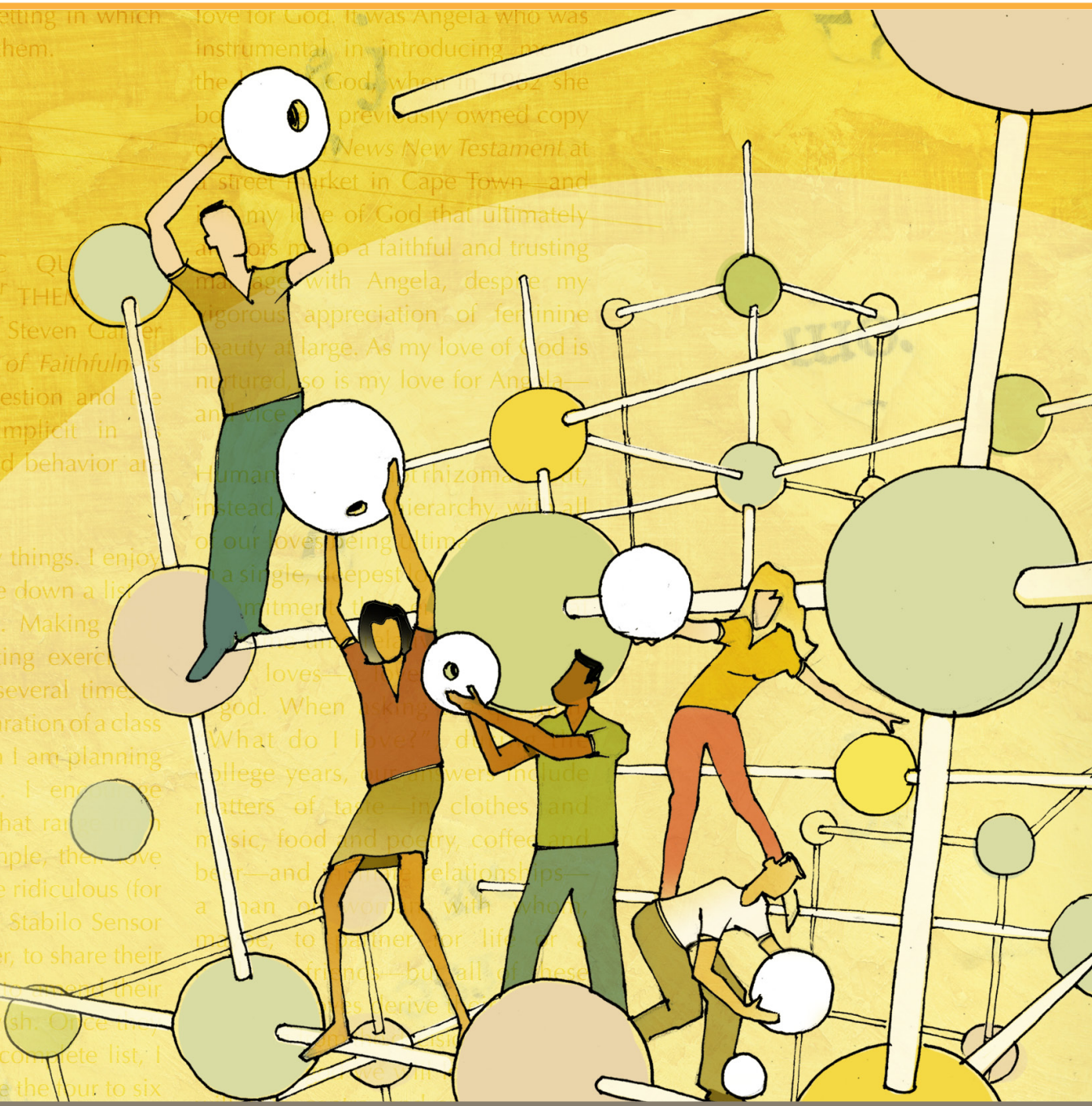
A Canadian Culture of Generosity:

Renewing Canada's Social Architecture by Investing in the Civic Core and the "Third Sector"



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A CARDUS DISCUSSION PAPER

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INTRODUCTION

Our collective Canadian identity is wrapped in a cloak of generosity and tolerance. There is ample evidence supporting the view that Canadians care and show concern for their fellow neighbours – both those who live next door as well as those who live around the globe. Eighty-five percent of adults tell surveyors that they donate some money to a charity every year. Sixty-one percent of us belong to at least one social group or organization. Somewhere between one-quarter and one-third of us volunteer with many young people reportedly volunteering more than their grandparents.[1] Social programs have become national institutions and we welcome and integrate immigrants in greater proportions than most countries in the world. Our foreign aid, delivered both by direct government transfers as well as by many Non-Governmental Organizations (NGOs) are a source of pride for many. In short, we can assert that Canadians are characteristically generous.

The purpose of this paper is to ask whether these individual acts of generosity have combined to create a culture of generosity. Is Canada a generous nation and is that culture of generosity healthy enough to be sustained? Rather than being content with what we are accomplishing, we are asking whether there is something more that we can achieve together.

Many others have preceded us in discussing the state of Canadian generosity. The Voluntary Sector Initiative was launched by the federal government in 2000. Over the course of this five-year initiative, significant research was undertaken that documented the economic impact of the voluntary sector and strengthened its place as one of the three pillars (along with the public and private sector) of Canadian society.[2] Our purpose is somewhat different. Rather than documenting and describing various aspects of this invaluable sector we are interested in attempting to answer a deeper question: How can we foster a growing culture of generosity in Canada? What must be done to

1 Data taken from Rudyard Griffiths, Who We Are: A Citizen's Manifesto. (Toronto: D&M Publishers Inc, 2009), p. 36.

2 Details on the Voluntary Sector Initiative and its various reports can be found at http://www.vsi-isbc.org/eng/about/index.cfm

encourage deeper connections between individual and organizational acts of generosity? How can these then become part of a wider cultural sensibility of giving?

There are no simple answers to this. The aim of this paper is to stimulate conversation around the elements of this question that matter most. We conclude with the contention that visionary leadership across the spectrum of community organizations can stimulate increased giving, volunteering and civic participation such that a culture of generosity will continue to grow. We envision a Canada in 2035 in which citizens will be investing more in their communities, pulling together to strengthen Canada's social fabric. This is a worthy aspiration and we offer some practical suggestions to help point the way from argument to practice. The challenge of growing the caring expression of our society while shrinking the selfish expression will require a unique cooperation among a host of social players, a cultural value system which is built on caring and a concern for others.

Such a vision may seem less urgent than many of the most pressing and vexing problems dominating the headlines today, including the current economic downturn, the global environmental crisis, the shortage of care for the growing elderly population, homelessness and persistent poverty. What these public policy concerns share in common, however, is that they are each persistent and complex challenges that are not solvable by singular governmental solutions, new laws, or new political leadership alone. An effective and comprehensive response requires an "all hands on deck" approach, marshalling diverse resources including the insights and involvement of civic and business leaders, the charitable sector, schools and universities, and cross-sector strategies involving partnerships between government and multiple social-change agents.

The global recession abruptly exposed the vulnerability of strong economies and strong governments. It also highlighted how much governments and citizens depend on a strong and healthy civic sector, including its array of charitable and nonprofit organizations. The Canadian civic sector benefits every Canadian, every day. Also known as the "Third Sector"—distinct from both the public and private sectors—this sector accounts for 8.5% of Canada's gross domestic product (GDP). Its slice of the GDP exceeds the combined GDP of Nova Scotia, Manitoba and Saskatchewan—and is larger than Canada's retail, automotive, or manufacturing sectors.[3] It includes 750,000 unincorporated community and faith-based organizations, 81,000 nonprofit corporations, and 80,000 registered charities. Place any neighbourhood under a microscope, or merely walk down the street or look out the window, and you will encounter the dense fabric of institutions and organizations—cultural, religious, social, artistic, athletic, and more that make up the Canadian civic tapestry. Without the dedication and critical investment by citizens and communities through these organizations, Canada's social landscape would be woefully inadequate.

The impact of the civic sector is wide and far-reaching. The following snapshot offers only a partial portrait of what is happening every day. Elderly shut-ins in Halifax receive meals and valuable social contact from "Meals on Wheels"

3 "Measuring Civil Society and Volunteering: Initial Findings from Implementation of the UN Handbook on Non-Profit Institutions," Lester Solomon et. al, Center for Civil Society Studies, September, 2007; See also, Imagine Canada, "Looking Into and Out For Canada's Nonprofits," http://www.imaginecanada.ca.

volunteers. Lives are saved in rural communities in Saskatchewan and Manitoba because volunteer firefighters are on the job to respond to house fires and other emergencies. Children and youth in Calgary and Montreal acquire athletic skills and confidence because people give of their time to serve as coaches and mentors in community baseball and hockey leagues. Social entrepreneurs in the nonprofit sector in Toronto pioneer a new program to help homeless men and women discover their gifts and talents, find employment, and turn their lives around. Local neighbours in the city witness the impact of this program first-hand, and decide to make monthly charitable contributions. With their donations they help build the program's capacity and eventually some donors become involved as volunteers. This is the Canadian civic sector in action.

Concern for the common good motivates the civic and charitable organizations of the Third Sector and spurs them to be initiators and transmitters of social change. Social change does not happen overnight—and it never happens in isolation: It is catalytic. And where social change happens, you will often find social institutions, "the little platoons" of Canada's civic sector—at the leading edge.

But the Canadian civic sector is not only an important and powerful engine of change. It also makes possible the quality of life that Canadians have come to depend on as citizens in a peaceful and prosperous country. The quality of life we know and enjoy depends on the often unseen, often heroic work of the civic sector. An improved standard of living is made possible because Canadians of all ages and from many different backgrounds participate, volunteer, and give generously in every corner and sector of the country. Every Canadian can take pride—and take part—in the civic sector in his or her own community.

WHY CARE? WHY NOW?

The health and vitality of the Canadian civic sector can no longer be taken for granted. While the sector on the whole appears relatively strong, there are reasons for concern. First, the effects of the recession are now becoming magnified within the charitable sector. When bank accounts are low and markets plummet, charitable giving constricts. The most vulnerable in society are often the first to absorb the blow. Some charitable organizations in Canada have begun to experience the recession's bite.[4] Declining levels of donations mean decreased resources. Unfortunately, this reduction in resources comes at the very time when demands for social services are increasing and existing resources are stretched thin. The capacity of the charitable sector is diminished exactly when its help is most acutely needed.

While comparable data is not yet available for Canada, the impact of the recession on the nonprofit sector in the U.S. is disturbingly clear. According to data released in July by Giving USA, personal charitable giving in the U.S. declined by 6.3% in 2008. Corporate giving declined by 8%. Gifts to foundations dropped 22.2%. Donations to human service organizations declined by nearly 15.9%. Defying most other trends, gifts in the U.S. to religious

4 "Charities Across Canada Beginning to Feel Recession's Bite," in the *Halifax Chronicle Herald*, July 12, 2009, Sandra Farias (The Canadian Press).

organizations increased by 1.6%.[5] The most recent charitable giving data in Canada is from 2007 and indicates a static trend.[6]

Second, and more troubling given the long-term consequences, there is a growing body of research that indicates that Canada's "civic core" is under-resourced and shrinking. The vast majority of all charitable giving, volunteering and civic participation in Canada is done by a very small (and in some cases declining) percentage of citizens. Researchers argue that if this trend is not reversed, there will be serious consequences in the future. Without increased citizen engagement and new investment in the nonprofit sector, many services Canadians depend upon will disappear. The way of life Canadians have long enjoyed will significantly deteriorate. The ability of social institutions to inoculate neighborhoods and communities against social ills and harm will be reduced. Unless the tide turns, the contributions of these valuable partners for the common good will be missing when Canadians need their assistance in the future.[7]

Third, government partnerships with the charitable sector require more than just an influx of new money—a new perspective is needed. The potential of Canada's charitable sector is often underestimated. Its impact and benefits are easily seen and felt, yet also easily taken for granted and overlooked. Government can do more to acknowledge the expertise of particular charitable organizations in the public square. For example, mental health and elder care organizations offer, in some cases, superior depth and experience in comparison to what is offered by government because of their ability to specialize and engage a wide constituency. Government and the charitable sector share similar goals – contributing to the common good - and their mutual efforts require careful coordination. Canada's nonprofit sector and social organizations are valuable natural resources – social capital that is greatly needed. Just as public policy shows special regard to care for Canada's environment and incomparable natural beauty, government has an equally important duty to show special concern for the nation's civic and charitable sectors and the social environment they inhabit and help create. By developing policies attuned to the needs and potential contributions of the civic sector, government can better leverage its resources to promote human flourishing and the common good, thus deepening the social capital that much of our civil society depends on.

There is a role for both government and the charitable sector in the provision of various services and these can be structured so as to complement rather than compete with each other. Especially as Canadian demographics shift in upcoming decades where we expect seniors and immigrants to comprise a greater proportion of the population, the roles of formal and informal charitable activity in providing immigration settlement support, meals on wheels programs, and even transportation and other social services will become an increasing reality. Expanding public programs to meet all of these needs is

5 Statistics adjusted for inflation and drawn from *Giving USA 2009*, a publication of the Giving USA Foundation, researched and authored by the Center on Philanthropy at Indiana University, Indianapolis, Indiana.
6 *Caring Canadians, Involved Canadians: Highlights From the 2007 Canada Survey of Giving, Volunteering and Participating*, Statistics Canada, Minister of Industry, June 2009, p 13.
7 "Who Cares? —The Graff-Reed Conversations: A Way of Life Wake-Up Call for Canada's Communities" A discussion moderated by Judy Maddren, 2007, transcripts and audio files available at http://www.canadawhocares.ca.

likely to be unsustainable. Finding ways for the charitable and public sectors to coordinate and ensure that all Canadians are provided the help they need is essential if a generous culture is to remain a Canadian calling.

The time has come to conduct a national check-up on the health of our social institutions across Canada. The stage is set to begin a new national conversation—to investigate, discuss, deliberate together, and determine how to respond, before troubling trends become more irreversible. Trajectories of decline can be reversed by strategic action, shared commitment, and the cultivation of a new culture of giving and generosity.

The growing "civic deficit" in Canada should concern leaders and citizens as much as any short-term or long-term fiscal deficit. Section one of this discussion paper reviews recent research into patterns of volunteering, charitable giving, and political participation in Canada to discern where and why this civic deficit exists. Section two invites dialogue participants to explore the wide-angle question: "How can we foster a new culture of volunteering, giving and civic engagement in Canada?" Section three posits an additional critical question to discuss: "Who is responsible to do what?" Section four focuses on proposed public policy responses to Canada's shrinking civic core and suggests some initial steps forward, recommending a multi-part plan to invest in Canada's civic and charitable sectors to the benefit of the common good. The common thread throughout the four parts is a challenge to think about how to translate individual acts of generosity into a culture of generosity – a defining pattern of behavior which becomes so engrained that it emerges as part of our collective Canadian identity.

SECTION I: CURRENT PATTERNS

CANADA'S CIVIC DEFICIT

In the past 15 years extensive research has been conducted into the size and health of social organizations in Canada.[8] Using social scientific surveys, researchers have measured and tracked trends in charitable giving, volunteering and civic engagement, which we collectively will refer to in this paper as "civic participation.": One important finding has been that Canadians take part in these "contributory behaviours" less frequently than has generally been assumed. To be more precise, researchers have discovered the existence of a small "civic core" in Canada—a dedicated minority of citizens who are responsible for the overwhelming majority of all charitable giving, volunteering and civic engagement.[9]

Researchers have analyzed data from the Canada Survey of Giving, Volunteering and Participating (CSGVP) to define the demographics and analyze the patterns of who takes part in charitable, civic and voluntary activities. Their findings are surprising. In 2000, researchers found that 18% of adults in Canada were responsible for 80% of all money donated to charities. Six percent of adults were responsible for one out of every three dollars donated. 80% of all volunteer hours given were given by nine percent of the population. One out of five adults accounted for nearly two-thirds of all civic participation.[10]

8 Major research initiatives include: the Canada Survey of Giving, Volunteering, and Participating; more than 50 published studies and detailed analyses published by the Centre for Applied Social Research and the Nonprofit Sector Knowledge Base Project at Carleton University: and additional research by Statistics Canada. See also "Voluntary Sector Research in Canada Since the Mid-1970s and the Mid 1990s," Warren Dow, March 2006, www.carleton.ca/casr/VSR.pdf.

9 A helpful description of the size and structure of Canada's civic core is presented in "The Civic Core in Canada: Disproportionality in Charitable Giving, Volunteering, and Civic Participation," Paul B. Reed and L. Kevin Selbee, *Nonprofit and Voluntary Sector Quarterly*, vol. 30, no. 4, December, 2001, pages 761-780.

10 *Ibid.*

A small core of citizens are highly active while a sizeable majority remain largely disengaged. The number of these active donors, volunteers, and civic participants is surprisingly small relative to the general population—and to the group's cumulative contribution to civic well-being. Researchers estimate that there exists a primary civic core made up of approximately six percent of the population. Citizens who make up the primary core take part actively in all three contributory behaviours, regularly volunteering, giving, and participating as members in civic organizations. Studies have found that an additional 20% of the population make up a slightly less engaged "secondary core", who provide valuable support in their communities and take part primarily in one or two civic behaviours. Researchers conclude that just over one quarter of the population accounts for nearly three-quarters of all civic engagement in Canada.[11]

common good. They donate, volunteer, serve and engage in concerted action to promote goals that benefit local communities, the social commons, and the greater good beyond immediate, individual self-interest.[12] Members of the civic core are marked by "an otherness syndrome"—and the most committed among them are likely to be found engaging regularly in all three activities acting out of deep convictions. They share a set of beliefs and a worldview that stresses responsibility, connectedness and cultural renewal. They are committed to improving their communities and culture through exercising and promoting personal and corporate responsibility. These citizens are often (but not always) older, religious, and well educated. The significance of this subgroup of citizens to the well being of Canadian society can hardly be emphasized enough. The charitable sector depends on the generosity and civic-mindedness of these citizens for its vitality and for needed resources to serve the most vulnerable in Canadian society.

DISTRIBUTION OF CHARITABLE, VOLUNTEER AND CIVIC ACTIVITY IN CANADA IN 2000

Type of Activity	% of population	% of activity generated
Charitable Giving	18	80
Volunteering	9	80
Civic Participation	21	65

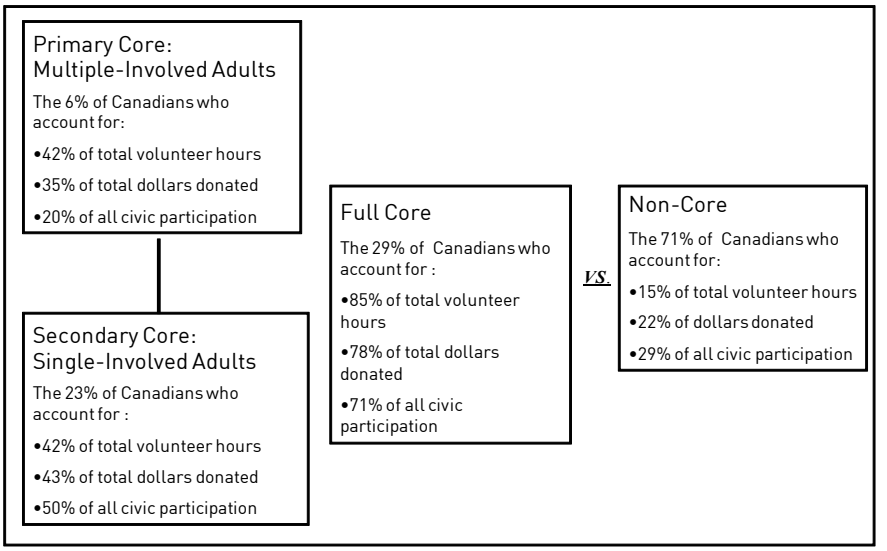
Nonprofit and Voluntary Sector Quarterly, December, 2001

The citizens who form the civic core are Canada's caring, contributing agents of change. They share certain "habits of the heart" that incline them to pursue action to further the

11 "Patterns of Civic Participation and the Civic Core in Canada," Paul B. Reed and L. Kevin Selbee, Nonprofit Sector Knowledge Base Project, November, 2000.

12 "Active Citizens: Who Are They, How Do They Get That Way, and Why Does it Matter?" Paul B. Reed, Ottawa: Statistics Canada Research Report, 2005.

DISTRIBUTION OF CONTRIBUTING AND PARTICIPATING ACROSS CANADA'S ADULT POPULATION, 2000



Nonprofit and Voluntary Sector Quarterly, December, 2001

When one contrasts the combined contributions of citizens from the primary and secondary cores with the civic and charitable contributions of less-engaged citizens outside the core, the uneven distribution of civic participation in Canada comes into clear focus. The activity of 29% of Canadians comprising the full core accounts for 85% of total volunteer hours, 78% of total charitable donations, and 71% of all civic participation. The remaining 71% of the population contribute 15% of total volunteer hours, 22% of dollars donated, and 29% of all civic participation.[13]

The "big picture" evaluation from researchers suggests that support for social organizations and the charitable sector is neither wide nor deep in Canada. Instead of civic responsibility being shared more or less evenly, the numbers analyzed over time indicate that a small minority are involved and giving very much, some are engaged and giving a little, and the vast majority are not very involved and are contributing very little by comparison. In terms of the civic core, researchers estimate that the primary core is shouldering five times its share of the civic load, the secondary core is shouldering twice its share, and those outside the core are bearing less than 1/3 their share of charitable giving, volunteering and participating.[14]

Researchers have not quantified in dollar terms or volunteer hours the impact of high levels of disengagement on the civic and charitable sectors. However, some consequences are clear. The absence of significant contributions from substantial percentages of the population yields a sizeable civic deficit in the form of missing volunteers, charitable donations not received, and organizations in need of members and leadership. Voluntary and charitable sectors remain under-resourced in part because many citizens are not contributing in proportion to their ability to do so. Research into the civic core suggests that a sizeable percentage of the population can do much more to invest in their

13 "The Civic Core in Canada: Disproportionality in Charitable Giving, Volunteering, and Civic Participation," Paul B. Reed and L. Kevin Selbee, *Nonprofit and Voluntary Sector Quarterly*, vol 30, no.4, December, 2001, page 766.

14 *Ibid.,* page 767.

communities and help build the capacity of civic and charitable organizations.

From the perspective of those concerned about the health of our social organizations, the goal is not some unrealistic expectation that every citizen will contribute in exactly equal shares to the common good. Some disproportionality in the broad population is to be expected. Some people have more time, money and other resources to give than others. Also, one's level of resources may change in various seasons of life due to multiple factors such as age, education, employment, and child-raising responsibilities. However, each person has valuable resources of time, money and skills that can benefit others. In a prosperous country like Canada, the findings of civic core research suggests that citizens are not engaging in these contributory behaviours at a high level or magnitude proportionate to the resources at their disposal. Posing the question personally, do we and our neighbours really give in generous proportion to our respective means and abilities to contribute to the common good? This is often not a matter of public discussion. However, the health of the civic and charitable sectors in Canada depends on a generous citizenry that is willing to use its resources to serve others and not only their private interests.

This pattern of disproportional engagement in Canada has remained constant in recent years and is not likely to improve without major cultural change. According to some projections, the civic deficit that this generates may deepen with time and reduce the ability of civic and charitable organizations to maintain the level of assistance they provide to Canadians. The effects of the recession pose an immediate challenge. Taking a longer perspective in view, a diminished level of investment in the civic sector over time endangers the quality of life and essential services the civic sector provides for Canadians.

THE VOLUNTEER DEFICIT

Popular perception regards volunteers as generous people pursuing altruistic pastimes. The real work of volunteers in Canadian society is more complex and looks much different. Their impact reaches much further than the stereotype suggests. Canada's volunteers are, as volunteerism expert Linda Graff describes, "... the sandbaggers that save Winnipeg when the Red River floods, the responders to all manner of other emergencies such as avalanches, marine disasters and lost children in wilderness camping areas. They're the backbone of the adult literacy movement in this country. Volunteers provide transportation services to doctors' appointments and cancer treatments. They build housing for low income families. They're on the other end of the phone line for the survivors of sexual assault. Volunteers are the service clubs that raise money for all manner of other organizations and they're the Mothers Against Drunk Driving, who have completely transformed our attitudes about appropriate and responsible behaviour."[15]

Volunteering, however, appears to be the least common form of civic engagement in Canada. Between 1987-2000 the rate of volunteering fluctuated between 27-31% of the population and has declined since then. By comparison, nearly half of the population in those

15 "Who Cares? —The Graff-Reed Conversations: A Way of Life Wake-Up Call for Canada's Communities" 2007, transcripts and audio files available at http://www.canadawhocares.ca.

years was engaged civically by attending meetings or participating as members of organizations. Just under 80% reported making at least one contribution to charity.[16]

However, a general volunteer participation rate of 27% conceals the fact that the majority of individuals who volunteer contribute only a handful of hours over the span of a year. According to the most recent data on volunteering, half of all volunteers in Canada contributed 56 hours or less over the course of 2007.[17] Furthermore, since 2000, the rate of volunteering has been dropping to around 25% and may decline even further[18]. What concerns researchers like Paul Reed at Carleton University is that in recent years the number of hours contributed by the main core of Canada's volunteers has been dropping noticeably. Civic and charitable organizations cannot operate without reliable sources of dedicated volunteers.

To raise public awareness about these trends, CBC Radio broadcaster Judy Maddren moderated an extended dialogue in 2007 on the state of volunteering in Canada with experts such as Reed and Linda Graff.[19] "At present," Reed explains, "67% of all volunteering is done by only 5% of Canadian adults. A huge amount of work rests on the shoulders of a very few. Those very few are typically aged and nearing their end of active volunteer involvement. It's a precarious and fragile workforce responsible for the community life we both enjoy and expect."

The problem is not simply the burnout of an overworked minority of citizens, nor the apparent inequity of some citizens doing much and many doing little to contribute to community well being. Rather, the danger is that as the active citizens who make up a large part of the civic core grow older and are no longer able to volunteer, they may not be replaced by the generation following them. Analyzing current trends, Graff and Reed argue that volunteering could decline by as much as 1-2% each year during the next decade. The cumulative impact on the civic sector over several years would be significant.

"Many nonprofit organizations—" they forecast, "arts, social, health, and faith charities for example—will lose their leaders and sustainers. The people who have been sustaining the local chapters, organizing the fundraisers, and leading organizations will be gone." When the volunteers of the post-World War II generation are no longer able to volunteer, the decline in the supply of helping hands for many service and charitable organizations will be felt acutely. "Historically, people have started to move away from volunteering at about age 55, and the drop in participation rate increases sharply as people reach their mid-to-late 60s. If baby boomers, who have been volunteering so much over the last three decades, follow those patterns, the loss of volunteers in this country will be great, and so will be the consequences."[20]

16 "The Civic Core in Canada: Disproportionality in Charitable Giving, Volunteering, and Civic Participation," page 763.
17 *Caring Canadians, Involved Canadians: Highlights From the 2007 Canada Survey of Giving, Volunteering and Participating*, Statistics Canada, Minister of Industry, June 2009. page 61.
18 Paul B. Reed and L. Kevin Selbee, "*The Values of Volunteering: Cross-Cultural Perspectives*, Paul Dekker and Loek Halman, eds. (Amsterdam: Kluwer/Plenum Press, 2003), page 91.
19 "Who Cares? —The Graff-Reed Conversations: A Way of Life Wake-Up Call for Canada's Communities" 2007, transcripts and audio files available at http://www.canadawhocares.ca.
20 *Ibid.*

These scenarios are not fearful speculation. The decline in the volunteer supply is already apparent. For example, Meals on Wheels administrators in large Canadian cities report that they are struggling with a volunteer deficit of 15–20 percent.[21] They are finding it increasingly difficult to recruit and retain new volunteers. While the level of need for their services continues to rise, they simply cannot find enough volunteers to deliver meals to the elderly and sick who are requesting their help. The greatest declines in volunteering have occurred in large urban centres where the greatest numbers of Canadians live.

Graff and Reed cite other examples: "Organizations in small and rural communities where populations are disproportionately older report trouble finding enough volunteers to keep their doors open. Many service clubs and civic organizations are in significant decline. Some have already closed their doors. Boards across the country are having more trouble recruiting new members, particularly new younger members. Like canaries in mines, we believe these are harbingers of a seriously damaging pattern beginning to sweep over this country…Each of us might occasionally notice when a volunteer's effort touches us directly, but we don't add it all up to see the enormity of what volunteering provides to our way of life—or the impact of what we will lose when volunteering declines over the next few years. There is a fundamental shift on our horizon. None of us will escape its impact."[22]

Some have pointed out that this trend has potential negative implications on a wider scale. Robert Putnam's groundbreaking work on social capital has highlighted how the informal networks and norms created by working together on projects enhance the economic and social stability of a society while a decline of such social capital produces a society where we end up "bowling alone."[23] Rudyard Griffiths points out how social capital, of which volunteering is a prime creator, "helps build trust between individuals and not only reinforces their shared values but provides the impetus for complex societies to pursue their common goals."[24] The benefits of this are not only realized in finding a job, creating a neighbourhood watch committee, or lobbying a municipality but also is likely to contribute to informal dispute resolution and increased political stability.

THE GIVING DEFICIT

Charitable giving, much like volunteering, is practiced routinely by a small percentage of citizens. Studies of charitable giving in Canada reveal comparatively low levels of giving to the nonprofit sector.[25] Many citizens may donate to charitable organizations in the course of a year but they often donate incidentally, and not as part of a regular, planned series of contributions.[26]

The most recent data available on charitable giving in Canada points to a significant gap between those who give and those who don't. Also, many who have the

21 *Ibid.*
22 *Ibid.*

23 Robert Putnam, "Bowling Alone: America's Declining Social Capital" in *Journal of Democracy* 6:1, Jan 1995, pages 65-78.
24 Griffiths, page 42.
25 *Caring Canadians, Involved Canadians: Highlights From the 2007 Canada Survey of Giving, Volunteering and Participating*, Statistics Canada, Minister of Industry, June 2009; "Generosity: 30 Years of Giving" Paul B. Reed, *Canadian Social Trends*, Statistics Canada Autumn 2001.
26 *Caring Canadians, Involved Canadians: Highlights From the 2004 Canada Survey of Giving, Volunteering and Participating*, Statistics Canada, Minister of Industry, June 2006, page 27.

means to give do not appear to give much. In June 2009 Statistics Canada reported results from the 2007 Canada Survey on Giving, Volunteering and Participating. On the positive side, total charitable donations were up slightly in 2007 to nearly ten billion dollars, from 8.9 billion dollars in 2004.[27] The study confirms, however, that while many Canadians are very generous, the great majority of citizens donated very little or nothing throughout the year. Most citizens do not give regularly. Only a small fraction of those giving, ten percent of givers, account for the lion's share—nearly two-thirds—of all charitable donations. Within the group of those who chose to make one or more charitable donations during 2007, half of the donors contributed less than $120 in annual giving. Perhaps even more striking, for individuals with incomes over $100,000, the median amount donated over twelve months was only $210.[28]

Many who reported that they gave a donation or volunteered also stated that they preferred to contribute outside formal channels of local community or charitable organizations. They gave money directly to people in need and provided help to neighbours—driving them to grocery stores or appointments, offering household help or other practical support like mowing lawns or shoveling snow.[29] This pattern is consistent with a long-term trend of household giving to others outside the home but by means of informal channels.

A Statistics Canada study of charitable giving from 1969-1997 suggests that there are at least two stable trends in giving by Canadians: "There is clear evidence of two long-term diverging trends—Rising generosity to individuals and a declining willingness to contribute to a collective good of some kind as represented by charitable, especially religious, organizations."[30] The recent 2007 Canada Survey found evidence of this same trend and noted that support to nonprofit organizations is concentrated among a small minority of Canadians who are also likely to be active volunteers. Most of the money donated and time volunteered to organizations in the civic sector come from a thin base of the population. The study found that the top quarter of charitable donors (those giving $364 or more and volunteering at least one hour during 2007) contributed 59% of total donations and 40% of total volunteer hours, and make up only 14%—less than one-seventh of the population.[31]

Religiously motivated people provide significant resources to religious charities, which do a great deal of charitable work that benefits the general population and not simply members of their own faith community. Further over and above whatever is given to religious charities, religiously motivated donors give more per capita to non-religious organizations than those who would not seem to be religiously motivated.[32]

The existence of the civic core also helps explain the findings of comparative studies of charitable giving in Canada and the United States. Multiple

27 Researchers note that this increase was due in part to population growth by 3.7% between 2004 and 2007 and the addition of 650,000 new givers. It does not represent an increased rate of giving which remained constant.

28 For these and other findings. see *Caring Canadians, Involved Canadians: Highlights From the 2007 Canada Survey of Giving, Volunteering and Participating*, Statistics Canada, Minister of Industry, June 2009. pages 14-15.

29 *Ibid.,* pages 10-11.

30 "Generosity: 30 Years of Giving" Paul B. Reed, *Canadian Social Trends*, Statistics Canada Autumn 2001.

31 *Caring Canadians, Involved Canadians: Highlights From the 2007 Canada Survey of Giving, Volunteering and Participating*, Statistics Canada, Minister of Industry, June 2009, page 11.

32 Highlights from the 2007 Canada Survey of Giving, Volunteering, and Participating (Statistics Canada Catalogue no 71-542-XIE), Chart 1.4, page 24.

studies of philanthropic activity in Canada and the United States conducted over the past decade confirm lower rates of charitable giving in Canada. On average, the rate of giving by citizens to the Canadian nonprofit sector is half the rate of giving to the U.S. chartable sector. In 2006, for example, Americans gave 1.66% of their aggregate personal income to charity, with donations totaling US$182 billion. Canadians donated 0.76% of their aggregate personal income to the charitable sector, totaling CA$8.4 billion. If Canadians had given the same percentage of their income to charities as Americans, Canadian charitable organizations would have received an influx of an additional CA$9.8 billion in donated revenue.[33]

In one multi-country study of charitable giving from 2006, Canada fares better, ranking ahead of many European countries including France and Germany, but behind the U.S. and slightly behind the U.K. in measures of national charitable giving figured as a percentage of country GDP.[34]

The study found that several fiscal, cultural, and social factors can impact national charitable giving. These include: governmental tax take (higher levels of personal taxation and social insurance payments), the tax treatment of charitable donations, religiosity, unofficial familial and social giving, and relative national wealth. Researchers concluded, for example, that if social insurance payments were to rise in the future because of the growing needs of aging populations, this could adversely impact personal income and charitable giving in each of the countries surveyed.[35]

33 Alex Gainer, Charles Lammam, and Neil Veldhuis, *Generosity in Canada and the United States: The 2008 Generosity Index*, December 8, 2008, the Fraser Institute; see also The 2002 and 2005 Generosity Indices published by the Fraser Institute.
34 "International Comparisons of Charitable Giving" *CAF Briefing Paper* (Kings Hill, UK: Charities Aid Foundation, November 2006).
35 *Ibid.*, page 8.

DECLINING POLITICAL ENGAGEMENT

Canadians are also tuning out politics with increasing regularity. Political engagement has been on a downward slope for over two decades. Voter turnout has declined from 75% of eligible voters casting ballots in federal elections in the 1980s to 66% in the 1990s to a record low of 64.1% in the election of 2000—the lowest recorded

CANADA AND US GIVING TO CHARITABLE ORGANIZATIONS

	% of Personal Income	Total Donations
Canada	0.76	$8.4 bil CA
United States	1.66	$182 bil US

The Fraser Institute

NATIONAL CHARITABLE GIVING LEVELS (SHOWN AS A % OF GDP)

USA	0.76
UK	0.73
CANADA	0.72
AUSTRALIA	0.69
NETHERLANDS	0.45
GERMANY	0.22
FRANCE	0.14

Charities Aid Foundation, 2006

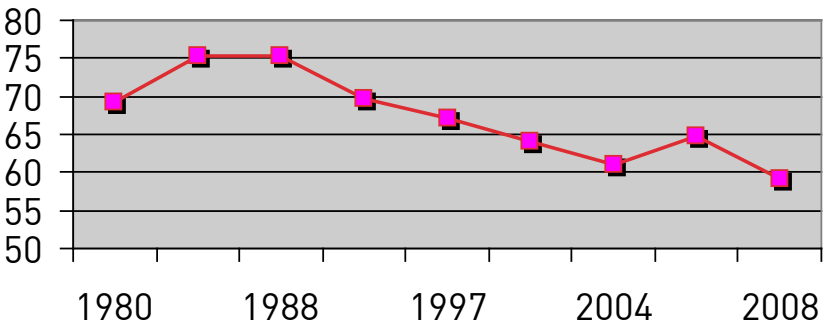
turnout in a federal election since Confederation at that time.[36] The rate of voter turnout in the 2008 election fell yet again to just under 60% of registered voters. If voter turnout rates were calculated in Canada using eligible voters instead of registered voters, as it is in some other countries, the percentage of voter participation would be considerably lower.

Voter turnout has declined most sharply for younger voters. For the generation of Canadians born after 1970, less than one out of three vote in federal elections. This trend has remained largely unchanged for nearly two decades.[37] If younger voters are less interested or less informed about the nation's common political life, an important step will be to find ways to engage Canada's younger generations in political life as they inherit leadership roles in community and civic life.

Reviewing research findings from Statistics Canada on the state of Canada's civic sector, Rudyard Griffiths, founder of the Dominion Institute observed: "Join the dots of these statistics, and the picture that emerges runs completely counter to our own self-image as 'caring Canadians.' The majority of us are civic slackers who participate either marginally, or not at all, in the kinds of formal activities that sustain a vibrant and effective volunteer sector, a participatory political culture, and an enriched community life. Put another way, a significant portion of the population is doing little in terms of day-to-day behaviour to renew the social capital upon which much of the prosperity and social harmony in Canada depends today and in the future."[38]

The current economic decline has the potential to significantly reduce the

VOTER TURNOUT PERCENTAGES IN CANADIAN FEDERAL ELECTIONS 1980-2008



36 "Generational Change and the Decline of Political Participation: The Case of Voter Turnout in Canada" Andre Blais, Elisabeth Gidengil, Richard Nadeau, and Neil Nevitte, Workshop Presentation, McGill University, June 2002.

37 *Ibid.*

38 Rudyard Griffiths, *Who We Are: A Citizen's Manifesto*, (Toronto: Douglas and McIntyre, 2009), pages 43-44.

already inadequate supply of resources that the Canadian charitable sector depends upon to carry out its critical work as the power cells and paramedics of civil society. If charitable giving and volunteering trends remain unchanged, the long-term consequences are a serious depletion of civic resources and a diminished capacity for public institutions to support social well-being. Research into the state of the Canadian civic sector is beginning to alert citizens and governments alike to an increasingly endangered social landscape that could be home to a more a robust charitable sector if trends were reversed.

These figures and studies raise a number of questions. What accounts for the lower rates of charitable giving in Canada? Why is the civic core not larger? Why might people outside the civic core not share a similar set of concerns for the health of our social organizations that those inside do? Studies of civic disengagement suggest that significant factors include a person's worldview, beliefs about responsibility for others, religious practice, and education.[39] Citizens who choose not to participate and give may simply assume that others will take care of the needs around them without their help. Disengaged citizens tend to be less educated, less religious, and believe that people should primarily look out for their own interests. Also, compared to the United States, Canada has a larger government-funded social safety net. Many citizens may have come to believe the myth that because they pay taxes they do not need to do anything else to contribute to the common good. Community concerns and the work of charitable organizations seem abstract and distant to many citizens until they or their families are in urgent need of assistance.

Canada's civic deficit raises warning flags. The problem is clear. Canada's core of active citizens is not increasing in size, but is stagnant and may be declining. The civic core needs help. An overwhelming majority of citizens are not giving in proportion to their ability to help strengthen Canada's social fabric. In the process, both they and their communities lose out, leaving a deficit that future generations will inherit.

The challenges, then, are both long-term and short-term. Long-term, the civic core needs to grow. The circle of engaged citizens in the civic core needs to widen and expand. Leaders inside and outside the nonprofit sector need to raise awareness of these challenges and find new ways to engage more citizens to take part in donating, volunteering and serving to advance the public good. Most citizens take the health of social organizations for granted. Therefore citizens and leaders have to redirect public attention to real-world examples of this growing civic deficit and its impact on communities. Together they can begin to build a case that cultural change is needed.

In the short-term, citizens who make up the civic core need additional resources to do more of what they do well. It may take a longer time to change patterns at a cultural level—to grow the population within the civic core—so how can we empower contributors to do more? One challenge is to find a way to do this by building their capacity, not simply by asking those already committed (or overcommitted) to do more. Instead of asking the civic core to make more bricks out of straw, they need to be equipped with bricks and mortar to continue and expand the work they are doing to repair the city walls.

39 "The Other Side of the Coin: Who are the People Who Neither Volunteer Nor Make Charitable Donations," Paul B. Reed and L Kevin Selbee, Presentation at 2003 ARNOVA Conference, accessed at http://www.carleton.ca/casr/publications.html.

SECTION II: FOSTERING A NEW CULTURE

Trajectories of decline are not set in stone: a change in direction is possible. Citizens, government, and our social organizations can work together to create a new Canadian culture of giving. Examples of recent social change in Canadian society offer important clues. Significant change happens when previously neglected issues are elevated to important and visible public positions.

The growth of environmental awareness in recent years provides a valuable example. Recycling is a new cultural norm that did not always exist. Scientists and other cultural influencers began by communicating research findings to make a public argument that existing cultural practices were not sustainable and had to be changed. Since then, myriad creative advertising and public information campaigns have been employed to reshape popular perspectives and promote recycling and other "green" activities as civic duties. Municipalities have initiated green bin and blue box programs to make it easier (and expected) for all citizens to sort and dispose of waste in a more ecologically responsible manner to reduce landfill waste. Governments, citizens, businesses, schools, political parties, and even religious congregations have developed environmental initiatives of their own. In our own time, we have witnessed how these efforts have generated a very different kind of "climate change"—a profound change in public opinion and behaviour.

Canadian citizens today grasp that care for the environment is a civic duty. It preserves the country's rich beauty and will pay a rich dividend to future generations. Civic core research suggests that concern for Canada's civic society is not yet a high enough priority at home or in the public square. Creative personal and concerted cultural action is required to shift public opinion and awareness in a similar way towards increased concern for the social environment. The challenge is to spark and spread a new way of thinking about investment in the civic sector that challenges and eventually changes popular perceptions. Citizens need to be persuaded that such hallmarks of generosity as volunteering, charitable giving, and community involvement are not merely optional activities for those so inclined—but rather are necessary parts of a sustainable future that enables everyone to lead rich and rewarding lives.

Consider another example of cultural change in our time. Recent generations of Canadians have changed how they save for retirement. They depend on the Canadian Pension Plan and private pension plans, but today many also contribute regularly to Registered Retirement Savings Plans (RRSPs). Some invest an additional portion of their savings income in mutual funds or stocks and bonds. What accounts for this behaviour? They understand that the government and other pension plans are not solely responsible or sufficient to care for them and their elderly relatives during their retirement years. Wise planning is essential. Action is required on their part. Individual citizens and their families, their employers, the government, and the financial sector are all implicated and involved. They share complementary but different responsibilities toward a common end of economic security. Similar partnerships and programs that join together multiple stakeholders are needed to spur greater investment and involvement in Canada's charitable and nonprofit sector.

Canada has experienced rapid social change in recent decades. Much of it has improved the health of Canadian society. As a recent Toronto Star article pointed out: "Twenty years ago, mothers smoked while reading bedtime stories to their children. Professionals hit happy hour after work and joked about their drunken car drive home...[Canadians] filled their garbage bags with pop cans, newspapers, plastic water bottles, and whatever else they wanted to get rid of. No more."[40]

Attitudes and cultural practices that may now seem undesirable or hard to imagine for a majority of citizens, were once ordinary behaviour. Much has changed for the better. How did these changes take place? With smoking, public awareness campaigns alerted citizens to the health risks of smoking and the harm and sickness caused to smokers and others from cancer causing tobacco and secondhand smoke. Schools educated children about the dangers of smoking. Additional sales taxes were imposed to discourage the purchase of cigarettes. Smoking was banned in certain public spaces.

With drunk driving, television commercials, news stories, and other media, relayed story after story about tragic fatalities in local communities. Organizations such as Mothers Against Drunk Driving (MADD) formed to educate youth in schools, conduct campaigns, and partner with civic and business associations. Stiffer legal penalties were enacted and widely communicated by law enforcement authorities to deter drinking and driving. Bartenders were instructed not to serve intoxicated customers. Local networks formed to offer free or discounted rides home to keep drunk drivers off the road. Even beer commercials reminded us that friends don't let friends drive drunk.

These examples can be very useful to spark creative thinking by concerned citizens and leaders. Cultures can and do change. It takes organized, concerted effort and imaginative work in multiple spheres. What would a parallel scenario look like that could engage citizens and motivate them to invest time and money in their communities? People change their behaviour for many reasons. Environmental initiatives have tapped into people's sense of responsibility and their desire to contribute alongside others to make a difference. In this case, many ordinary citizens are acting on new desires to take part in creating a more sustainable future for themselves, their children, and future generations. They value the environment that surrounds them.

Recycling and other green activities occur because a public argument has been made by political leaders, by scientists, by

40 "No Time to Waste," Moira Welsh and Christopher Hume, *Toronto Star*, April 18, 2009, page A-1.

journalists, by activists and many others. Citizens have become convinced that action is needed and it cannot be postponed or denied. The environmental crisis is plausible and real to them and they have decided to become stakeholders with responsibilities to carry out alongside others. Political parties have also collaborated with scientists and other experts to develop policies and position statements that make care for the environment both an important political priority and a major part of their appeal to voters for support.

Someone somewhere has also made it easy to get information. That in turn has translated into citizens that can act on that information in the service of the public good. Many Canadian municipalities have model recycling programs and active public affairs staff who distribute calendars with pick up days and reminders about how to sort items and how to determine what can be recycled and what cannot. Citizens who desire to make a difference in their own sphere of influence are connected with others who provide valuable information.

In each of the illustrations of social change above, reform movements have changed the public conversation and eventually changed the culture in a significant way. Citizens and leaders recognized the current direction was no longer sustainable. The need for a culture change became an important public priority. Citizens received new information that persuaded them widespread change was required and possible. They were given opportunities to put ideas and intent into action in cooperation with others who shared similar concerns and convictions. Personal and institutional responsibility were mobilized in the service of the common good. Whether it was a business launching a new employee retirement plan to assist in savings, a teacher educating students about the hazards of smoking, or a municipal recycling program diverting landfill waste through greater citizen participation, agents of

BUILDING A NEW CULTURE OF GIVING

Questions for Discussion Among Stakeholders
In cooperative efforts to foster a new culture of giving in Canada:

- How is it possible to engage the public's imagination?
- How is it possible to engage the public's sense of responsibility for their own communities? And for civic and charitable organizations they value or support?
- How can a culture of giving be fostered by coupling individual and institutional efforts in new partnerships and initiatives?
- What promising practices in operation now can be highlighted?
- What new organized, concerted effort is needed to promote a culture of giving, belonging and volunteering? What resources or funding would be needed?
- What existing or untapped resources can fund these efforts when municipal, provincial, and federal budgets are stretched thin?
- What type of public arguments are needed to convince more people that civic sustainability is in jeopardy and that they are stakeholders in the outcome?
- What should a call to action look like and who should issue it?

change reoriented and integrated personal and institutional actions to serve shared goals.

Reinvigorating Canadian social institutions and building the capacity of the civic core is the work of many partners. To develop a plan, stakeholders need dialogue and a collaborative spirit. Representatives from multiple sectors can offer needed insight and input that can prevent reinventing the wheel or building bridges that lead to nowhere. The examples of social change above generate multiple questions that can stimulate deliberation with others about the future of Canadian social organizations.

SECTION III: WHO SHOULD DO WHAT?

Research into the state of Canada's civic core presents policymakers and citizens alike with two major challenges.

- What can be done to grow the size of Canada's pool of volunteers, donors, and civically engaged citizens?
- What can be done to equip the civic core with more resources including access to new sources of capital and operating revenue?

These questions do not presume easy answers. Nor do they presume an answer to a fundamental question that lies behind each of them. Who is responsible? Who should do whatever is needed to implement the desired course of action? Whose responsibility is it? If a coordinated response among many stakeholders is needed, clarity is required on precisely this issue. This is an essential first step and a necessary prerequisite for productive dialogue.

One place to begin is to identify the stakeholders in a national conversation on the future of the civic sector. At a minimum these include:

- Nonprofit and charitable organizations
- Local, provincial, and federal government leaders and ministries
- The business community
- Unions
- Foundations and philanthropists
- Families
- Faith communities
- Schools and universities

Recharging the Canadian civic spirit is not the work of isolated individuals or government alone. The complexity of the task requires motivated individuals and responsible government working alongside the institutions and communities of the third sector, including the multiple stakeholders identified above.

The operative image is of an orchestra incorporating the valued contributions of each instrument — each adding its own unique and essential sound in the service of the final performance. No one sector (or instrument) claims centre stage. Rather, each discerns how best to play its own instrument in accord with others. None crowd out

the contributions of other instruments. None neglect or slough off their own legitimate part in the symphonic composition onto the others. If everything is working well, all the musicians in the orchestra blend and play together with creative synergy.

When considering the challenges facing Canada and the nation's charitable sector this is a good place to begin. In asking "Who should do what?" the symphony image helps because it keeps all the different stakeholders in view and gives them each an important seat at the table (or in the symphony). Government efforts alone are inadequate. The challenge of rejuvenating Canada's civic decline is far too complex. Many deserving stakeholders have their own contributions to make, contributions that, when recognized, improve the quality both of society and government policymaking.

Neither is the solution to be found in privatization. It will not do for one sector (government) to cast off public responsibilities onto another. Everyone shares a unique form of responsibility for contributing to the public good and the good of local communities and the nation. All stakeholders are needed to do their part to create a new culture of giving, to improve the social environment, to mobilize citizens to become part of the civic core, and to strengthen Canada's charitable sector. Each stakeholder, whether a citizen, community, or institution, has a distinct sphere of influence and a valuable capacity of its own. Now is the time for creativity, deliberation, and discussion, a time to reason and imagine together about what short- and long-term responses are required in multiple sites for renewal. All Canadians are needed to help revitalize social organizations from the grassroots and create a new "civic symphony" that does more as a whole than any one player could manage.

POLICY PROPOSALS TO CREATE A NEW CULTURE OF GIVING

This paper aims to generate discussion, invite new ideas, and propose a course of action. The proposals that follow are intended to stimulate debate. They represent the beginning of a conversation, not the end. They are not offered as simple solutions to a complex problem. Rather, they are offered as important components in a multi-sector strategy designed to inject new resources into the civic and charitable sectors and to expand the size and capacity of Canada's civic core. No single silver bullet exists to foster increased volunteerism, civic engagement, and charitable giving. However, each of the following policy initiatives show promise, and if implemented, could contribute toward a culture of generosity.

They represent distinct contributions that each stakeholder is poised to make. These recommendations advance twin purposes: (1) providing more resources for Canada's existing civic core to do their good works in the service of the common good; and (2) expanding the size of the civic core by mobilizing more Canadians to become active, engaged citizens who contribute to the nation's charitable and civic sectors. In combination, these purposes contribute towards a growing awareness of how a generous culture enriches us all, far beyond the calculus of who gives and who receives.

SECTION IV: SOME FIRST STEPS

GOVERNMENT

1. Use Political Influence to Inspire and Challenge Canadians to Volunteer and Give

Political leaders from all parties and at all levels of government, including the municipal level, are uniquely situated to make appeals to Canadians to encourage greater volunteering and charitable giving. Canada's political leaders can seize the moment to challenge citizens to aspire and act to create a more flourishing and prosperous Canada. They can educate citizens about the need for greater investment in charitable organizations and in the civic sector through financial giving, volunteering, and other civic engagement. Now is the time to call all Canadians to active citizenship and renewed dedication to community and country.

In particular, the Prime Minister could deliver a series of speeches to call attention to research on Canada's civic deficit and issue a challenge to all Canadians to increase their charitable giving to organizations of their choice. He could commend citizens whose service and giving provide inspiring examples for others to follow. Examples should show the impact of increased giving and engagement on individuals and communities across the country. The charitable sector has compelling stories to tell and they should be profiled. This high-profile challenge should be accompanied by a public declaration of a very ambitious goal. He should call Canadians, young and old, in all parts of the country, to do their part to create a new culture of giving and together make Canada the most generous country in North America—and the world. Statistics Canada could track our progress towards this goal in giving, volunteering, and civic engagement using refined measures developed for the Canada Survey of Giving, Volunteering and Participating.

2. Increase the Charitable Tax Credit to Promote Increased Giving

As an immediate response to the challenges facing the charitable sector, we recommend increasing the federal tax credit

for donations to charitable organizations. An enhanced tax credit would provide critical resources to the charitable sector. It would also send a strong signal to all citizens to give more generously and invest in their communities. Increasing the credit for charitable donations encourages citizens to engage in counter-cyclical giving to offset the adverse impact of economic decline.

We recommend increasing the charitable tax credit for cash donations over $200 from the current rate of 29% to 42%. For donations of publicly listed securities eligible for the capital gains exemption, we recommend a charitable tax credit of 42% on the adjusted cost base while retaining the existing charitable tax credit of 29% on the capital gain. (Refer to the included appendix for examples and computational details.) We recommend enacting an enhanced credit for a trial period of five years.

The charitable sector currently depends heavily on donations from a small segment of the population to support their work. An enhanced credit would provide additional incentive for existing givers to increase their charitable donations. It would also provide a stronger incentive to encourage those who do not donate regularly to give to charitable organizations of their choice. Since Alberta and British Columbia increased their provincial tax credits for charitable organizations, donations to charities have increased in each province by more than five percent.[41]

Increased donations will compensate for recent losses and help build the capacity of Canada's charitable organizations. The enhanced tax credit also promotes greater generosity by employing Canada's social pluralism in the service of the common good. The existing tax credit structure permits each citizen to direct donations to community organizations of their choice that share and advance their values and beliefs. The charity tax credit is one of the few direct policy means the federal government has to promote increased charitable giving and generosity in the Canadian public. Furthermore, this enhanced tax credit, if enacted, would level the playing field between wealthy taxpayers—who are more likely to donate securities—and middle-class Canadians who are more likely to make cash donations, as cash donations will receive comparable benefits to securities donations. This strategy would reform the current credit structure that compensates securities donations at a higher rate.

There is wide support inside and well beyond the charitable sector for increasing the tax credit for charitable donations to provide additional incentive to give at a time when many people stop giving. During recent debates over how best to stimulate the economy in a time of recession, a wide variety of organizations, including the Canadian Council of Chief Executives, BMO Capital Markets, and Imagine Canada, recommended some version of modifying existing charitable tax credits and policies. Increasing the existing tax credit would increase the ability of the nonprofit sector to raise money, provide more resources for charitable organizations, and enable the civic core to do more. It would create new incentives for some non-givers—those outside Canada's civic core—to develop the practice of giving when their charitable contributions are greatly needed.

3. Federal and provincial governments could provide new legal models for the incorporation of social enterprises.

41 *Caring Canadians, Involved Canadians: Highlights From the 2007 Canada Survey of Giving, Volunteering and Participating*, Statistics Canada, Minister of Industry, June 2009. pages 13, 28; see also *Building the Community Spirit Program: MLA Committee Report 2007*, Alberta Department of Tourism, Parks, Recreation and Culture, 2007, page 3.

Charities and non profits have the option in Canada to incorporate their organizations under either federal or provincial jurisdictions. But no government in Canada provides the option of creating a hybrid corporate structure such as is now possible in both the United Kingdom and in the US. Such hybrid entities all have a social purpose and can meet a public benefit test but they are also able – unlike typical non-profit organizations - to sell shares in the enterprise, thus creating access to capital that is usually not available to non-profits. Such hybrid enterprises provide yet another means - apart from charitable contributions - to citizens who wish to contribute to their communities. This permits citizens to invest in organizations with double or triple bottom lines, with social or environmental returns in addition to financial returns. And for social enterprises, it means access to new sources of capital, in lieu of, or in addition to, government funding or traditional philanthropy.[42]

4. Government can help revitalize Canada's social organizations by considering in advance the impact of proposed legislation on civil society and the civic core.

Legislative proposals that do not specifically address the health of Canadian social organizations and the charitable sector nonetheless impact the third sector's vitality. One positive step would be to evaluate legislative proposals to assess their impact on the charitable sector. Governments should evaluate major legislative initiatives to ensure they do no harm to the charitable and civic sectors. We recommend this be done creatively, not in a perfunctory way. Inviting input and consultation from representatives of the charitable sector is helpful. However, equally needed is the development of a community of practice inside of government that can identify dimensions of public policies that create adverse consequences for the charitable sector. This community of practice can also make recommendations on how proposed policies can more effectively integrate—and not overlook—the sector's potential contributions as important allies in advancing the public good.

The British government established the Office of the Third Sector in 2006 with a mandate to support the environment for a thriving third sector, enabling people to change society. While the merits of a government department of this sort in a Canadian context can be debated, taking steps to achieve an awareness within government for leveraging the potential of social organizations as well as ensuring government actions do not adversely impact this sector would be timely.

5. Remove bureaucratic barriers to promote improved coordination between the efforts of government and faith-based organizations.

Research into who makes up Canada's civic core has found that faith communities and faith-based charitable organizations promote giving and generosity as a way of life among their members.[43] Canada's diverse communities and the organizations they support foster worldviews and cultural practices in citizens that generate a culture of generosity in the public

42 Social Innovation Canada (http://sigeneration.ca/) has undertaken research and developed proposals relating to hybrid corporations. While this is a complex subject requiring careful implementation, this is an area which demands further exploration.

43 "Patterns of Civic Participation and the Civic Core in Canada," Paul B. Reed and L. Kevin Selbee, Nonprofit Sector Knowledge Base Project, November, 2000.

square. For members of these communities, their faith commitments and practices provide compelling reasons that encourage them to give. In many sectors of Canadian society, faith-based organizations—including congregations, schools, and social service organizations—help transmit to others an inclination toward giving and generosity as part of their DNA. Government should explore how to foster effective collaborations that tap into the "value added" dimensions of these community organizations.

Government can take steps to leverage the resources of religious organizations and communities more effectively and in a manner consistent with its policy of multiculturalism. Municipal, provincial and federal government authorities should invite the full participation of all community and faith-based organizations to wage a determined attack on community need and the wide range of challenges confronting Canadians. Community and faith-based organizations should be invited to contribute innovative approaches to the public social safety net. Public policy should regard Canada's diverse religious communities as full partners and ensure that all organizations—secular and religious—are given equal access to public resources and grant programs without regard to their religious character and in a manner that fully respects their religious freedom as valued contributors to the common good in Canada.

6. **Mayors and other community leaders should prioritize the promotion of volunteering at the local level.**

Local leaders can exercise leadership by alerting communities to the impact of declining volunteer rates on the quality of life in a community. They can work in partnership with chambers of commerce, civic groups, and other community leaders to promote volunteerism and call for greater civic investment by citizens, appealing especially to those members of their communities who remain disengaged.

NONPROFIT AND CHARITABLE ORGANIZATIONS

1. **Respond to the volunteer deficit by pioneering and modeling new approaches to volunteer recruitment and management.**

In the current climate, volunteers are difficult to attract and retain. Today's prospective volunteers are more likely than past generations to ask "What's in it for me?" when deciding whether to volunteer or when choosing between volunteer positions. Volunteer styles and expectations are changing. Experts in volunteer management recommend evaluating recruitment practices and experimenting with new approaches to attract new volunteers and introduce them to the benefits of volunteering and service. Be prepared to offer short-term volunteer opportunities for those who cannot make long-term commitments. Take additional care to create attractive positions that match a person's interests and skill set. Make volunteers feel valued for their contributions. To identify new volunteer sources, expand the circle where opportunities are currently promoted and consider building bridges to faith communities and congregations that are often good sources of volunteers but not always consulted or invited to participate. Share with others the best practices discovered in the process.

2. **Educate your constituencies and the broader public about government efforts and public policy innovations to promote charitable giving.**

Many Canadians do not know about tax incentives such as the charitable tax credit to promote charitable giving. Some are aware

that it exists but do not know how to claim the credit. Educate donors and potential contributors about the tax benefits of giving as part of a broader message that communicates how their investment through charitable giving benefits Canadian society and enhances their own communities. It may be necessary to help people understand that a majority of non-profit groups and organizations do not receive tax dollars for their work and to make the dissemination of such information more common.

BUSINESS AND UNIONS

1. Practice corporate social responsibility.

Executives, union leaders and others can promote a culture within the corporate structure or local business that regards the corporate enterprise as a valuable member and stakeholder of a broader community. Communicate to staff and model in policy decisions that the business—as well as its employees—bears responsibilities to contribute to civic and social well-being and the health of civil society.

2. Highlight the work of effective and inspiring charitable organizations at corporate dinners and other events.

Invite charities to participate as sponsors at corporate dinners, golf tournaments and other events along with other organizations but do not make them pay to be included in the program or to be recognized as a sponsor. Corporate events give charities and non-profit organizations valuable name recognition, wider community exposure, and enhanced credibility. Employees and other attendees learn about community organizations in the area and they may decide to volunteer or donate in the future. Be sure to consider including smaller organizations that may not be as well known and have smaller budgets as well as larger organizations.

3. Creatively promote the value of volunteering throughout the business or corporation at all levels.

Recognize outstanding local charities and lesser known ones and inform employees how they can find volunteer opportunities that fit their interests and respond to community needs. Some employers have incorporated involvement with their community and charities as part of team-building and organizational-culture affirming exercises while others provide incentives for employees to participate in their community, recognizing that often there are benefits from such activities which also accrue to the business.

4. Use benefits in compensation packages to promote volunteering.

When employees volunteer a targeted number of hours over the course of the year, recognize their service by granting employees additional paid vacation days. Often volunteering on boards necessitates participation in sector conferences, regional meetings and other activities which require employees to take time from work and utilize their vacation time. Some employers have developed vacation packages which recognize this sort of contribution, providing mechanisms whereby an employee's regular vacation time is not negatively affected.

5. **Identify organizations in the community that merit corporate financial support but be willing to move beyond the circle of the "usual suspects."**

The National Survey of Nonprofit and Voluntary Organizations reports that certain groups such as sports and recreation groups and arts and culture organizations are more likely to receive corporate support than other types of nonprofit and charitable organizations. Likewise, charities and nonprofits with more fundraising staff and larger budgets typically attract and receive more corporate support than smaller organizations. Smaller nonprofits often find it difficult to seek out and build relationships and establish partnerships with businesses. Companies can encourage staff and corporate giving committees to seek out deserving and effective community organizations (including both secular and faith-based organizations) that may be worthy of special recognition and charitable support.

FOUNDATIONS AND PHILANTHROPISTS

1. **Build the capacity of the civic core and charitable organizations by investing in volunteers.**

Foundations and philanthropists can provide funding for volunteer recruitment and training efforts and for volunteer management programs. By strengthening the ability of nonprofit organizations to identify and use volunteers effectively and retain experienced volunteers, foundations and philanthropists perform a major service to society and members of the civic core. They create the valuable infrastructure that these organizations need in order to grow larger and make an even bigger impact in communities across Canada.

2. **Invest in research to promote a better understanding of the nonprofit sector, its challenges, and the state of Canada's civic core.**

Foundations can play a strategic role in funding foundational and applied research into the state of Canadian civil society. Additional research is needed to study the contributory activity of citizens inside and outside of Canada's civic core, and to measure changes and stability in the percentage of citizens who make up Canada's disproportionately active and engaged civic agents and social entrepreneurs.

FAMILIES

Make giving and volunteering a family affair.

Parents can promote volunteering, charitable giving and community participation as a family activity. Selecting a favorite charity or community organization to support teaches valuable lessons in civic responsibility, caring and compassion. Recognizing existing volunteers such as coaches, teacher volunteers on music trips, and or classroom helpers builds awareness about the number of volunteers that interact with members of the family. Children who grow up witnessing and experiencing citizenship in action become active citizens later in life and make valuable contributions to Canadian civil society.

The impact of early exposure to participation in community life, even if that participation isn't part of a job or formal requirement, can have a lasting

impact on children. Parents are key in raising awareness of this and modeling participation by supporting community groups through baking cookies, helping with bottle drives, car washes, and myriad other informal activities. Research indicates that "The extent to which people were involved in community activities as youth, or were exposed to role models who volunteered or helped others, is positively related to their charitable giving behaviour as adults. For example, those who reported being active in religious organizations or student government, belonging to a youth group, volunteering, or having parents who volunteered were more likely than others to report making charitable donations."[44]

FAITH COMMUNITIES

Communicate and model the importance of behaviours that build and expand Canada's civic core.

By promoting and participating in civic engagement, Canada's diverse faith communities can foster a deeper culture of giving, volunteering and service in Canadian life that honours and reflects the distinct teachings of their particular faith traditions. Youth groups can participate in service projects. Community leaders can teach members the religious roots of service to the community. Canada's faith-based organizations can and do provide a wide range of valuable social services and community programs including: poverty alleviation, emergency shelter, job training, literacy and language classes, and much more. Through these and other charitable efforts, volunteers are mobilized, funds are raised, citizens are challenged to contribute and Canada's civic sector is strengthened.

The impact of faith-based groups on a community are significant. A 2008 investigative report that examined the relationship between civic government and faith institutions in a specific Toronto neighbourhood, concluded that, "the connection between religious organizations and social services has always been a very strong one...Contrary to the suggestion that religion offers little of practical value, we observed a great deal of activity and earthly good from church and parachurch institutions."[45]

SCHOOLS AND UNIVERSITIES

Research and document the vitality of Canada's civic sector and civic core.

Schools should educate students in early grades and at each stage of development about the benefits to Canadian society of volunteering, charitable giving and civic engagement. Through civic education and service projects schools can contribute to the formation of new generations of active citizens.

University researchers can investigate the changing state of Canada's civil society and develop recommendations for action

44 *Caring Canadians, Involved Canadians: Highlights From the 2007 Canada Survey of Giving, Volunteering and Participating*, Statistics Canada, Minister of Industry, June 2009, page 24.

45 Toronto the Good. The Work Research Foundation, 2008, page 38.

at multiple levels. All sectors of society will benefit from a deeper understanding of the particular challenges facing the Canadian civic sector. With additional research, public policies can be better targeted to address the needs created by Canada's growing civic deficit and suppressed rates of volunteering and charitable giving.

JOURNALISTS AND THE MEDIA

Inform the Canadian public about trends in volunteering, charitable giving and civic engagement.

Cultural change begins with increased awareness. Journalists and the media have a special vocation of alerting the public to trends, challenges, and trajectories in Canadian public life. Regular reporting and accurate coverage of new findings about the health and vitality of the Canadian civic life would contribute to raising awareness and creating a more sustainable civil society.

CONCLUSION: CANADA 2035

The next chapter in the future of Canadian civil society has yet to be written. As Canada enters a new decade, its civic and charitable sectors remain relatively strong. However, warning signs have begun to appear on the horizon. Current trends provide enough reasons for concern. Low and sharply disproportionate levels of volunteering, giving, and participation by citizens indicates the civic sector in Canada remains under-resourced and shows some marks of entering an early period of decline. Canadian society today thrives in large part because of the culture of giving and civic investment that is practiced routinely by a small minority of the population who comprise Canada's civic core. If trends toward disengagement deepen and become entrenched, it will be much more difficult to reverse these patterns in the future. Strategic action is required now.

The challenge is to make a culture of generosity contagious, to grow and expand Canada's civic core and build our capacity in the short-term. This is the work of many stakeholders. In recent years successful social movements for cultural change such as the environmental movement have changed public opinion and galvanized civic action in Canada at multiple levels to promote recycling and other green activity, thus creating a more sustainable future. Research into the size and shape of Canada's civic core suggests that within the next few decades, Canada's growing civic deficit will reduce the quality of life Canadians have come to enjoy and undermine essential services unless steps are taken to create more sustainable social organizations today.

The challenges facing Canada require new partnerships and the active participation of government, social organizations, and the charitable sector. Effective use of political influence to promote active citizenship, enacting an enhanced charitable tax credit to spur charitable giving, greater attention to corporate social responsibility—these represent three initial steps of a larger multi-sector strategy that could be employed.

What kind of culture and civil society will Canadians create by 2035? Visionary political leadership today—coupled with the dedicated contributions of stakeholders across Canada to promote increased giving,

volunteering and civic participation, would begin to generate a new culture of generosity and giving in Canada. Citizens could begin to gain a new sense of their own influence as they invest in their communities and corporately strengthen Canada's social fabric. We commend the beginning of this new conversation in Canada with the genuine hope of promoting a stronger, more generous culture in a country that has so very much to offer. We are wise to remember, however, that we cannot think ourselves into new behaviours. It will take time, action, and community effort to begin to see the first signs of change. Canadian citizens committed to building a new culture of giving in their own sphere of influence would be well served to act now and to adopt a long-term perspective based on the comprehensive strategy suggested here. As has been noted recently in discussions of how cultures change, "the bigger the change we hope to see, the longer we must be willing to invest, work, and wait for it.[46]

46 Andy Crouch, *Culture Making: Recovering Our Creative Calling* (Downers Grove, IL: InterVarsity Press, 2008, page 57.

APPENDIX TO RECOMMENDATION 2

Increase the Charitable Tax Credit to Promote Increased Giving

Under the federal tax credit enacted initially in 1988, donations to charity are deducted directly from taxes (both federal and provincial) in the form of a two-tier credit applied against the amount of taxes owed. At present, the federal tax credit on the first $200 donated is 17% —and 29% on the remaining amount contributed above the first $200. The enhanced charitable tax credit we are proposing raises the credit for cash donations from 29% to 42% for donations over $200.

Under the existing tax credit, for example, a $500 donation to charity would receive a 17% federal credit on the first $200, totaling $34, plus an additional $87 (29% of the remaining $300 donated) for a total of $121, before any additional provincial credit is added. With the proposed credit enhancement, the donor contributing $500 to charity would receive a total federal credit of $160, instead of $121.

The aim of this recommendation is to encourage all donors to donate more to counter the effects of the economic downturn on the Canadian non-profit sector. Many people who donate to charity, donate securities that are also eligible for tax credits as part of the government's longstanding commitment to encourage investment in the charitable sector and advance the common good. However, there currently exists in the tax code more favorable treatment for securities donations than cash donations. This proposal remedies the imbalance by leveling the playing field between cash and securities donations, while at the same time, providing additional incentives that are needed to promote increased giving when the value of shares has significantly depreciated. The principle of equity advanced is that the charitable credit and benefit a person receives from making a donation should be equal for all donations, whether in cash or securities. For donations of publicly listed securities, we recommend a charitable tax credit of 42% on the adjusted cost base, and retaining the existing charitable tax credit of 29% on the capital gain. Because the majority of Canadians

make cash donations to charity, the proposal is designed to reduce significantly the comparative disadvantage of donating cash with no adverse consequences to donors of securities.

The disparity between cash and securities donations is evident in the following example. In Ontario, a cash donation currently receives a combined federal/provincial credit of 46%.[47] By contrast, a donation of a security with an adjusted cost base of 0 (for example a stock option with no cost to the taxpayer) would receive an additional benefit of up to 23%[48], because the taxpayer would avoid the capital gains tax otherwise payable on the donation. Thus the gift of the security to a charity has a total tax benefit of up to 69% of its value, which is 23% higher than if the same donor had contributed cash to the charity.

This proposal creates greater equity and tax fairness between more wealthy donors of securities and middle class Canadians who are more likely to donate cash. However, it also provides an additional incentive to securities donors to contribute shares that have fallen in value. In this way this particular tax credit proposal seeks to increase donations to the charitable sector from the full range of sources that charities depend upon for their survival and strength in the midst of difficult economic times and increasing demand for their services.

Under existing tax policy, individuals may decide not to donate a security because the capital gain in the current economic environment is lower than desired. For example, assume that a person bought a share for $50 that traded as high as $200 but is now trading at $100. If the taxpayer donates this share now, he or she would receive a 29% federal charitable tax credit on the $100 donation (in the amount of $29) and a benefit of avoiding the capital gains tax of $11.50 (23% of the $50 accrued gain) for a total benefit of $40.50. Under the policy recommendation presented above, this donor would receive 42% on the $50 cost base ($21), 29% on the $50 capital gain ($14.50), and a benefit of 23% on the $50 accrued gain ($11.50), for a total benefit of $47.

This proposal would level the playing field between wealthy taxpayers—who are more likely to donate securities—and middle-class Canadians, as cash donations will receive comparable benefits to securities donations. The proposal also creates an added incentive to donate securities that have lost value due to recent stock market declines, because donors will receive an enhanced tax rate on the cost base of the donation of 42% compared to the current rate of 29%.

47 This applies to donations of over $200 in any year and assumes that the donor is at the highest provincial marginal tax rate.

48 This again assumes that the taxpayer is in the highest marginal federal and provincial tax brackets and therefore is liable to the maximum capital gain tax of 50% of the marginal 46% tax rate.

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