

## From the Editor

If a single word had to be used to describe the current mood of charities in Canada, it would be “uncertainty”. There has been longstanding uneasiness with the relationship between the income tax authorities and philanthropic organizations, stemming from the fundamental issues of whether Revenue Canada officials are appropriate regulators of charitable activities, the nature of that regulation, and the manner in which government makes changes in laws that affect charities.

The genesis and continuing basis for this unease are discussed in this issue in an article by Rod Watson in which he traces the “erratic history” of the treatment of charities under Canadian tax law. He concludes that government was content to leave charities alone until it saw them as a means of serving government purposes. This view is of particular interest in light of the continuing debate about what constitutes “political activity” by charities.

The uncertainty which arises when the rules are unknown but the players are obliged to continue playing the game is outlined in Robert Gibson’s article on investment strategy for foundations under the new disbursement quota. He notes that the quota is just one of the factors to be considered when investment policies and decisions are made and illustrates the need for flexibility if investment objectives are to be met.

In their regular feature “Recent Tax Developments”, Mary Louise Dickson and Larry Murray also discuss the new provisions of the *Income Tax Act* as it affects charities. They note that these provisions have been evolving since the Budget of November 1981 and express the “fervent wish that there be no more major amendments to the *Income Tax Act* for the foreseeable future”.

The value of “private” charity and the importance of keeping these activities private is Edwin Goodman’s theme in “Viewpoint”. He believes that “personal involvement and social participation of individual citizens are fundamental requirements of a successful democratic society”, perhaps even a duty, for those who enjoy the benefits of such a society. He views with disquiet the decline, during the past decades, of donations of both money and time and suggests the grave consequences for Canadian society if these trends continue.

Continuing our reporting of the *Laidlaw* case—a challenge by the Public Trustee of Ontario of certain payments made by the Laidlaw Foundation to sports organizations—we are fortunate to be able to provide readers with a Case Comment by Professor Donovan Waters. He discusses both the significance and the limitations of the decision and considers the persistent question: is a statutory definition of charity required?



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