corporate Gifts	4.5	5.0	3.7	-2.7	11.7	10.3	8.3	-3.9
% of Annual Increase in Employee Gifts	10.0	-7.6	0.3	23.9	8.7	6.4	6.8	8.1
% of Campaign Increase	4.2	1.6	0.4	6.7	7.6	8.6	7.2	5.7

Source: United Way of Greater Toronto, Information Services Department, *Annual Campaign Performance Report*, Toronto, 1975-1982, p.2.



## APPENDIX II

### Supply and Demand in Philanthropy

An alternative theoretical framework could be used in place of the preference theory. This approach would employ supply and demand concepts to provide a rationale for philanthropic donations. This theory would be most applicable to individual cases of charity.

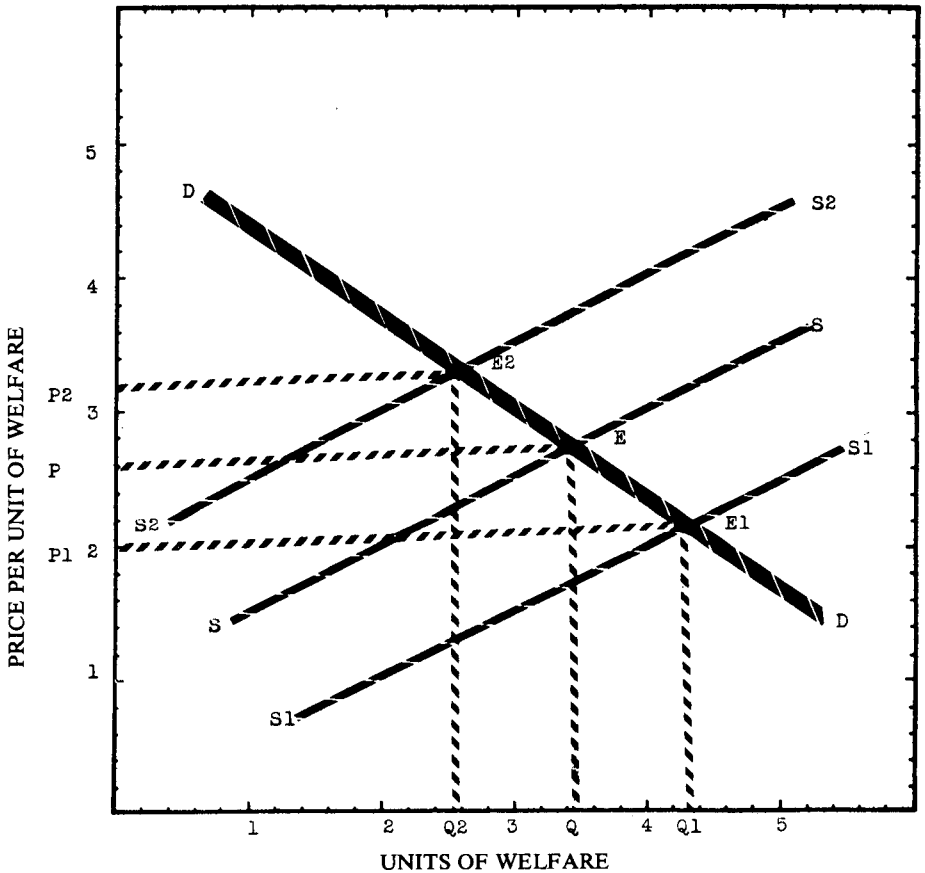
If charitable donations are analysed in terms of supply and demand (Figure 5) it may be assumed that A demands units of welfare and B supplies units of welfare. In other words the supply of units of welfare affects directly the relative conditions of B. If B becomes worse off, the supply curve will shift to the right; conversely if B becomes better off the supply curve will shift to the left.

A has a preference for the "good feeling" he gets from giving to B; therefore, he will demand units of welfare, the price being established by B's relative condition.

Demand curve D is A's demand for units of welfare. Supply curves S are the units of welfare supplied by B and are at equilibrium E where price is P and quantity is Q. If B's condition worsens the supply curve will move to S1 where the equilibrium is E1 and the Price is P1 (less than P) and the quantity is Q1 (more than Q). At E1, A is able to purchase more units of welfare for less money. However, if B's lot in life improves his supply curve will move to S2 with an equilibrium of E2. Here A pays a higher price P2 for fewer Q2 units of welfare.



Figure 5



This is, of course, an oversimplified version of demand and supply theory since socio-economic variables such as age or sex are not considered. If all variables were considered, an econometric equation could be used to estimate the relationship between these variables and charitable contributions.

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