

Viewpoint

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The Role of the Charitable Foundation in a Changing Society*

WALTER G. PITMAN

President, Ontario Institute for Studies in Education, Toronto

Canada has developed a most extraordinary pattern of philanthropic and public support for its social and educational services as well as its arts. That seems like an obvious statement entirely lacking in novelty and imagination but it's the truth, it matters, and we should be conscious of our good fortune.

Even more, we should treat with some care this unique and dynamic support system. I do not suggest it could not stand some fine tuning. I recognize the pressure for finding increased resources, particularly in health care, services to our aging population and burgeoning artistic enterprises. Just as important is the challenge to every foundation to develop flexibility in its granting policies, particularly in the light of demographic change, an increasingly multicultural client base and a dramatic shift in the level of participation of volunteers in the delivery of services.

Nevertheless, we in Canada have been fortunate. We have avoided the dismantling of services we have seen in parts of the United States and we have been spared the social breakdown we have observed in the United Kingdom. I think it can be said that we have one of the world's most potentially effective balances of foundation, public, corporate, individual and client contributions to the servicing of the welfare, educational and artistic needs of our society. That balance allows the recipient agencies to obtain several sources of support so as to avoid total reliance on any single source which, if disinclined or incapacitated, could threaten the continuance of their services. It can be highly responsive from the point of view of both funders and recipients. It ensures that there is little possibility of self-indulgent extravagance or mindless expenditure. Insofar as the arts are concerned, it provides "no-strings"

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assistance from governments, corporations, foundations, and individual givers, which makes possible a climate of artistic freedom that can be found in few other jurisdictions on this globe.

On occasion, haunted by our colonial past, we look across borders and oceans and wistfully consider the seeming success of other countries. In so doing, we fail to honour our own tradition and our own history or to appreciate the magnitude of our own scale and our own resources.

We sigh when we hear that a single donor gave \$5 million to the New York City Opera (twice what the Canadian Opera Company can raise from all sources). We exclaim in wonder when the Metropolitan Opera announces the creation of an endowment of \$100 million (more than the endowments of all the arts organizations in Canada combined). But we are not the United States. Our industrial revolution came decades later, after the imposition of the income tax, two world wars, and social policies had made huge accumulations of private capital (and subsequent private generosity in the American style), impossible.

If we were the United Kingdom, 70 to 80 per cent of the Stratford and Shaw Festivals would be government supported (rather than 15 per cent). But we are not the United Kingdom and we do not have its tradition of cultural leadership, established when it ruled a vast empire.

If we were West Germany or Austria, our opera singers might be on full salary (like street cleaners and garbage collectors) in a municipally-run opera company. Toronto's Tarragon Theatre, committed as it is to the production of Canadian plays, might well be receiving subsidies for 90 per cent of its budget.

If we were Japan, our major artists (painters, sculptors, authors and composers) would be declared national treasures and be put on a lifetime stipend so they could devote their lives to enhancing our cultural expression.

But we are Canadians, and during the months that we have been seeking a closer trading relationship with the United States, we have had time to consider the social and cultural implications of that new relationship. We are beginning to realize how fortunate we are to have a first-class public broadcasting system; a traditional respect for law and order; a level of tolerance for differences in skin colour, religion and social practice; and a publicly funded social service network that recognizes the problems arising from ill health, disability and old age. This pattern of support for social service, educational, and artistic endeavours is an important part of that quality of life we are only now coming to appreciate.

But success in esoteric philosophic or ideological terms is not sufficient reason to justify our Canadian system of funding. During the recession years of the early '80s we witnessed a remarkable increase in both large and small business failures. Yet few theatres or dance companies, symphony orchestras, or art galleries closed down and even fewer social service agencies, colleges or

universities failed. In other words, our pattern meets the test of practical effectiveness.

We are still passing through the climate of uncertainty which has been fuelled in part by the Neilson Task Force which placed the voluntary agencies under some threat. A policy of federal funding on a project basis as opposed to contributions to core operations holds great attraction for certain federal bureaucrats whose power to control and manipulate the third sector would be dramatically increased. But it would reduce the effectiveness of the sector to a dramatic degree.

I also fear for fallout from the Task Force on the Funding of the Arts, notwithstanding my enormous respect for Ed Bovey and Joan Chalmers who undertook the responsibility of producing the report. It is so easy to talk glibly about placing less reliance on the government and of increased corporate support when, in fact, corporate leaders have indicated they have no intention of picking up the slack created by reductions in government funding.

In our understandable concern for the federal deficit we are in danger of "shooting ourselves in the foot". If, for example, we do cut down transfer payments to universities and colleges, we make these institutions less relevant to the economic wellbeing of a post-industrial society which is dependent for its success on a highly educated and trained workforce. We can no longer depend on cheap energy, on easily accessible natural resources or on capital from other financial centres for our country's wellbeing. Our only limitless resources are the intelligence and imagination of our people, resources we have consistently squandered since the Second World War.

But it is not only the possibility of political excess that endangers the successful funding balance we have achieved. Attacks can come from within the system as well.

Over the past few years there has been a noticeable change in the granting behaviour of Canadian corporations. There are no devils or fools at work, nor is the explanation hard to find. In a time of pressure, corporations have simply tended to shift their donation strategies away from gifts to general operations to the support of visible, identifiable programs.

Thus a link is forged between the promotion, marketing, and image-building of the corporation and the supported cause which can affect what the client cause wishes to do. This trend has not yet reached the point at which social agencies' or arts organizations' freedom to decide on their programs is disappearing but there are some who suggest that Canadian corporations should develop firmer linkages between their donations and possible benefits for their corporations. I would not yet support the statement of Dr. Richard I. Neblett, Manager-Contribution Coordination, Exxon Corporation, who stated in 1983, "there is no such thing as corporate philanthropy." After all, we do not see Ronald McDonald on stage during a concert. What we do have is a major distortion of public perception about the reality of support sources and a lack

of initiative and concern arising from this ignorance. It has been my experience that if an arts council or a cultural ministry provides public funds (taxpayers' money) for the support of the arts it is a challenge to discover the acknowledgement in the program. Foundations also tend to be listed with public bodies in print that presents a severe challenge to those with normal vision.

Yet, ironically, it has been public support over the last two decades which has made possible the "explosion" in the arts. We have moved from a frontier society to being a literate, cultured community and it has been the artists, through their underemployment and lack of appropriate remuneration, who should be seen as the greatest contributors to that transformation. And it has been the taxpayer who has *really* paid the cost of this cultural revolution—through the provision of hundreds of millions of dollars from federal, provincial and municipal governments.

The distortion of information which emphasizes corporate contributions to the arts while downplaying the public contribution means that people, ordinary people, working people, people of modest means, do not have the chance to appreciate what their money has accomplished and to participate fully and joyfully in the celebration of the arts.

In contrast, if the corporate dollar has paid even a small part of the cost of the performance, one can expect a full-page program insert, flags in the lobby, yea, even a display of the corporation's products at the entrance, to say nothing of pre- and post-performance parties.

Some of the failure to acknowledge public support while trumpeting private support so enthusiastically must be laid on the shoulders of the administrators of arts organizations. Many seem to suffer acute embarrassment when they have been successful in attracting public money, yet they reach considerable levels of ecstasy (and publicity) when corporate dollars arrive.

I am not criticizing the corporations, that is the way marketing and promotion contributions should work. I do, however, say unequivocally that the lack of publicity given to public funding sources, to individual contributions and to foundation response, not only fails to honour the taxpayer and citizen, but does little to encourage the second-mile contribution—that extra \$10, \$20 or \$100 from donors who become aware of a real need—that would make a dramatic difference to Canadian arts organizations.

Those who doubt that this would happen can compare the foundation and corporate support for (let us say) a Canadian and an American opera company. There may be some difference in the generosity of American corporations and foundations and their Canadian counterparts. But even more dramatic will be the profusion of individual gifts to the American opera company. One can complain that Canada's tax system fails to encourage modest individual private philanthropy but a better understanding of the true funding pattern would be a step towards marshalling support for changes in that tax system (the object of the "give and take" campaign of the National Voluntary Organizations).

I do not wish to belabour this point but the failure to acknowledge public support can be seen in capital projects as well. An example: in a public park in North York a bank has made a generous contribution to the building of an outdoor theatre, perhaps as much as \$300,000. But the provincial government contributed \$600,000, Metro Toronto gave \$600,000, and the federal government as much as \$300,000, North York will provide \$100,000 to improve parking facilities and Metro Toronto put another \$60,000 into the provision of electricity, maintenance, landscaping and other operating costs in 1987. The theatre will be called The Continental Bank Theatre.

Now, please do not misunderstand. This is not a diatribe against a bank for wishing to secure its image in Canada's major money market. That is understandable. Indeed, one can "pick on" the Continental Bank because it has been one of the most generous and imaginative supporters of the arts. However, I am concerned that the hundreds of people who will attend performances in The Continental Bank Theatre will not know that *they* and their fellow taxpayers paid more than five sixths of the cost of that theatre. There is still a residue of resentment in Toronto because the late Roy Thomson's name is on the most prestigious performance space in Ontario. The Thomson family made a very large contribution to the Hall, but the public, including artists, paid many times over. As former Toronto mayor John Sewell said at the time, it should properly have been called "Taxpayers' Hall".

If we don't celebrate public contribution, we have no right to expect the public to make further sacrifices. And we have no right to expect support for a pattern of tax exemption which will lead to increasing private philanthropy.

In short, we might even lose the will to maintain that extraordinary balance of public/private client support that has made it possible for us to do so many good things in this country.

From these observations about a particular danger I perceive in our changing society, let us turn to some trends and principles which might offer guidance for foundation giving in what is certainly going to continue to be a society in flux.

Because foundations are stable and because they have no self-aggrandizing agendas, it would seem to me that in a changing society, foundation donors could consider those needs that are first, long-term; secondly, risky; thirdly, politically unrecognized or even unpopular.

Foundations are the ideal donors to consider requests which are multi-year (even multi-decade). Governments have short-term objectives (cynics might even suggest four to five years, corresponding to the election timetable); the public can be fickle; the corporation is preoccupied with immediate market response. Yet there are any number of social experiments which require a long commitment; there are artistic explorations which must have a continuing response over a few years if they are to "pay off".

Let us consider some examples:

- 1) Since our Centennial, we in Canada, a land with “so much geography and so little history”, have done much to emphasize our past. We now realize that without a sense of its history, a nation can have no future. Yet, in an article in the *Museum Quarterly*, Spring 1986, Greg Baeker, Executive Director of the OMA, pointed out how little voluntary private support museums receive. Surveying eight museums with a combined budget of over \$7 million, he found that private support represented only 35 per cent of the total support received.
- 2) Canada has received more international acclaim for its visual arts than perhaps any other area of the arts, yet 25 art galleries with a combined budget of \$19 million receive only one per cent of their support from private sources. In fact, in 1982, private support provided less than one per cent of the total budgets of *all* of our art galleries, museums and community museums. As Baeker admits, the statistics are skewed by the government ownership and affiliation of most museums—but the lack of private support is nevertheless astounding and needs long-term attention.

And speaking of long-term trends, I shall leave aside demographic change and the need to recognize the aging of our population—you have heard enough of that problem. Nor will I say much about the effect of the technological society, although I do think that we must look to ways of meeting human needs as more and more people find themselves at the mercy of technology. Lou Applebaum, Canada’s distinguished composer, has expressed the need for a comprehensive program that would engage students and artists in a schooling system now obsessed with technology. It is a marvellous concept which might ultimately have enormous implications for the health and well-being of our society. However, without dramatic involvement and support from the outside community, it is not a concept that the educational establishment is likely to embrace in the short term.

Foundations are deluged by requests and, given the limited amount of money available, it is easy to see why many find it comfortable to take a no-risk policy in making grants. But in the arts, it is the risky which is likely to bring along an artist, a playwright or a composer or lead to the creation of a great painting, play or symphony. The arts could be described as the research and development department of society. But there will be no creation without risk and proposals involving substantial risk are often those that don’t fit into government or arts council categories, particularly if they entail the risk that a cultural ministry might be ridiculed for supporting them or a minister humiliated during Question Period in the Legislature. A foundation with courage and a willingness to look beyond the surface risk can have an extraordinary impact on the arts.

I draw to your attention as well those important areas whose public interest is waning but which remain on our societal agenda whether we like it or not. Environmental issues no longer command the front pages of our newspapers—

except for acid rain and the Love Canal. We seem to be saying by our actions that the consumer society with its values of growth and waste and its lack of ecological concern can survive indefinitely. Yet we know that the planet is finite, that the law of entropy is operative. There are still organizations and individuals who are fighting that losing battle but their cause is no longer making headlines. Here too, a farseeing foundation can have a worthwhile impact.

Two words that made headlines—Challenger and Chernobyl—have changed our perception of the world. Both remind us that there is a cost to technology and that there is no such thing as a riskless technological fix. We all live in Chernobyl and we are all on the flight deck of the Challenger—but groups who are trying to state this truth are quite unpopular with governments and traditional organizations. Yet in a world where hundreds of billions are spent on weaponry for every few pennies spent on peace research, foundations can make a difference. Independent of defence contracts, unafraid of a “radical image” or outworn slogans like “better dead than red”, foundations may be the most potent source of funds for change.

It is my own hope that philanthropy will continue to be “rooted in universal values”, based on the principles of love “towards all humanity” and “dedicated to the promotion of the wellbeing of all persons as well as to the development of a higher quality of life within society”. These principles may seem idealistic and impractical. Yet, in a world seemingly set on a course of self-destruction, idealism becomes the only realism and foundations, conciously and thoughtfully directing their funds toward those activities which enhance human dignity and ensure survival, *can* make a difference.