

LOCAL GOVERNMENT SUPPORT OF THE PERFORMING ARTS

A PLANNING VIEWPOINT

by

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ABSTRACT

The combination of two trends in modern Canadian society, the trend to increasingly rapid urbanization and the trend to increasing leisure, points to a pressing problem for the future in our cities: the provision of the amenities of urban life which will be needed for leisure use. The general planning concern in this study is thus the provision of community services and resources for leisure.

The performing arts are taken to be one facet of the cultural opportunities which should be included in planning for leisure. Although the performing arts have traditionally been linked to urban centres, the present situation in Canada seems to indicate that the cities have not acknowledged their full responsibility in supporting cultural activities. The need for increased local government support of the major performing arts organizations to ensure their continued existence is examined.

The technological and economic problems inherent in the nature of performance make it impossible for productivity to keep pace with costs so that the gap between box office revenue and expenditure is inevitable. In addition, the performing arts may be considered as a public good, for which there are collective benefits. The gains to the urban community indicate that increased local government support of the performing arts should be expected. This study includes a comparison of the financial situation for the major theatre and symphonic organizations in five Canadian cities and a projection to 1975 of the

minimum local government support that should be provided to ensure the maintenance of the major performing arts organizations in Vancouver.

Local government officials show a great reluctance to provide financial support for cultural activities. The suggestion that this situation stems from a lack of knowledge of the gains associated with their presence lead to the development of a framework to display the returns to the urban community as a means of providing a more informed basis for local government support of cultural activities.

To develop such a framework, several concepts associated with the PPB systems approach, and its underlying analysis, have been used in approaching the problem of providing information to the decision-maker. A framework called the "matrix of returns" is proposed. The application of this framework to the Vancouver situation suggests that its success cannot yet be judged. There is a lack of information about the urban community that would be necessary to complete the measurement of returns. The collection of such information was considered beyond the scope of this study.

The preliminary matrix of returns does suggest, however, that while the gains are enjoyed by all the urban communities in the metropolitan region of Vancouver, these communities have not been providing a reasonable share of the necessary support. A metropolitan basis for support of cultural activities seems to be needed.

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CHAPTER I

INTRODUCTION

Traditionally the city planner has been concerned with guiding the future use of urban land. His interest in the use of urban land was directed to its "maximum potential for achieving satisfaction of basic needs which are derived from specific and broad human concerns."¹ In a time of increasing involvement by local government in the provision of public facilities, the city planner has broadened his concern, in the effort to achieve satisfaction of the urban community's needs, to include the planning of those facilities. Municipal facilities are "important components of the city" which "add immeasurably to the quality of urban life."² Planning for the best and widest use of these facilities, however, has not often been included in the planning process for the urban community. Recognition that planning for the urban community must go beyond the provision of physical facilities to the provision of a programme for their use is needed to ensure the achievement of a truly satisfactory urban environment.

The urban uses of land have generally been divided into industrial, commercial, residential, transportation, institutional and leisure uses.

¹Frank T. Greving, "The Relationship between Physical and Social Planning," Proceedings of the 40th Annual Meeting of the American Institute of Planners. (Chicago, Oct., 1957), p. 41.

²William I. Goodman and Eric C. Freund, Principles and Practices of Urban Planning, (Washington, D.C., International City Managers' Association, 4th ed. 1968), p. 208.

The planner might be concerned with one or several of these uses.³ The provision of community services and facilities can similarly be divided into various categories of use for planning purposes. In this study the basic planning concern is the development of a programme for the use of public facilities and the general category of planning interest is the provision of community services and resources for leisure.

Leisure in the Urban Community

Two trends in modern Canadian, and indeed in modern Western, society gave impetus to the choice of subject matter for this study: the trend to increasingly rapid urbanization and the trend to increased leisure. "The trend towards urban living has been a major socio-economic fact of life in practically every industrialized and industrializing nation."⁴ By 1980 it is expected that 60 per cent of the Canadian population will live in cities over 100,000 and one-third of the total population will probably be concentrated in the three major urban areas of Montreal, Toronto and Vancouver.⁵ "The standard working week in 1870 was about 70 hours; in 1950 it was about 40 hours--a reduction of about two-fifths."⁶ By 1969, the standard working week for

³Greving, "The Relationship Between Physical and Social Planning," p. 41.

⁴Canadian Imperial Bank of Commerce, "Leisure Time in Perspective," Commercial Letter, (Issue No. 2/70), 3.

⁵Ibid.

⁶George Soule, "The Economics of Leisure," The Annals of the American Academy of Political and Social Science, Vol. 313 (Sept. 1957), 18.

all workers in the non-agricultural economy was somewhat less than 40 hours.⁷ There has been a further decline in annual hours worked due to an increase in paid holidays, but the major factor in the growth of leisure has been the introduction of the shorter working week.

Time sold is commonly thought of as work. Time not sold, 'one's own time,' 'free time,' is thought of as leisure, no matter what one does with it.⁸

Leisure may thus be defined as time during which the individual in his living is not under the direction of others, and leisure behaviour may then be taken to mean "the activity or inactivity, which people pursue in their spare time."⁹

The combination of these two trends points to a growing concentration in an urban environment of an increasing number of people with an increasing amount of free time or leisure. The pursuit of leisure by the favoured few is no longer the case. The essential problem for the urban community is how to provide for the varied uses to which all people wish to put their leisure; how to "grasp the opportunity that leisure presents."¹⁰ At least part of the responsibility for meeting the challenge of leisure rests with the municipal government in making

⁷Canadian Imperial Bank of Commerce, "Leisure Time in Perspective," p. 2.

⁸Soule, "The Economics of Leisure," p. 16.

⁹Herbert J. Gans, People and Plans, (New York: Basic Books, 1968), p. 110.

¹⁰J. Farina, "The Social and Cultural Aspects of Recreation," Resources for Tomorrow Conference, Background Papers (Ottawa, July 1961), Vol. 2, p. 941.

available the necessary physical, human and financial resources.¹¹

Leisure behaviour, however, is subjective and leisure cannot be planned for.¹² All that government (and private) agencies can do is plan for the amenities of urban life,¹³ the artifacts, facilities and institutions which people may employ for leisure behaviour, "with the intent, and hope, that they will be attractive enough for people to use them in leisure behaviour."¹⁴ A major and pressing problem of the future will be "to provide the population of our burgeoning cities with adequate recreational and cultural opportunities within our cities."¹⁵ The problem will be largely an economic one.

The Performing Arts and the Urban Community

The extension of governmental activity into the provision of amenities has been criticized on the basis that the government should not be concerned with providing luxuries when the resources available

¹¹Canadian Imperial Bank of Commerce, "Leisure Time in Perspective," p. 3.

¹²Gans, People and Plans, p. 110.

¹³Amenities may be defined as "those things beyond life's necessities which make human life maningful." Amenities must be considered, however, as necessary to man as food and sex. The so-called necessities of life allow man to live; the amenities of life are what make it worthwhile for man to live. Jon Alexander, "The Administration of Amenities," Public Administration Review, Vol. 28, (June, 1968), 55.

¹⁴Gans, People and Plans, p. 110.

¹⁵Canadian Imperial Bank of Commerce, "Leisure Time in Perspective," 3.

are so limited that the bare necessities are not provided for all people in the urban community. The definition provided for amenities above, however, suggests that these amenities are in fact a necessity to the urban community. In addition, one of the most prevalent grounds for governmental intervention, "the interdependence of the members of the public,"¹⁶ seems very pertinent. The benefits accruing from the presence of adequate urban amenities is not merely discriminate.

. . . the positive effects of the fostering of art and learning and the preservation of culture are not restricted to those immediately prepared to pay cash but diffuse themselves to the benefit of much wider sections of the community in much the same way as the benefits of the apparatus of public hygiene or of a well-planned urban landscape.¹⁷

It is in this context, then, that the present study has been undertaken. The performing arts are taken to be one facet of the cultural opportunities which should be included in the provision of urban amenities. Traditionally, in the western culture, the performing arts have been closely linked to urban centres.

It is the urban environment that has provided the audiences and the basis for financial support. And it is primarily the urban centres that have given the patronage, public, private, individual and institutional which inflames the creativity of the performing artist and furnishes a market for his work.¹⁸

¹⁶William J. Baumol, "Urban Services: Interactions of Public and Private Decisions," in Public Expenditure Decisions in the Urban Community, ed. by Howard G. Schaller, (Md.: John Hopkins Press, 1963), p. 2.

¹⁷Lord Robbins, Politics and Economics, (London: MacMillan and Co. Ltd., 1963), p. 58.

¹⁸John G. Suess, "The Performing Arts and Urban Environment," Urban Affairs Annual Review, Vol. 3 (1969), 269.

The present situation, however, for the major performing arts organizations in Canada does not seem to indicate that the urban communities have acknowledged their full responsibility to accept the initiative in meeting the new challenges of a society of increasing leisure. It is true that large scale cultural centres have been built in almost all major Canadian cities in the past decade but the major performing arts organizations which might provide the programmes for these facilities find themselves in a continual state of financial crisis. These organizations are beginning to demand that a greater share in the responsibility for their continued existence be undertaken by local governments. For the most part, their demands have so far been met with very little interest or concern on the part of local governments. In addition, superior levels of government are beginning to expect evidence of local government participation in the support of the performing arts. With these facts in mind, the first hypothesis for this study was formulated:

Hypothesis #1 Increased local government support in the major performing arts organizations is needed to ensure their continued existence within the urban community.

The examination of the economic situation of the performing arts, which would be involved for this hypothesis may show the needs of the performing arts organizations and justify their demands for greater local government support. The conflict of these needs and demands on the part of the organizations, however, with the needs and demands of other urban sectors will not be lessened. It remains to suggest that there will be

returns from the local public investment in the performing arts that make such investment quite justifiable from the point of view of the local government.

At the present time, the politicians in local government who must finally decide on whether such support is suitable, show a great reluctance to provide any, let alone increased, support. There is a tendency at the decision-making level of local government to consider such support as money thrown away or as charity. It is here argued that such opinions result from a lack of information and knowledge of the social function of cultural activities in the urban environment and, as a consequence, of returns that may be attributed to local government investment in the performing arts. It is on this basis that the second hypothesis for this study was formulated:

Hypothesis #2 A framework displaying the returns to the urban community can be developed to provide a basis for a more rational decision by local government to support the major performing arts organizations of that community.

The Scope of the Study

The realm of cultural opportunities which should be available in a vital urban community would include visual, performing, folk and film arts at all levels of sophistication. It is the urban environment that

can provide the means and the spark for such a multiplicity of cultural activities. The purpose in this study is to examine only one part of this wide range of creative activity, the performing arts.¹⁹ The economic problems of the performing arts are examined as a means of suggesting that the financial problems presently being faced by the organizations supporting the performing arts are in no way an accident caused by poor management, inadequate publicity or bad luck. This study will show that these problems are universal and are inherent in the technology of the performing arts. The present situation in Canada is illustrated by a comparison of performing arts organizations in five major cities, Halifax, Montreal, Toronto, Winnipeg and Vancouver.²⁰ To allow comparison the performing arts examined were limited to only the two that are to be found at present in each of these five cities: the symphony orchestra and the theatre.²¹ The organizations chosen for comparison are the major symphonies and the major theatre companies of a city that are housed in the major arts facility provided by the city²²

¹⁹The performing arts are taken to include the arts of dance, drama and music which are performed before a live audience.

²⁰The absence of a prairie city in this comparison is in no way meant to suggest a paucity of cultural activity. This activity is, however, a more recent development which has not yet reached the level of the major performing arts organizations found elsewhere in Canada. This study can be expected to pertain equally well to the urban centres of the prairies as to Vancouver or Toronto.

²¹Vancouver and Halifax both have only a major symphony orchestra and a major theatre company; Winnipeg has a major symphony orchestra, and major dance and major theatre companies; Toronto has major organizations for dance, opera, theatre and symphony music; and Montreal has two major dance companies, two major theatre companies and a major symphony orchestra.

²²Other funds than municipal funds, including private donations, were used in most Canadian cities to build their cultural or civic centres although the centre is usually looked upon as a civic institution once it is built.

or which are most closely identified with the city.²³

The major focus of this study is the situation of the two major performing arts organizations of Vancouver: the Vancouver Symphony Society and the Playhouse Theatre Company. The financial situation for these organizations over the last few years has tended to be, as in most other Canadian cities, precarious. A closer look at the record of these two organizations for the past five years and a projection of their needs to 1975 will provide a basis for understanding the extent of local government support in relation to other sources of support and to other local expenditures, that might be needed to ensure the existence of these major organizations in Vancouver.

In looking at these major organizations there is no intention of suggesting that these are the only performing arts organizations in the urban community that deserve and need attention and financial support. It was decided that for this study the most useful means of introducing a subject which had been almost completely alien to the city planner's field of interest would be to concentrate on one element in a range of performing arts activity that may be desirable in an urban community. Chapters II and III are concerned with these concepts and facts in their examination of the first hypothesis: increased local government support in the major performing arts organizations is needed to ensure their continued existence within the urban community.

²³In Halifax there is no civic centre but if one were built the Neptune Theatre would be expected to be housed there and the Atlantic Symphony Orchestra would be expected to play there. In Montreal the Théâtre du Nouveau Monde, which performs in the civic centre, La Place des Arts, was chosen over the other major theatre company, Le Théâtre du Rideau Vert, which owns and operates its own theatre.

To this point the approach has been to emphasize a point of view which expresses urban expectations for the amenities of life and of the performing arts organizations' attempts to answer those expectations. The other aspect needed in this study is an examination of the situation from the point of view of the local government and of the city planner who must find a means of illustrating to the final decision-makers the value to the community of providing such cultural opportunities. In Chapter IV, the concern is with the development of a systematic approach to this problem of providing informed advice to the decision-maker. As a first step it seems necessary to define a framework for local government activity which could allow inclusion of the problem being considered in this study, local public investment in the performing arts, in the decision-making process.

The application of the systematic approach developed in Chapter IV to the actual situation of the major performing arts organizations in Vancouver, followed by conclusions as to its success in helping to illustrate the nature of the basic problem, constitutes the final chapter of this study. The role of the various communities of the metropolitan region in providing support for the cultural activities which are usually located in the core city of the metropolis is included in this discussion. In this way, Chapters IV and V are concerned with developing an approach to providing a rational argument in favour of local government support of the performing arts,²⁴ in their examination of the second hypothesis: a

²⁴This is a particular case; the general argument which underlies this is one favouring increased local government support of urban amenities.

framework displaying the returns to the urban community can be developed to provide a basis for a more rational decision by local government to support the major performing arts organizations of that community.

Assumptions and Definitions

1. It is assumed that the performing arts will continue to provide a viable kind of entertainment which will help to answer part of a growing demand for cultural opportunities. Changes in kind are expected to be very limited.²⁵
2. A performing arts organization is defined as an association of people concerned to promote live performance of dance, drama or music before a live audience. The association will be among the performers themselves, those who provide the milieu for performance (direction, sets and costumes) and those who provide administrative and financial support for production of live performance.
3. Major performing arts organizations are defined for this study as those professional organizations that received from

²⁵ While there are some who expect important innovations in the field of electronic media to radically influence the nature of live performance, the evidence of the disappearance of the live performance before a live audience seems scanty. The change to the thrust stage in so many of North America's newer theatres reflects Greek and Shakespearian forms of drama rather than anything new. The adoption of electronic sounds and equipment into the symphonic concert has not eliminated the live audience. The cult of the live audience on the evidence of such productions as Hair and of such festivals as Woodstock seems, rather, to be growing.

Canada Council, for the 1969-70 season, subsidies in excess of 100,000 dollars.²⁶

4. The efficiency of management within the performing arts organizations is assumed, as is the quality of performance provided. It is not the role of the planner in government to dictate production or administrative policy for an organization.²⁷ The problem at hand is to show what the needs of the performing arts organizations are and what the role of local governments in their support should be.
5. Legislation, government organization and the structure of taxation which existed in Canada at the beginning of 1971 were assumed to provide the framework within which this study would be undertaken. Several critical points should be mentioned.
 - (a) At the present time, the legislative responsibility in Canada for cultural and recreational opportunities, to the extent that it exists at all, is divided between

²⁶This figure, which provides what must be described as a completely arbitrary point of division, was accepted from Professor Bladen's report to the Canada Council, The Financing of the Performing Arts in Canada: An Essay in Persuasion, January 1971 (to be privately printed). It was the involvement in research for that report that provided the first impetus for the present study.

²⁷There is a place for examination of quality and efficiency of the performing arts organizations but this should be the task of those having specialized knowledge of the particular art and its administration.

the federal and provincial governments, and is dispersed among a multitude of departments.²⁸ In addition, part of the provincial responsibility has been delegated to the local levels of government.²⁹

- (b) The governments of the communities of the Greater Vancouver Regional District, which represents, in fact, the metropolitan community of Vancouver, remain uncoordinated in most aspects of local government activity. The place of cultural activities in the metropolitan community, given such a fragmented system of government, constitutes part of this study.
- (c) The principal means of collecting local government revenues is taxation of property which represents a relatively fixed quantity. The claims for public facilities and services in an urban community place great strains on the limited funds available.

Sources of Data

The basic data for the major Canadian performing arts organizations were collected at the Canada Council from the files of applications

²⁸ School Planning and Building Research Section, Community Use of Schools, research report, Ontario Department of Education, Toronto, Ontario, October, 1968.

²⁹ British Columbia, Legislature, Laws, Statutes, etc., The Municipal Act, Victoria, B.C., 1968, Part VII.

by these organizations for the annual Canada Council grants.³⁰ The information used in this study is of a very general nature and could have been gathered from the annual reports of each organization. This basic set of data was supplemented by personal interviews that were conducted across Canada from August, 1970 to January, 1971 for the Bladen report to the Canada Council. The informal nature of the interviews allowed the researcher to insert several specific questions relating to the issue of local government support.

Details of local government expenditures in the five Canadian cities compared in this study were taken from Dominion Bureau of Statistics publications and statistics for the municipalities of Greater Vancouver region were taken from the financial statements and annual reports of the various municipalities. The base year for comparison for all statistics and data was chosen as the fiscal year 1969-70.

The problem of reliable information and up-to-date statistical data is one that is prevalent in most studies concerning the provision of urban facilities and services. It is an extremely critical problem in this study. The data for Canadian performing arts organizations has only been collected in a systematic manner by Canada Council during the last three or four years and there are still large differences in the interpretation of terms and measures on the part of the various organizations. For this reason only gross measures of expenditures and revenues

³⁰ The original data collection was carried out for Professor Bladen in helping to prepare his report to Canada Council. The data were then made available for use in this report.

have been accepted for this study. The problem becomes even more critical in the examination of the returns to the community from the presence of the performing arts organizations. For the purposes of this study the position was taken that the scope of interest at this time should be to present the general problem and to develop a means of conveying information about the problem to the decision-maker, thus isolating the types of information that seem to be lacking, rather than to undertake the immense task of gathering the missing information. Thus, the conclusions of this study will include not only an examination of the two stated hypotheses of this study but also of a programme of further research and data collection which would be necessary to complete a systematic approach to the problem of public investment in the performing arts.

CHAPTER II

THE ECONOMIC PROBLEMS FOR THE PERFORMING ARTS

In the performing arts in Canada today the risk and uncertainty of production are unbelievably high, so that financial crisis is a way of life.

Performing arts organizations often attain their standards of excellence by taking severe risks. They continually bring new products into their market. But performances of an unfamiliar opera, of an untried ballet or of a new Canadian play may not please a general public that tends to be conservative. The result at the end of the season may be a considerable deficit; the result at the end of several seasons may be a very serious deficit indeed.¹

The economic pressures besetting the performing organizations seem to be growing and need to be examined. The critical financial factor is the operating deficit--the gap between expenditures and their earned income. Professors Baumol and Bowen, in their study of the financial problems of performing groups in the United States,² show that the live performing arts come within that sector of the economy where productivity cannot be increased at anything like the general rate. Costs inevitably mount; revenues do not keep pace. Moreover, their findings suggest that

¹The Canada Council, 13th Annual Report 1969-1970, (Ottawa, 1970), p. 57.

²William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, (Cambridge, Mass.: The M.I.T. Press, 1966).

the gap between income and costs is bound to grow over the years ahead.

The near universality of the 'income gap' must be noted. "Such gaps occur in the finances of the major [U.S.] orchestras, the Metropolitan Opera, the regional and off-Broadway theatres and most dance groups, though the gaps vary both in absolute amount and in relation to the size of budgets."³ For a substantial proportion of professional performing organizations in the United States the gap was found to amount to more than 40 per cent of their expenditures in 1964.⁴ The same phenomenon--the wide presence of an income gap--was found in Great Britain.⁵ It is also present in Canada. For the 1967-68 season, the average income gap for Canadian performing arts organizations was nearly 50 per cent of their expenditures.⁶ This income gap appears to be increasing in proportion to total expenditure, at least for Canadian music and theatre, the performing arts which are of primary concern in the context of this study.⁷ An indication of why this is so is to be found by examining the record of the growth of professional theatre in Canada for the decade 1957 to 1967. While total operating expenditures increased from 1.1 million dollars in 1957 to 4.2 million dollars in 1967, an increase of more than 250 per cent, earned income at the box office rose from 1.1 million dollars to only 2.4 million dollars, an increase of less than 125 per

³William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 148.

⁴Ibid., p. 150.

⁵Ibid.

⁶See Table I, Appendix A.

⁷See Tables III-A and III-B, Appendix A.

cent.⁸ Performing arts organizations cannot rely on box office revenue to cover the costs of performance and they cannot rely on this revenue to cover even the same proportion of costs over time. The income gap indicates the fundamental problem for all arts organizations. In addition, it "represents the dependency of the arts on other sectors of society as they must draw on the financial resources of these other sectors to alleviate this spread between costs and revenues."⁹

This growing need on the part of performing groups for contributed funds from other sectors of the economy must be seen as a consequence of what might be considered "the technology of their operations,"¹⁰ which differs in several essential respects from that of many other sectors of the economy. To expose these essential differences, Baumol and Bowen examined the arts as a productive activity in which labour and equipment are utilized to make available services which may be purchased by the general public. "There is a technology whereby inputs are transformed into a finished product."¹¹

In the economy generally, the rate of increase in productivity over the last 35 years has been 2.5 per cent per year compounded. New technology, increased capital stock, a better educated labour force and economies of large-scale production, the factors considered responsible

⁸The Awkward Stage, (Toronto: Methuen, 1969), p. 45.

⁹Ibid., p. 44.

¹⁰William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 8.

¹¹Ibid., p. 162.

for productive gains,¹² have combined to produce steady increases in output per man-hour (the amount of goods and services yielded by one hour of labour). The live performing arts have not shared fully in this growth in productivity. New means of presenting performances through the development of film, phonograph and tape records, radio and television have affected performing groups, dependent on personal contact with the audience, only to a very limited degree. The hourly output yield of the performer has not been increased quantitatively by such technological innovations as air conditioning or electronic reproduction of sound and image.

The characteristic of live performance which precludes substantial changes in its mode of operation is that the work of the performer is an end in itself, not a means for the production of some good.

The performer's labours themselves constitute the end product which the audience purchases. Any change in training and skill of the performer or the amount of time he spends before the audience affects the nature of the service he supplies. For unlike workers in manufacturing, performers are not intermediaries between raw material and the completed commodity--their activities are themselves the consumers good. The immediate result of this technological difference between live performance and the typical manufacturing industry is that while productivity is very much subject to change in the latter, it is relatively immutable in the former.¹³

While the amount of labour necessary to produce a typical manufactured product has constantly declined since the beginning of the industrial

¹²William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 162.

¹³Ibid., p. 164.

revolution, the deception of Othello at the Playhouse Theatre in 1971 required about as much time and effort as it did on the stage of the Globe Theatre.

The accumulation of capital is no more capable than new technology of increasing the productivity of live performance. A larger theatre may allow the performers to serve larger audiences for a given expenditure of effort, and more rehearsal space might save more performer time, but the role played by capital equipment in the productivity of live performance is too limited for accumulation to help increase output per man-hour substantially. The training of an artist is a long and expensive process. To increase that training and education is to increase the quality of the artist but it will not affect his output quantitatively. The audience will be what the theatre seats allow and the length of performance will be unchanged. Economies of larger-scale operations can increase productivity through the agency of longer seasons over which certain production costs may be spread, but the performer will still produce his fixed services to an audience over a fixed period of time. The arts, because of their inherent technology "cannot hope to match the remarkable record of productivity growth achieved by the economy as a whole."¹⁴

The arts are not alone in being relatively incapable of keeping pace with the rising productivity. This situation of productivity limitations is one that appears to be shared by the entire service sector

¹⁴William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 165.

of the economy where output per man-hour has gone up much less rapidly than in the goods sector. In the post-war period output per man-hour has increased at a compound rate of 3.1 per cent per year but only 1.7 per cent per year for services.

The magnitude of this difference can be illustrated by noting that a quantity growing at a rate of 3.1 per cent per year doubles in less than 25 years whereas a quantity growing at a rate of 1.7 per cent requires more than 40 years to double.¹⁵

If there is no revolutionary way to speed up the process of rehearsing and performing a play or a symphony--certainly not at a rate of 3.1 per cent or even 1.7 per cent per year--so that the productivity must be considered roughly constant, what are the economic implications? The costs of operation will be affected and, because of the inter-relationships of various sectors of the economy coupled with the inability of the arts to achieve sustained increases in productivity, these costs will inevitably increase.¹⁶ One of the major components in the costs of production are the performer's earnings.

Wages in the greater part of the economy rise with productivity. If wages of performers rise in something like the same proportion the cost of performance increase at a compound rate; if they do not increase performers will be discouraged from entering the profession and forced to leave it.¹⁷

¹⁵William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 167.

¹⁶Ibid.

¹⁷Vincent W. Bladen, "Economics of the Performing Arts," The Stage in Canada, Vol. 5, (May-June, 1970), 7.

The direct labour cost of each performance will increase at the same rate as the rate of increase in wages unless there is an offsetting reduction in the number of labour hours per performance. Where productivity is stationary "every increase in money wages will be translated automatically into an equivalent increase in unit labour costs--there is no offsetting increase in output per manhour as there is in a rising productivity industry."¹⁸ Artists' earnings are not the only component of the cost of performance that has been rising. The other production costs seem to have grown even more rapidly so that expenditures on artistic personnel have been a declining portion of the total expenditures.¹⁹

The situation, however, is even more complex since the rate of increase of costs for activities with stationary productivity will vary directly with the rate of increase in output per man-hour of the economy generally, so that "the faster the general pace of technological advance, the greater will be the upward pressure on costs in any industry which does not enjoy increased productivity."²⁰

The other side of the income gap relationship is the earned income. In any industry prices are expected to rise as costs increase. Thus, the inevitable increase in the cost per performance should, perhaps, be accompanied by a similar increase in price per performance so that revenues

¹⁸William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 171.

¹⁹Ibid., p. 235.

²⁰Ibid., p. 171.

keep up with costs and the income gap, while increasing in absolute amount, would not increase relative to total expenditures. But, earned income has not kept pace with increasing performance costs.²¹

Baumol and Bowen indicate three basic influences that can be expected to restrict the rate of increase in ticket prices.²² (Ticket sales constitute at least 90 per cent of earned income).²³ First, the performing organizations generally seek to distribute their services (which they believe to be valuable to society as a whole) as widely and as equitably as possible. Income and wealth are not to be the only factors in deciding who is to attend performances. Second, the place of the arts in the ticket purchaser's hierarchy of necessities is low. If performance becomes too expensive most people will decide to forego the experience. Third, ticket prices are held down by the fact that there exists close and low-priced substitutes for live performance.

We see then that technological development, which places live performance at such a cost disadvantage entraps it at both ends, as it were. The pattern of technological change causes costs of live performance to rise progressively while at the same time it limits prices through the competition of the mass media.²⁴

In the face of claims that a 'cultural boom' was being experienced in the United States in the 1960's, Baumol and Bowen set out to examine

²¹See Table II, Appendix A.

²²William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 172.

²³Ibid., p. 146.

²⁴Ibid., p. 174.

the evidence supporting these claims. They managed to show that, while there were no grounds for claiming a 'boom' in the demand for cultural activities at the professional level (the boom in amateur arts activity being, apparently, very real), and admissions expenditures on the arts as a percentage of disposable income have not risen spectacularly since 1949, neither have the shares of disposable income devoted to most other related (movies, television and radio, records and musical instruments, and spectator sports) services.²⁵ By and large, the performing arts may be considered to have held their own in the competition for the consumer's dollar.

Audience size can sometimes be stimulated by means of requiring sacrifices of principle and policy, such as the avoidance of contemporary works, but these are sacrifices which some organizations may not, and it could be argued, should not, be willing to accept.²⁶ The financial problems of the performing arts organizations will not be solved, in any case, by increases in audience demand alone. Even if 100 per cent capacity were achieved "many performing arts organizations would find that the increased revenue still fell far short of their

²⁵William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 48.

²⁶The recent cancellation of the production of a new Canadian play by George Ryga at the Vancouver Playhouse Theatre is typical of the concern to avoid the risk of increasing losses in the face of an uncertain demand for an unknown product. "The Playhouse . . . took the unusual step of deciding it wouldn't attempt to stage the play this season. . . . What frightened them was something the 1970-71 Playhouse fears . . . -- the risk of the financial unknown." Allan Fotheringham, The Sun, Vancouver, B.C., January 1971.

current income gap."²⁷ The conclusion must be drawn that box office revenue cannot be expected to increase "at a rate sufficient to prevent the income-cost gap from widening."²⁸

The amount of the total income gap is the crucial figure since it represents the amount which "society must be prepared to contribute, by some means, if the nation's existing performing arts organizations are to be kept solvent."²⁹ The estimated total gap for 1964 fell in the range of between 19.5 million dollars and 22.5 million dollars for non-profit, professional performing organizations (including music, theatre, opera and dance organizations) in the United States.³⁰ The important point to recognize is that a total income gap of less than 25 million dollars for all professional performing arts in the United States is an extremely small figure, given the scale of the general economy.³¹ "To us, the noteworthy implication of our total income gap figure is the small scale of professional independent non-profit performing activity in the giant American economy, and the miniscule fraction of the nation's wealth that is required to finance its continued

²⁷ William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 257.

²⁸ Vincent W. Bladen, "Economics of the Performing Arts," The Stage in Canada, p. 8.

²⁹ William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 150.

³⁰ Ibid., p. 152.

³¹ This figure represents only the operating costs; no provision was made for construction of theatres and other capital costs. Ibid.

operation."³² In Canada, the 1969 income gap for the twenty performing arts organizations has been estimated at some 9.2 million dollars³³--a sum that represents 0.01 of 1 per cent of the Canadian Gross National Product.³⁴

While the total income gap of the professional performing organizations is small by current economic standards, for the individual performing group an income gap may mean the difference between life and death, or at the very least, between satisfactory and unacceptable standards of performance.

Here, then, is the financial problem of the performing organizations: the pressure that is imposed by the nearly universal financial gap, and the threat to quality which hangs over a group that incurs a significant and protracted deficit.³⁵

The financial pressures upon the performing arts cannot be expected to ease with the passage of time. The income gap which has been shown to be inherent in the performing arts industry, because of its technology, can be expected to grow, not only in absolute amount as costs rise, but also, as a proportion of the performing arts budget since the situation is not wholly due to inflation.³⁶ The performing arts organizations can

³²William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 153.

³³Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 14.

³⁴Canadian Imperial Bank of Commerce, "The Canadian Economy in 1970," Commercial Newsletter, (Issue 5/69) gives the total figure for the Canadian National Product in 1969 as 78.5 billion dollars, p. 8.

³⁵William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 157.

³⁶Ibid., p. 207.

expect to find themselves with operating deficits which will continue to be inevitable, unless governments and the general public recognize the true costs of live performance, understand that these costs "can be expected to rise relative to costs in general"³⁷ though price rises will fail to keep pace, and consequently, increase the scale of their support. If the public will not meet these growing deficits the performing arts organizations "must either cut their costs (and this means reducing the quantity and quality of their services, not reducing the cost of providing the same quantity and quality) or they must run a deficit."³⁸

Closing the Gap

Patronage and subsidy are, thus, absolute necessities if we are to ensure the survival of the performing arts. No one sector of society, however, "can or should carry the full brunt of the performing arts income gap."³⁹ All possible sources of patronage and subsidy must be enlisted, "including federal, provincial, regional and municipal governments, corporations, foundations, trade-unions, and private philanthropists."⁴⁰ If the gap is not filled by such contributions "we can

³⁷ William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 179.

³⁸ Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 9.

³⁹ The Awkward Stage, p. 68.

⁴⁰ Ibid.

look forward to artistic decline and the demise of some valuable organizations."⁴¹

The purpose of this study is not to argue the general case for government and private support of the performing arts: the existence and substantial support of the Canada Council is taken as clear evidence of a solid commitment by the Federal government, and many other sectors of Canadian society have provided ample evidence of their support.⁴² During the ten-year period, 1957 to 1967, assistance from the private sector quadrupled and public subsidy increased eleven-fold.⁴³ The problem of the income gap for the performing arts has been exposed above to show that public and private support is needed if what appears to be a universal and insoluble problem is to be overcome and the survival of Canadian performing arts organizations is to be ensured.

It is perhaps useful, however, to mention several reasons for expecting subsidization in addition to the technological and economic one presented above. The concepts of welfare economics provide several theoretical reasons for the existence of market failure and the consequent need for subsidization. The strict Paretian assumptions of divisibility of goods and the absence of externalities of production and consumption

⁴¹Vincent W. Bladen, "Economics of the Performing Arts," The Stage in Canada, p. 7.

⁴²Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 20.

⁴³The Canada Council, 11th Annual Report, 1967-1968. (Ottawa, June 1968), p. 10.

are not met with in the case of the performing arts.⁴⁴

Economic goods are of two types: individual goods and social goods. The two types are similar in that each serves the needs of human beings and each is produced only through the use of scarce resources. They differ, however, in the character of their demand. Individual goods are characterized by divisibility. They can be divided into small units over which particular persons can be given exclusive possession. . . . Such goods are amenable to individual demand and to free consumer choice. The amount consumed by any individual can be adjusted to his particular tastes. Social goods, on the other hand, are not divisible into units that can be the unique possession of individuals. Rather they tend to become part of the general environment--available to all persons within that environment.⁴⁵

Thus, performing arts which cannot be sold in quantities or units adjusted to individual desires for the most part, may be looked upon as social goods which are subject to collective or political rather than individual demand. While the classification of the performing arts as purely indivisible and purely social is a simplification of the real life situation, it is one which will be accepted for the time being in this study, on the grounds that the 'social' or 'public' aspects of the performing arts are far more pervasive than the 'individual' or 'private' aspects.

The principle of indivisibility operates in at least three ways in the performing arts. The first way involves the nature of the performance

⁴⁴Alan T. Peacock, "Welfare Economics and Public Subsidies to the Arts," The Manchester School of Economic and Social Studies, Vol. 37 (Dec. 1969), 323.

⁴⁵Howard R. Bowen, "The Interpretation of Voting in the Allocation of Economic Resources," Quarterly Journal of Economics, Vol. 58 (Nov. 1943), 27.

itself, which requires a collective demand in terms of an audience. While individual units, in terms of location of seating which affects the individual's aural and visual experience, may be available, the performance itself cannot be broken down into units which can be sold to individual consumers according to their respective tastes. An individual may buy a whole performance (along with the rest of the audience) or he can buy no performance (by not being in the audience); he cannot, however, reasonably expect to buy a half or a third of a performance on the grounds that that is all he can afford. The second aspect of indivisibility involves the fact that

certain types of services are available only as functioning units; it is not possible to buy them a part at a time. In some cases it is the sheer scale that makes subsidy necessary.⁴⁶

A symphony orchestra requires a specific number of instruments, and thus musicians, to provide a performance of an orchestral work. To cut out musicians, because of lack of funds, is to destroy the orchestra by destroying its ability to fulfill its function in performing those orchestral works. The third aspect of the problem of indivisibility which is relevant to the subsidization of the arts is

the taking account of the welfare of future generations, that is to say the welfare of those whose interests cannot be directly expressed at present through the exercise of their own preference in the market.⁴⁷

⁴⁶Trevor Russell-Cobb, Paying the Piper, (London: Queen Anne Press, 1969), p. 3.

⁴⁷Alan T. Peacock, "Welfare Economics and Public Subsidies to the Arts," The Manchester School of Economic and Social Studies, p. 322.

If subsidies to the performing arts organizations are not continued, and indeed increased, these organizations will inevitably decline in their quality of service and through such decay many of them will die.

One cannot turn the tap off, or even partly off, and expect to be able to turn it on again at will and find the flow restored immediately--or even quickly--to what it would have been.⁴⁸

If future generations, educated to understand and expect the performing arts, are to have opportunity to experience live performance, the present performing organizations need support in the development of their art. This assumes "that we are interested not only in the playing and performing of 'classics' but the problems associated with ensuring 'creation'."⁴⁹ Innovation and creation are high risk ventures which are the first to disappear from the performing organizations' programmes.

The presence of spillover effects from cultural activities, which suggests that there are external economies of production and consumption constitutes the other argument for subsidization. It involves the proposition that "social benefits from the arts are greater than the private benefits," a proposition which may provide justification for such government support.⁵⁰

If one agrees that the performing arts confer general benefits on the community as a whole, . . . he must conclude that in part,

⁴⁸ Vincent W. Bladen, "Economics of the Performing Arts," The Stage in Canada, p. 4.

⁴⁹ Alan T. Peacock, "Welfare Economics and Public Subsidies to the Arts," The Manchester School of Economic and Social Studies, p. 323

⁵⁰ Thomas Gale Moore, The Economics of the American Theatre, Durham, N.C.: Duke University Press, 1968, p. 117.

and perhaps in large part, the arts are public goods whose benefits demonstrably exceed the receipts one can hope to collect at the box office. It is a long-standing tenet of economics that if the wishes and interests of the public are to be followed in the allocation of the nation's resources, this is the ultimate ground on which governmental expenditures must find their justification. Government must provide funds only where the market has no way to charge for all the benefits offered by an activity. When such a case arises, failure of the government to provide funds may constitute a very false economy.⁵¹

An examination of the potential and actual external benefits of the performing arts activities forms a considerable portion of a later chapter in this study. The problem at this point is to examine the situation in Canada, with particular reference to the two major performing arts in Vancouver, The Playhouse Theatre and the Vancouver Symphony Society, and to assess the present levels of private and public support in order to determine the extent to which the Vancouver region is involved in the support of the performing arts located there and should be expected to become involved over the next five years.

⁵¹William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 385.

CHAPTER III

THE PERFORMING ARTS IN CANADA TODAY

The total income gap for Canadian performing companies, for the 1969-1970 season, may be estimated in a range between 11.0 million dollars and 13.0 million dollars.¹ Of this amount, some 9.2 million dollars represent the income gap for the 20 major performing arts organizations (approximately 76 per cent of the total gap).² It is perhaps of interest to note that the 1969 income gap amounts to about forty-five cents per capita in Canada.³

The extent of the gap for the major theatre and symphony organizations in five Canadian metropolitan cities is shown in Tables III-A and

¹The estimate has been made on the basis of the Canada Council grants for the 1969-70 season, 5.8 million dollars to 59 performing organizations, which constitute approximately 50 per cent of the financial support given to the organizations in the effort to close the gap. Complete figures were not available concerning all 59 organizations to ascertain the exact amount from their individual revenue and expenditure records. Source: 13th Annual Report of the Canada Council, June 1970.

²The total figure is based on the budget figures taken from the applications by the twenty major performing organizations for grants for the 1969-1970 season, to the Canada Council. The twenty major performing arts organizations were identified as: Charlottetown Festival, Atlantic Symphony, Neptune Theatre, Quebec Symphony, Montreal Symphony, Théâtre du Nouveau Monde, Le Rideau Vert, Les Feux Follets, Les Grands Ballets Canadiens, National Arts Centre Orchestra, Canadian Opera Company, Theatre Toronto, National Ballet Company, Toronto Symphony, Stratford Festival, Royal Winnipeg Ballet, Winnipeg Symphony, Manitoba Theatre Centre, Vancouver Playhouse Theatre, Vancouver Symphony.

³Wolfgang M. Illing, Population, Family, Household, and Labour Force Growth to 1980. Ottawa, Sept. 1967. This study estimates a projection of the total population in Canada for 1969 at 20,943,700.

III-B.⁴ The extent of the gap varies from city to city, due to regional differences in the types of organization, audience, programme, facility and urban economy, involved. For example, the Neptune Theatre in Halifax which presents a summer season to accommodate the tourist trade, lacks air-conditioned facilities so that audience attendance may be somewhat lower than what might otherwise be expected.⁵ In the case of the Atlantic Symphony, which has a very low earned income (31 per cent of expenditure), the regional nature of the organization can be considered the cause. This orchestra perceives its role as regional in the sense that it serves all of the Maritime region. This involves touring to the many small, scattered and isolated communities of the four provinces. The touring is highly expensive and cannot be expected to be covered by income earned in small centres in depressed areas.⁶ For the Vancouver Playhouse Theatre the prolonged newspaper shutdown in the spring of 1970 and the small size of the city-owned theatre combined with internal factors to cause a serious financial crisis which has left the organization very cautious in their programming.⁷

The average income gap for theatre organizations in the five cities appears to be 56 per cent of expenditures and that for the symphony

⁴Appendix A.

⁵Personal interview with Mr. John Hobday, Administrative Director, Neptune Theatre, Halifax, August 11, 1970.

⁶Personal interview with Mr. Lionel D. Smith, Executive Director, Atlantic Symphony Orchestra, Halifax, August 11, 1970.

⁷Allan Fotheringham, The Vancouver Sun, Van. 1971.

orchestras is nearly 60 per cent. For the Vancouver Playhouse, earned income amounted to 239,440 dollars, which covered 38 per cent of their total budget. The income gap was, thus, 62 per cent which can be seen to represent a needed expenditure per capita of about 85 cents on the basis of the City of Vancouver population or a needed expenditure per capita, on the metropolitan basis, of 34 cents. For the Vancouver Symphony, earned income amounted to 333,762 dollars which covered 39 per cent of their total budget. Thus, the combined expenditure needed to close the income gap for these two organizations represents 1/10 of 1 per cent of the total gross expenditure for the metropolitan region. The combined per capita additional income needed to cover the income gap of the two major performing arts organizations amounts to approximately one dollar and eighty-five cents on the basis of the core city population or seventy-four cents on a metropolitan population basis. This would seem to be a very small amount to raise, yet the two organizations were unable to convince investors, both private and public (at all three levels of government) to meet their need. The actual amount of public investment at the local level represents an expenditure of only five cents per capita on the basis of the metropolitan population. The Playhouse Theatre ended its season with a deficit of 83,000 dollars (after grants and donations) and the Vancouver Symphony was left with a deficit representing about 1 per cent of their total budget. These deficits combined represent a per capita amount of eleven cents on the basis of the metropolitan population. This sort of deficit, which is common to all of the major organizations, seems to indicate that the

true cost of maintaining and encouraging performing arts in Canada has not, so far, been understood.⁸

At the same time, there appears to be a danger in thinking of the gap as a determinate quantity. Professor Bladen, in his recent report to the Canada Council suggested that "we must begin to think in terms of several gaps: a starvation gap, an austerity gap, an optimum gap, an affluent gap."⁹ During the five years previous to 1969, Canada Council's funds for subsidy to the arts increased sixfold. This impetus, however, could not be maintained at a time when the austerity measures of the federal government, undertaken in the efforts to curb inflation, included a reduction in the rate of increase of federal investment in the arts. The slackening of the forward drive in increased investment was rapidly felt in the arts.¹⁰

As a result of the current 'austerity' operating budgets have been cut by reducing the quantity and quality of service provided. The 'gap' has been thereby reduced and provision to fill that gap has been made. But the gap so filled is a 'starvation gap': it involves such a reduction in quantity and quality of service as may be expected to kill off the company if continued for even one more year.¹¹

On the basis of the present income gap for the twenty major performing organizations an estimate was made of "what their budgets would be in

⁸ See Tables III-A, IV-A, III-B, IV-B and V, Appendix A.

⁹ Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 12.

¹⁰ The Canada Council, 13th Annual Report 1969-1970, (Ottawa, 1970), p. 57.

¹¹ Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 12.

order to give the quantity and quality of service which we ought to expect and which they want to provide."¹² This estimate which would constitute a shortrun optimum level "allowing for the full utilization of our existing artistic resources"¹³ suggests a total 'optimum' operating budget for the twenty major organizations of some 27.3 million dollars for the 1970-1971 season, approximately 50 per cent greater than that presently projected.

The gap under these conditions, and I think of this as the 'optimum' gap would be some \$15.7 million dollars or some \$7.0 millions more than the 'starvation' gap as it appears in the 1970-71 figures. The gap grows by less than the expenditures because the increased quantity of service brings in more operating revenue.¹⁴

At the local level the 'optimum' gap for the Vancouver Playhouse and the Vancouver Symphony is difficult to assess exactly. However, some of the effects of 'starvation' are readily identified. Playhouse Two was an experimental workshop programme of the Vancouver Playhouse which employed a second group of actors. When the Playhouse fell into financial crisis in the spring of 1970 this programme was the first to be cut from the present season's (1970-1971) programme. In addition, the operations of the children's theatre programme, Holiday Theatre, were cut back during this time of crisis.¹⁵ To restore the experimental

¹² Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 16.

¹³ Ibid., p. 17.

¹⁴ Ibid.

¹⁵ Personal interview with Mr. David Gardner, Artistic Director, Vancouver Playhouse Theatre, Vancouver, Dec. 2, 1970.

and children's programmes would involve increasing the budget by approximately 100,000 dollars.¹⁶ The Vancouver Symphony Orchestra perceives itself as a regional orchestra serving the whole of British Columbia. Touring, however, was stopped three years ago for lack of funds so that now the orchestra is only serving the Vancouver region. A two-week tour of each of three areas in British Columbia, the north, the interior and Vancouver Island would involve a total loss of between 45,000 dollars and 90,000 dollars.¹⁷ In determining the projection, based on the past trends, of the income gap for the two organizations, these figures have been incorporated for the 1971-1972 season, since the budgets and grants for the 1970-1971 season have already been announced.¹⁸ No adjustments have been made for prolonged seasons or enlarged companies, however desirable this might be. For the purposes of projection, the income gap for 1971-1972 on, will be estimated at a constant 40 per cent.¹⁹ On the basis of present government policies in the support of the performing arts, a projection of the level of local government support of these major performing organizations, that might reasonably be expected, from the point of view of higher levels of government and of the performing arts organizations, is derived. The present means of closing the gap

¹⁶ Personal interview with Mr. Robert Ellison, Administrative Director, Vancouver Playhouse Theatre, Vancouver, B.C., Dec. 16, 1970.

¹⁷ Personal interview with Mr. Victor White, General Manager, and Mr. Michael Allerton, Assistant Manager, Vancouver Symphony Society, Vancouver, B.C., Dec. 17, 1970.

¹⁸ See Tables VII-A and VII-B, Appendix A.

¹⁹ See Tables VII-A and VII-B, Appendix A.

must be examined in order to arrive at such an estimate.

Present Investment in the Performing Arts in Canada

1. Private Support

The difference between sales revenue and expenditures, the income gap, in the performing arts has been made up to some degree by private donations and government subsidy. In the year 1970-1971 nearly 20 per cent of the income gap for performing arts organizations in Canada will be filled by private donations.²⁰ For the twenty major companies an average of 17.5 per cent of the gap was met by gifts from individuals, corporations and private foundations in 1969-1970.²¹ The average private donation for theatre companies in the five Canadian cities compared in this study was 9.8 per cent of the 1969-1970 income gap.²² The Vancouver Playhouse Theatre covered 23.5 per cent of its income gap for the 1969-1970 season by such gifts but this has been declining as a proportion of the income gap since 1965.²³ The average private donation for the symphony orchestras in the five cities was 25.2 per cent of the gap for

²⁰Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 21.

²¹Figures obtained from these organizations 1970-1971 applications to the Canada Council.

²²See Table IV-A, Appendix A.

²³See Table VII-A, Appendix A.

the 1969-1970 season.²⁴ The Vancouver Symphony Orchestra received enough gifts from private sources to fill 24.6 per cent of their gap, which is a decline from the 1966-1967 season when 53.1 per cent of the income gap was met by private donations.²⁵

City to city differences in private support are not easily explained, nor are the differences among the various art forms.²⁶ One explanation of the relatively low support of theatre,²⁷ is perhaps the tendency in the theatre constantly to try new works and means of performance and expression which may be expected to enter into the realm of controversy as often as not and which exist in an atmosphere of risk almost all the time. A conservative public and conservative business enterprises (which are most characteristic of the Canadian setting) will find it easier (more reasonable) to support the art forms, opera, ballet and music, which depend to a much greater extent on a known and established repertoire of proven works.²⁸

²⁴ See Table IV-B, Appendix A.

²⁵ See Table VII-B, Appendix A.

²⁶ It appears that no comprehensive and detailed survey has been made in Canada of the sources of revenue available in relation to the region, province or city population which is served by the performing arts organizations.

²⁷ Tables IV-A and IV-B show that in all five cities in Canada support to the symphony orchestra is somewhat more substantial than that to the theatre organization.

²⁸ Evidence of this tendency to support the safe and proven in art can be seen in the situation of the Stratford Festival, whose major effort is the production of the works of Shakespeare. Private donations account for 26.4 per cent of the 1969-1970 income gap. The Charlottetown Festival which tries to produce new musical theatre works each season (Canadian works primarily), anticipates the private support available is expected to cover only 4 per cent of the 1970-1971 income gap.

While this study is not concerned to analyze in detail the private investment in the arts, it seems useful to consider several points in arriving at an estimate of the future role that private investment will play in the support of the performing arts in Canada. At present, this private investment has been found to be split roughly in half between individual and corporate support.²⁹ In the case of individual gifts, there is some feeling that these will make up a diminishing portion of the total support necessary, unless new tax incentives to private giving are introduced to help maintain the present proportion.³⁰

There is thought to be, on the other hand, considerable room for increased giving on the part of corporations.³¹ In the United States the proportion of corporate giving received by the arts rose from 3 per cent in 1965 to 5 per cent in 1968. The National Business Committee for the Arts in the United States has set a goal of raising this to 10 per cent of all corporate giving.³² "Corporate giving in Canada to social

²⁹Few of the performing arts organizations kept records of this division between individual and corporate giving. In personal interviews with the administrative officers of the organizations across Canada, however, the estimate was almost always a 50-50 split.

³⁰Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 22.

³¹Richard Eells, The Corporation and the Arts (New York; MacMillan Co., 1967), provides an examination of the growing relationship between the world of art and the corporate world of business which seems to be developing in the United States.

³²George A. Spater, "A New Mission for Business," Saturday Review, (Feb. 28, 1970), 29.

welfare, health and education has been generous but few corporations give up to the allowed limit, and a very small part of this goes to the Arts."³³ In Canada, the proportion of corporate gifts to the community received by the arts is only about 1 per cent.³⁴

On the basis of the discussion above it is difficult to arrive at a definite estimate of the future proportion of support in closing the income gap, which might be expected from private sources. For this reason, the 1970-1971 figure of 20 per cent suggested by Professor Bladen, has been chosen to represent the proportion of the income gap which can be expected to met by private investment in the performing arts, in the projections presented in Tables VII-A and VII-B. The proportion has been assumed to remain relatively constant to 1975.³⁵

2. Public Support

If approximately 20 per cent of the income gap of the performing arts organizations can be expected to be met by private donations, the question then becomes one of how to close the remainder of the gap. All

³³ Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 27.

³⁴ Mavor Moore. Cultural Policy and the Economic Dilemma. Unpublished speech to the Canadian Conference of the Arts, September 1970).

³⁵ To assume a further decline would be to assume no increases in the amount of corporate giving. For both the Vancouver Playhouse Theatre and the Vancouver Symphony it can be seen on Tables VII-A and VII-B, in Appendix A, that the decline has not been completely constant so that no precise estimate could be made based on that trend. In addition, there has been no slackening in the pressures of the Canada Council on the organizations to enlist private support nor in the efforts of the organizations to do so.

levels of government in Canada have contributed financial support to the performing arts. The extent to which each level of government has been involved, and the policies under which this involvement has taken place, constitute the remainder of this chapter.

(a) Federal Government Support

It seems obvious that governments must play an active part in the cultural development of society, that they cannot remain mere spectators. The [Canadian] Federal Government, for one, has long since been aware of this. The existence of the CBC, The Canada Council, the National Film Board, and Canadian Film Development Corporation, the CRTC, the National Arts Centre and the National Museums are ample evidence . . .

Yet this array of institutions does not seem to have sprung from an over all plan or global assessment of cultural needs. It appears rather, that each was created individually to meet specific needs, as and when they arose. This doubtless explains the charge that is most often levelled at the Government: that it has no overall view and no real cultural policy; that it persists in a piecemeal approach.³⁶

In answer to this criticism of lack of cultural policy the Office of the Secretary of State has been working toward devising a comprehensive policy by approaching the problem on three fronts: priorities, co-ordination, and orientation. As a result of the establishment of priorities in Government, Mr. Pelletier claims to have obtained a "very

³⁶Gerard Pelletier, The Development of a Cultural Policy in Canada, (notes for an Address by the Secretary of State to the Canadian Conference of the Arts, Toronto, Sept. 12, 1970), pp. 7-8. To trace the existence of a general cultural policy in Canada this speech has been chosen to outline the basis for a policy, because of the feeling on the part of members of the Conference that Mr. Pelletier's speech would, at last, be a definitive statement.

high priority" for cultural programme within the Cabinet. "We have sought Government recognition of the fact that such programs are not a luxury or a dangerous extravagance, but a necessity as absolute and as urgent as social security or economic development."³⁷ Co-ordination of the various cultural agencies is to be achieved so that cultural institutions will be "looked upon as component parts of a simple instrument designed, to advance cohesive and unified program of cultural activities."³⁸ The concern in adopting a cohesive cultural policy is emphatically not, however, to inhibit artistic freedom. "No one in the Government wants to bring about state control of the arts or to impose a set of values on those involved in this field."³⁹ The orientation of the cultural policy is not meant to suggest the introduction of centralized and authoritarian dictatorship over cultural activities but rather the development of Canada as a multicultural society and the democratization of culture so as to encourage cultural expression at all levels in Canadian society.

Our essential, indeed our only purpose is to improve the quality of life in Canada; to promote solidarity among all Canadians as they participate in a more and more stimulating cultural future, and finally to prepare for that leisure civilization in which we may perish of mediocrity and boredom if we have not prepared ourselves for a sufficiently rich and intense intellectual life.⁴⁰

³⁷Gerard Pelletier, The Development of a Cultural Policy in Canada, p. 9.

³⁸Ibid.

³⁹Ibid., p. 12.

⁴⁰Ibid., p. 17.

The Canada Council was created by the Government of Canada in 1957, as a non-political body, which was to operate autonomously on the revenue from a 50 million dollar endowment fund, in order to provide support to organizations and individuals in the humanities, social sciences and the arts. A further 10 million dollars unconditional income grant was made by the government to the Canada Council in 1965.⁴¹ To the extent that Mr. Pelletier's remarks represent as complete a statement of the federal government's cultural policy as has been given in the recent time of crisis for the performing arts organizations, it seems pertinent to point out that, in spite of the grave dangers involved in cutting back the support to these organizations, the priority given to cultural activity by the Cabinet was not so high as to prevent the general austerity measures of the Government to be stringently applied to the Canada Council. Federal Government investment in the arts was greatly increased during the Centennial year, 1967, which was for those involved in the arts, "a year of new and encouraging levels of Government investment. It was also a time of unprecedented demand on the financial resources and creative energies."⁴² When the Centennial year was over, many organizations were found to still have deficits. By 1968 the arts in Canada were on the verge of a dangerous economic crisis.

⁴¹Thomas B. Hendry, "Trends in Canadian Theatre," Tulane Drama Review, (Fall 1965), 62.

⁴²Canadian Conference of the Arts, A Crisis in the Arts, (A brief presented to the Government of Canada, October, 1968), p. 3.

The most outstanding production companies and orchestras have seriously accumulated deficits. The operating budgets seldom permit the commissioning of Canadian works; professional salaries scales are still so low that the threat of a serious talent drain is always present; labour and production costs are rising steadily.⁴³

The critical situation was not recognized, however, by the Federal Government which by "holding the line on government support"⁴⁴ was imposing, in fact, a regression on the performing arts organizations. The Canadian Council by cutting back in some areas of its programme (particularly in grants to individual artists) has endeavoured to at least prevent any of the existing organizations from sinking, but this has been done by providing support only at the level of 1968-1969 which has meant for most of the organizations a period of standing still if not of actual regression.

In the decade 1957 to 1967 the proportion of the income gap for the performing arts organizations provided by the Canada Council rose from 21 per cent to 40 per cent, and the number of organizations receiving such support doubled.⁴⁵ The average proportion of the income gap for theatre organizations in the five Canadian cities included in this study met by the Canada Council for the 1969-1970 season was 47 per cent. For the symphony orchestras this average proportion was

⁴³ Canadian Conference of the Arts, A Crisis in the Arts, p. 4.

⁴⁴ Ibid., p. 5.

⁴⁵ See Table II, Appendix A.

45 per cent.⁴⁶ For the year 1970-1971, the Canada Council grants to the twenty major performing arts organizations will cover almost one-half of their income gap and will amount to 4.3 million dollars.⁴⁷

The Vancouver Playhouse Theatre received grants from Canada Council covering an increasing proportion of the income gap until the 1969-1970 season when the proportion fell back from 54.4 per cent to 39.7 per cent. A cut which resulted in a deficit of 82,520 dollars (22 per cent of the income gap).⁴⁸ The 1970-1971 season's grant has been raised to 44 per cent of the estimated gap.⁴⁹ The proportion of the income of the Vancouver Symphony, covered by Canada Council grants, has increased from 34.0 per cent for the 1965-1966 season to 46.0 per cent for the 1969-1970 season. This organization is still, however, left with a deficit for the latter season of 28,595 dollars (6.4 per cent of the income gap).⁵⁰ For the 1970-1971 season, Canada Council's grant of 190,000 dollars covered only 38 per cent of their estimated gap.⁵¹ The impact of diminishing federal government support in proportional, if not absolute terms, can thus be seen to be very immediate

⁴⁶See Tables IV-A and IV-B, Appendix A.

⁴⁷Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 27.

⁴⁸See Table VIII-A, Appendix A.

⁴⁹1970-1971 application of the Vancouver Playhouse to the Canada Council. The amount of the grant is 150,000 dollars.

⁵⁰See Table VIII-B, Appendix A.

⁵¹1970-1971 application of the Vancouver Symphony Society to the Canada Council. The amount of the grant is 190,000 dollars.

for Vancouver's major performing arts organizations. Other sources of support must be enlisted if they are to survive.

(b) Provincial Government Support

The extent of public investment by provincial governments has varied greatly from province to province as has the articulation of policy. The establishment of a Ministry of Cultural Affairs in Quebec "implies the importance attached to the arts in French Canada."⁵² Following the 1969 election, the New Democratic Party (NDP) government in Manitoba also established a Ministry of Cultural Affairs which has adopted the goal of ensuring cultural pursuits for as widespread a population (in terms of both area and class) as possible.⁵³ Saskatchewan has an Arts Board, established in 1949, which was the first government arts council in Canada. This board has been concerned with working as an audience-development agency at the grass roots level in an effort to build up community support and interest in the arts.⁵⁴ Alberta has a Cultural Affairs Branch which is active and progressive in its efforts to develop arts programmes which will gain strong community support.⁵⁵ The

⁵²Duncan F. Cameron, "Arts Education for the General Public: A Canadian Commentary," Arts Education for the General Public, (Reports from the Canadian Conference of the Arts, 2, Toronto 1970), 14.

⁵³Personal interview with Miss Mary Elizabeth Bayer, Cultural Development Office, Winnipeg, Manitoba, Jan. 11, 1971.

⁵⁴Saskatchewan Arts Board, 22nd Annual Report, (Regina, Saskatchewan, 1969).

⁵⁵Personal interview with Mr. Walter Kaasa, Director, Cultural Development Branch, Department of the Provincial Secretary, Alberta, Dec. 18, 1970.

Atlantic Provinces lack arts councils but the levels of financial support are very high.⁵⁶ The Province of Ontario Council for the Arts was formed in 1964 to assist and guide the organization of the arts in that province.⁵⁷ British Columbia established in 1968 a substantial Cultural Fund (10 million dollars) which provides increasing financial support to cultural activities in the province. It can, thus, be seen that provincial government recognition of the need for provincial responsibility in guiding and encouraging the development of cultural programmes has been very recent for the most part.

The proportion of the income gap met by provincial grants rose from 7 per cent for the 1957-1958 season to 22 per cent for 1967-1968.⁵⁸ Provincial support of the five major theatre organizations covered an average 19.7 per cent of their gaps for the 1969-1970 season. For the five major symphony orchestras the average proportion of the gap covered by provincial funds was 15.8 per cent.⁵⁹ The Vancouver Playhouse Theatre has received increasing provincial support, rising from 4.5 per cent of their income gap for the 1965-1966 season to 8.8 per cent for the year 1969-1970. The Vancouver Symphony received a very high proportion of their funds, 16.3 per cent of the gap, from the province in the year

⁵⁶ See Tables IV-A and IV-B in Appendix A for Nova Scotia's contribution. Prince Edward Island, while at present not contributing to the programme of the Charlottetown Festival, does provide the full maintenance costs for the Confederation Centre.

⁵⁷ Duncan F. Cameron, "Arts Education for the General Public: A Canadian Commentary," Arts Education for the General Public, p. 14.

⁵⁸ See Table II, Appendix A.

⁵⁹ See Tables IV-A and IV-B, Appendix A.

1965-1966 but this dropped the next season to a low 5.8 per cent. Since then provincial support has risen to 14.7 per cent for the 1969-1970 season.⁶⁰

The record of provincial investment in the performing arts is too new to be firmly established. The inclination, however, has been to provide increasing financial support and the impetus seems to have been the encouragement of wider audience support and greater active participation. In the year 1970-1971 provincial grants (exclusive of the large debt-reducing grant in Ontario) will cover over 20 per cent of the income gap of the major performing arts organizations in Canada.⁶¹

(c) Local Government Support

The serious performing arts are basically urban in location and urbane in sophistication. The problems associated with performance organizations, artists and audience education are largely urban in scope and quantity. The opportunities to meet these challenges also appear to depend mainly upon urban initiative and leadership. It is, thus, the urban areas that must become the leaders in aesthetic education, opportunities and artistic encouragement of the performing arts.⁶²

In the United States the picture of municipal support to the performing arts is very unclear since no comprehensive study has been undertaken. The picture is clouded further by the practices of some

⁶⁰ See Tables VII-A and VII-B, Appendix A.

⁶¹ Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 22.

⁶² John G. Suess, "The Performing Arts and the Urban Environment," Urban Affairs Annual Review, p. 279.

cities providing free use of municipal facilities to performing organizations, while other cities subject them to burdensome taxes. The idea of municipal support is a fairly new one in the United States and while there is some indication of increased support the long-run outlook for substantial increases in municipal support is not considered to be good.

The reason is that our cities are beset by exactly the same kinds of financial pressures which affect the performing arts. Municipal services such as education and police protection operate under productivity handicaps similar to those which cause costs in the arts to soar. At the same time the municipalities are severely constrained in raising taxes.⁶³

The municipal aid by contributions was estimated, in 1964, to be some 2.5 million dollars which represents approximately some 3 per cent of the total direct aid given to the performing arts organizations and includes capital investment in new facilities. This amount appears to be generous, however, in comparison to the federal and state contributions. Indeed, the total public support as late as 1964 represented only 4 per cent of the total aid.⁶⁴ The picture has improved to a certain extent since 1964 with the establishment of the National Foundation on the Arts and the Humanities in 1965 and the provision of 40 million dollars in new funds in 1969 under President Nixon.⁶⁵

⁶³ William J. Baumol and William G. Bowen, Performing Arts--The Economic Dilemma, p. 349.

⁶⁴ Ibid., pp. 366-367.

⁶⁵ Nancy Hanks, "Government and the Arts," Saturday Review, (Feb. 28, 1970), 32.

At the local level, however, no discernable increase in public support has been found.

In contrast to such a poor record of local government support (and in fact support from all levels of government in the United States), it seems pertinent to examine the support given by European municipalities which "recognize the cultural, social and economic contributions the arts can make to community well-being."⁶⁶ In Vienna, a Municipal Department for Culture and Education was formed to develop a programme aimed at the education of the city's population in broad cultural terms. This department supervises libraries, museums, theatre and music, sponsoring concerts, paying for the printing of new composition and commissioning new works. The internationally recognized Vienna Symphony Orchestra and the principal concert societies of the capital are jointly supported by the municipality and the federal government. The municipality also acts as the principal patron of an annual arts festival which is geared to the Austrian population rather than the foreign tourists. The municipal government of Salzburg helps to meet the high deficit which the Salzburg Festival runs in spite of the fact that performances are sold out and tickets are expensive even by international standards. Throughout Austria, municipalities support their own theatres and orchestras.⁶⁷

⁶⁶ The Awkward Stage; The Ontario Theatre Study Report, Toronto, Methuen, 1969, p. 66.

⁶⁷ Fredrick Dorian, Commitment to Culture, Penn: University of Pittsburgh Press, 1964, p. 29ff.

Swiss cantons and cities support their theatres with subsidies that are normally proportionate to the size of their respective populations. The Stadt Theatre of Zurich which is devoted exclusively to opera, operetta, and ballet receives subventions from both the canton and the municipality of Zurich. The 1962 subsidy from the municipality amounted to 1.4 per cent of the total municipal budget. The municipality also maintains a repertory theatre and a concert society and an orchestra. The Swiss cities of Basel, Bern, Geneva, Lucerne, St. Gallen, Winterthur and Zurich all support full sized professional orchestras the year round. The management of these organizations is private in each city but the cantons and municipalities provide subsidies.⁶⁸

While cultural policy and support in France are for the most part national and centralized in nature, two striking examples of municipal support can be cited. The city of Strasbourg completely maintains a symphony orchestra and provides substantial support to both opera and theatre. The world renowned Théâtre des Nations, an international theatre festival, was supported from the beginning (in 1954) by the Municipal Council of Paris and the council of the Département Seine; these subventions and the scope of the festival were enlarged after the second season.⁶⁹

Progressive patterns of municipal theatre support clearly emerged in Germany late in the 18th century. Today the art life of West Germany

⁶⁸ Frederick Dorian, Commitment to Culture, p. 113ff.

⁶⁹ Ibid., p. 182ff.

is decentralized and is heavily sponsored at the local level. Munich is the home of the Bavarian State Opera, three symphony orchestras and a repertory theatre which receive their basic subsidies through a municipal department for cultural affairs. The contributions of other West German cities to the support of the performing arts are just as impressive and have included the building of many new concert halls and theatres.⁷⁰

In the Hague a special city department administers a municipal arts programme which ranges from the Royal Theatre through museums and visual arts foundations to the Hague Philharmonic Orchestra and the National Ballet. The municipality of the Hague voted in 1958, 1.84 per cent of the total annual budget of the city to cultural purposes (this did not include allocation to general education projects). By 1963 the amount voted for cultural purposes had risen to 2.29 per cent of the entire annual budget of approximately 68 million dollars. The municipality of Amsterdam was responsible in 1963 for 66 per cent of the total subsidy to the Concertgebow and also provided support to the municipal theatre and to two major ballet companies.⁷¹

Such a list of municipal contribution to the maintenance of performing arts in Europe does not stop with the principal cities mentioned here. Mr. Frederick Dorian lists a multitude of smaller cities, towns and even villages which are actively involved in such support.

⁷⁰Frederick Dorian, Commitment to Culture, p. 244ff.

⁷¹Ibid., p. 328ff.

In Great Britain support of the performing arts is mainly through the Arts Council, a national organization. Section 132 of the Local Government Act, 1948, however, permits local governments to "spend the product of a 6d rate on entertainment in all its forms."⁷² This represented 2.5 per cent of the money raised from local taxes. In spite of such a provision, there is no great evidence of local governments taking advantage of it to attract and support performing arts organizations.

It has been estimated that if the full six penny rate were generally levied, it would provide over £50 millions each year for the arts and entertainment. In fact, the rate has rarely been fully used by local authorities, partly perhaps through ignorance of how to spend it, more often because the arts have seemed the least defensible part of the local budget.⁷³

There are, however, several splendid examples of local civic authorities providing support of the major symphony orchestras and theatre companies in Great Britain. The Halle Orchestra and the Repertory Theatre of Manchester receive substantial support from the city of Manchester. The City of Liverpool provides a symphony hall and financial support to the Liverpool Philharmonic Orchestra. The City Council of Bristol has given financial support to the Bristol Old Vic for both production and building expenditures. In 1961, the London

⁷² A Policy for the Arts, Command Paper Cmnd. 2601, (London: HMSO, Feb. 1965), p. 10.

⁷³ Michael Green and Michael Wilding, Cultural Policy in Great Britain, Unesco 1970, p. 10.

County Council, which has been widely involved in support of the performing arts voted 3.6 million dollars as their contribution toward the establishment of the National Theatre. Many summer festivals of music and theatre throughout Britain, also receive local civic support.⁷⁴

Having shown how great the variations in municipal support of the arts are throughout the rest of the Western World, ranging from complete maintenance and encouragement of cultural activities to almost complete lack of interest or support, it is time to examine the situation in Canada. Recent investigations have shown a growing need for more municipal support for community and regional theatre programmes.⁷⁵

Professor Bladen, for one, recommends

. . . that pressure be brought by persuasion on municipalities to provide more local support for the great organizations located in them. In the aggregate municipal support is even now considerable but is very uneven. The smaller cities have, I suspect, a better record than the big ones.⁷⁶

In the ten years from the 1957-1958 season to that of 1967-1968 the proportion of the income gap for the performing organizations in Canada met by local government subsidy has decreased from 14 per cent to 10 per cent while the proportionate support of the other two levels

⁷⁴Frederick Dorian, Commitment to Culture, p. 377ff.

⁷⁵The most recent studies suggesting such a need are The Awkward Stage, the Ontario Theatre Report, 1969, and Vincent Bladen's report to the Canada Council, Jan. 1971.

⁷⁶Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 28.

of government have both increased substantially.⁷⁷ For the 1969-1970 season the average proportion of the austerity income gap for the five major theatre organizations, covered by municipal support was 9.0 per cent and for the five major symphony orchestras it was 9.1 per cent.⁷⁸ It is estimated that municipal government support of the major organizations will meet approximately 10 per cent of the income gap.⁷⁹

Local government support to the Vancouver Playhouse Theatre has fallen from 14.6 per cent of the income gap for the 1966-1967 season to 6 per cent for that of 1969-1970. The support to the Vancouver Symphony fell in the same period from 11.4 per cent of the income gap to 8.3 per cent. The decrease in private donations to the Vancouver Symphony over the same period, in both absolute terms and as a per cent of the income gap, has diminished the level of local subsidy (private and public) to the performing arts. At the same time, the proportion of the total expenditures of the performing arts organizations covered by the box office revenues has decreased.⁸⁰ The recent austerity can be seen to operate in all parts of the local sector to the performing arts in Vancouver.

There is, however, a need to look at the nature of local government support in more precise detail. The metropolitan or regional basis

⁷⁷ See Table II, Appendix A.

⁷⁸ See Tables IV-A and IV-B, Appendix A.

⁷⁹ Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 21.

⁸⁰ See Tables VII-A and VII-B, Appendix A.

for support, the nature of grants provided for the support of the performing arts and the role of facilities in this support are issues which must be brought into perspective. These issues tend to overlap in such a way as to make it difficult to ascertain the exact nature of local public support. In order to gain some understanding of the complexity of this support the experience of three cities is examined and compared to the situation in Vancouver.

The support of cultural activities in Montreal is administered by a metropolitan body, the Montreal Council of the Arts. The funds of the Council are made up by an amusement tax which is collected by the municipalities and paid to the Provincial Government which then returns a portion of the funds to the Arts Council. In 1969 the total revenue of the Council was 531,000 dollars. Of this, 67 per cent came from the city of Montreal's collection of the amusement tax and the remainder from the other municipal corporations located on Ile de Montréal and Ile Jésus.⁸¹ Arts organizations in the metropolitan region received 86 per cent of the Council's funds. The largest portion of this subsidy (60 per cent) was given to the five major performing arts organizations.⁸² The expenditure on cultural programmes thus represented about 16 cents per capita on a metropolitan basis. In addition to the funds given the Arts Council, the Province of Quebec provides support, through

⁸¹City of Montreal, Report of the Director of Finance, (Fiscal Year ending April, 1969).

⁸²These major organizations were Montreal Symphony Orchestra, Theatre du Nouveau Monde, Les Feux Follets, Les Grands Ballets Canadiens, Le Theatre du Rideau Vert.

the amusement tax, to the Régie de la Place des Arts, the administration for this cultural centre. In 1969, the City of Montreal's share of this support was 1.5 million dollars. Thus, the metropolitan per capita expenditure in support of an arts programme was approximately 70 cents and the City of Montreal's share in this expenditure represented one-half of 1 per cent of the city's gross general expenditure.⁸³ The picture is not so generous as this might appear, since it seems that the rent of the theatre or concert hall in the Place des Arts may have been set very high so that the city (and the province) may avoid having to meet operating deficits. There is reason to believe the net subsidy to the cultural programmes of the major organizations is negative.⁸⁴ The precedent for metropolitan or regional support of core city cultural activities, however, is clearly established.

The Stratford Festival in Ontario receives no direct grant from the municipal corporation of Stratford. This would seem highly unreasonable when a large portion of the rapid industrial and economic development of the past decade in Stratford are believed to be directly attributable to the presence of the Festival. An indirect grant is given by the municipality in the form of property taxes foregone. The Festival Theatre and the Avon Theatre are the property of Stratford Festival Foundation and the estimated annual tax on this property is

⁸³City of Montreal, Quebec, Report of the Director of Finance, Apr. 30, 1969.

⁸⁴Evidence collected by Professor Bladen suggested this possibility but was inconclusive for lack of adequate data. Interview with Professor Bladen, April 1971.

65,000 dollars. This amount represents 7 per cent of the Festival's income gap. At the present time the fact that the city council is considering giving up this indirect support and taxing the Festival on the same basis as the rest of the municipality is a cause for great concern.⁸⁵

Toronto's St. Lawrence Centre for the Performing Arts which has been in operation for three seasons, was built by the city. The by-law under which the centre operates, left the responsibility for management of the facility and programme for the centre in the hands of the centre's director-general. The city of Toronto was to assume the costs of all activities related to the centre and there was no limit placed on these costs. In January 1971, the city council was asked to cover an operating deficit in excess of 500,000 dollars. While there was considerable confusion in the budget that was presented by city officials--several figures and two fiscal years had been lumped together--the problem that arises by not making a distinction between programme and facility costs is well-illustrated. The original bylaw provided support for the facility and programme but it was not made clear what this entailed. Finally, as a result of this financial crisis, a clear distinction between production of activities and the operation of the St. Lawrence Centre will be made. Operating costs of the centre will be covered, but it is not clear that support will still be given to the Toronto Arts Foundation which provides the major

⁸⁵ Personal interview with Mr. William Wylie, General Manager of the Stratford Festival, Stratford, Ont., July 29, 1970.

programme of drama for the Centre.⁸⁶

Grants and donations given by the City of Vancouver for cultural purposes in 1969 amounted to 181,000 dollars, which represented one-twenty-fifth of 1 per cent of gross general expenditures for the city.⁸⁷ Of this amount, 21 per cent was given to the support of the Vancouver Playhouse Theatre and the Vancouver Symphony, the two major performing organizations in the city-owned and built facilities of the Queen Elizabeth Theatre complex. The rent paid by Vancouver Symphony accounted for 89 per cent of the grant given by the city so that the grant programme activities was less than 4,000 dollars. In the case of the Playhouse Theatre, which has use of the theatre on an hourly rental basis, it is questionable whether the city's grant covers the full cost involved in renting the theatre, so that there is probably no support of a theatre programme.⁸⁸

From the city's point of view, however, the amount of money provided in support of performing arts activities in 1969 was closer to

⁸⁶ Toronto Globe and Mail, Jan. 30, 1970 and Feb. 6, 1971.

⁸⁷ City of Vancouver, B.C., Financial Statement and Annual Report, year ending Dec. 31, 1969.

⁸⁸ Personal interview with Mr. David Gardner, Artistic Director, Vancouver Playhouse Theatre, Vancouver, B.C., Dec. 2, 1970.

Labour costs involved in tearing down sets in order to accommodate other concerts and meetings in the Theatre during the season are paid by the company. This same condition requires that sturdier sets must be built which means more expensive sets. If the theatre belonged to the company these costs would be eliminated. In addition the lack of storage space in the theatre requires rental of such space elsewhere. Administration offices are also located elsewhere because of the high rental (twice the amount now paid) charged by the Theatre for such space.

600,000 dollars. The city was responsible for the maintenance of the Civic Theatre as a facility. In 1969, for the first time, the Civic Theatre showed a deficit which amounted to 59,000 dollars. In addition the city was responsible for the debt charges on the buildings, some 476,000 dollars which represents 4 per cent of the total debt charges included in the 1969 budget. This total expenditure in support of the performing arts represents approximately one-sixth of 1 per cent of the city's gross expenditure. On a per capita basis it represents an expenditure of one dollar and thirty cents for the city's population.⁸⁹

The audience attending productions of the Playhouse Theatre and the Vancouver Symphony is not made up solely of people from the City of Vancouver. Approximately one-third of the subscribers to the Vancouver Symphony for the 1970-1971 season are residents of the surrounding municipalities of the Lower Mainland.⁹⁰ Grants from municipalities other than the City of Vancouver, amounted to about 20 per cent of the local government support for the Symphony. Such support of the Playhouse Theatre is even less, although the audience is just as widely distributed throughout the metropolitan region.⁹¹

⁸⁹The total expenditure figure for the performing arts of 600,000 dollars includes the facility operating deficit, the debt charges for the facility and the grants to the performing arts organizations, Source: City of Vancouver, Financial Report for 1969.

⁹⁰Audience distribution statistics provided by Mr. Michael Allerton, Assistant Manager of the Vancouver Symphony Society, Jan. 1971.

⁹¹Personal interview with Mr. Robert Ellison, Administrative Director, Vancouver Playhouse Theatre, Vancouver, B.C., Dec. 16, 1970. See Tables VII-A and VII-B, Appendix A.

Several conclusions may be drawn from the discussion above. First, the record shows local public investment in the performing arts in Canada to have been relatively small and apparently to be decreasing. Theatre and concert facilities have been provided for performance in many cities but little recognition of the need for programme support has been shown. Since the presence of such facilities in a city is seldom for the exclusive use of Canadian performing arts groups, it seems unreasonable to find that the performing arts organizations are, in fact, helping to carry the costs of maintaining these facilities. Second, the use of a special amusement tax, while perhaps a successful means of raising subsidy funds, does not seem to provide real evidence of local government support. It is putting the burden of support on that portion of the public that is, in fact, using the various amusement facilities. Such a means of support seems to negate the idea of the performing arts being a social good with benefits not limited only to those using the service. Third, because the demand for the services of the major performing arts organization is not limited to the core city population, local government support would seem to mean that all municipalities in a metropolitan region should share in the responsibility for preserving these organizations. Further, it will be demonstrated in Chapter V, that the benefits accruing from the presence of such organizations are not limited to the core city population.⁹²

⁹² The Municipal Act in British Columbia provides for grants to be made to groups outside the individual municipality. Part IV., section 201, 202.

Future Investment in the Major Performing
Arts Organizations in Vancouver

Tables VII-A and VII-B present projections of the local public investment in the Vancouver Symphony Society and the Vancouver Playhouse Theatre that might be expected by the organizations themselves. Local contributions on something like this scale may well be expected by the superior levels of government which will ask to see evidence, in the form of financial support, of local interest in the preservation of these groups. To determine the exact proportions of the contributions that should come from each level of government, an extensive examination would be needed of the distribution of taxing powers and governmental responsibilities at all three levels.⁹³ Since such an analysis is beyond the scope of this study the division between the various sectors of investment accepted for the projections is that identified for the 1970-1971 season when the Canada Council grants will fill 50 per cent of the gap. Provincial grants will cover 20 per cent, local governments will cover 10 per cent, leaving 20 per cent of the gap to be filled by private donations.⁹⁴ These proportions are assumed to remain constant to 1975.

The total expenditure of the two organizations will include the 1971-1972 escalations required to restore the programmes deleted in the

⁹³ Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 28.

⁹⁴ Ibid., p. 21.

time of austerity and will be assumed to grow at a constant rate of 15 per cent per annum.⁹⁵ The income gap, which will be at least approaching the level of the optimum gap rather than remaining at the level of the current austerity gap, is then taken as a constant 60 per cent of the total budget.⁹⁶ Using these figures provides only a very approximate projection of what local government support should be but it does suggest the level of support needed. This should, however, be taken as a minimum level. No adjustments in expenditure have been made to increase the seasons of the two organizations to year-round operations or to provide an escalation in performer's wages to what they should be, given the years of training, the nature of the work and the demand for increasing quality in performance. The projections, thus, provide an indication of the minimum support which might be expected over the next few years, if the community wishes to maintain these performing arts organizations. More generous support is necessary if the performing arts in Vancouver are to develop as they should.

⁹⁵ Vincent W. Bladen, The Financing of the Performing Arts in Canada, p. 23.

Professor Bladen recommends that a 15 per cent rate of growth is required in the performing arts in Canada. This has been accepted by the Canada Council.

⁹⁶ To provide a more precise estimate of the proportions of support, or to suggest changes to these proportions which should be expected from the three levels of government and from private individuals and business corporations requires a detailed analysis of the taxation structure in Canada.

CHAPTER IV

AN APPROACH TO LOCAL GOVERNMENT INVESTMENT IN THE PERFORMING ARTS

Chapters II and III which were concerned with the first hypothesis of this study, examined the economic problems of the performing arts and the financial sectors that might be expected to contribute to the support of these organizations. A projection was made for the immediate future of what might be expected in the way of minimum local government subsidy in the Vancouver metropolitan region from the point of view of the two major performing arts organizations in that region and from the point of view of the superior levels of government. The problem now becomes one of examining the situation from the point of view of the local governments, in particular from the point of view of the government of the City of Vancouver which has carried the largest share of the local government contribution in that region to date.¹ Before examining the particular case of Vancouver, however, the situation with regard to the provision of urban services must be examined. This chapter is concerned to provide a description of that situation and the development of an approach to the specific problem of public investment in the performing arts.

The economic problem of the performing arts is also faced by the city in its provision of urban services. Professor Baumol has extended

¹For the year 1969, the City of Vancouver contributed 82.5 per cent of the total local government subsidy to the major performing arts organizations. See Table VI, Appendix A.

the basic hypothesis, formulated in the study of the economic problems of the performing arts, to a wide variety of economic services including municipal government, education and leisure time activity.

Inherent in the technological structure of each of these activities are forces working almost unavoidably for progressive and cumulative increases in the real costs incurred in supplying them. As a consequence efforts to offset these cost increases, while they may succeed temporarily, in the long run are merely palliatives which can have no significant effect on the underlying trends.²

These activities by their very nature, permit only sporadic increases in productivity; their technology is similar to that of the performing arts in that innovation, capital accumulation and economies of large scale do not contribute to a cumulative rise in output per man hour. These are services "in which the labour is an end in itself, in which quality is judged directly in terms of amount of labour."³ They represent a 'nonprogressive' sector of economic activity.

The critical situation in the economic problems of the city becomes clear when "we recognize how large of a proportion of the services provided by the city are activities falling in the relatively nonprogressive sector of the economy."⁴ The bulk of municipal

²William J. Baumol, "Macroeconomics of Unbalanced Growth: The Anatomy of the Urban Crisis," American Economic Review, Vol. 57, (June, 1967), 415.

³Ibid., p. 416.

⁴Ibid., p. 423.

expenditures is devoted to education,⁵ an activity which offers very limited scope for cumulative increases in productivity.⁶ The same is true of police, hospital, social welfare, inspection and recreation services. At the same time, the city has limited sources of revenue.

Rapid urbanization is making heavy demands on our city governments and school districts, so that in recent years they have found it increasingly difficult to cope with the demands of their constituents. These same constituents, however, are often reluctant to provide the financial means of providing the services they demand.⁷

The upward trend in the real costs of municipal services and the failure of revenues to keep pace can be expected to continue.

Even though such a conflict of needs and limited resources arises, it should not mean that services of any functional sector of urban government must be dispensed with completely. The critical question is how much of the limited resources will be distributed in the future to each of the programmes undertaken by the local government.⁸ At present,

⁵The average proportion of the total general expenditures of the five Canadian cities examined in this study, devoted to education was 46.5 per cent in 1969. See Table V, Appendix A.

⁶William J. Baumol, "Macroeconomics of Unbalanced Growth: The Anatomy of the Urban Crisis," American Economic Review, p. 423.

⁷Werner Z. Hirsch, The Economics of State and Local Government, (New York: McGraw Hill, 1970), preface.

⁸This is the basic question underlying all approaches to rational planning which is broadly defined as "the process for determining appropriate future action by utilizing scarce resources in such a way as to maximize the expected attainment of a set of given ends." Morris Hill, "A Goals Achievement Matrix for Evaluating Alternative Plans," Journal of the American Institute of Planners, Vol. 24 (Jan. 1968), 19.

cultural programmes tend to be ignored because they are not considered a necessary part of the urban environment. Any expenditure on such programmes are reported under the grants and donations category in municipal financial statements (if they are reported at all) or they are classified as part of the 'other' category of expenditures in statistical reports.⁹ Chapter I, however, suggested that they are indeed an essential part of the urban environment and must be included in any systematic study of that environment. In this chapter, the problem is now to elaborate such a systematic approach in general terms in order to arrive at a framework which might be used to show the function of cultural activity, and in particular of performing arts activity, in the urban community.

The PPB Systems Approach

The choice of a systems approach has been narrowed, for this study, to a consideration of the Planning, Programming, Budgeting System (PPBS) approach and its underlying analysis. PPBS is an integrated management system that places emphasis on the use of analysis for programme decision making. The primary goal of PPBS is to provide more useful information in a systematic way. As its name implies the planning, programming, budgeting system is a combination of three related but distinct phases. A basic aim of PPBS is to unify

⁹ See Table V, Appendix A.

these phases in the single effort of making choices as to the direction of an organization's actions and allocating resources accordingly.¹⁰

The planning phase involves the formulation of goals and objectives and the selection of courses of action to attain those objectives

"through a systematic consideration of alternatives."¹¹ The programming phase involves devising the means of achieving the objectives through the production of a long-range plan that is organized by identifiable programmes and activities. The overall programme is "a plan classified by the outputs of the organization, rather than by the inputs, in which resources requirements are identified with or related to programme outputs."¹² The budgeting phase involves the transformation of long-range programmes into the terms of a periodic budget. Two other phases should be included in order to complete the system: the operations phase which involves the actual carrying out of the programme and the evaluation phase which involves an appraisal of the worth of the programme in attaining the organization's goals and objectives. This last phase provides the feedback mechanism of the system for modification of objectives and programmes.¹³ The basic components of PPBS include programme structure and programme analysis. "The entire PPBS process

¹⁰ P.A. Don Vito, The Essentials of a Planning-Programming-Budgeting System, (Rand Corporation Paper, P-4124, July 1969), p. 2.

¹¹ Herbert R. Balls, "Planning, Programming and Budgeting in Canada," Public Administration, (1970), 292.

¹² Ibid., p. 292.

¹³ P.A. Don Vito, The Essentials of a Planning-Programming-Budgeting System, p. 2.

is a planning process that is concerned with time, substance and money."¹⁴ It may be looked upon as substantive planning "which is the planning of objectives--ultimate objectives and intermediate objectives--and developing the means to achieve them."¹⁵

The term PPBS was first attached to the analytical system put into effect to strengthen and rationalize the decision-making process in United States Department of Defense during the early 1960's. In 1965, the President of the United States directed all major federal agencies to establish similar procedures under the guidance of the Bureau of the Budget. The growth of Federal fund-sharing programmes for the state and local levels of government provided the impetus for the adoption of PPBS concepts at these lower levels of government.

The move toward adoption of PPBS in Canada began, in 1960, with the appointment of the Royal Commission on Government Organization under the Chairmanship of J. Grant Glassco. Volume I of the Commission's report, Management of the Public Services, laid the groundwork for programme budgeting. By the end of 1966, the Treasury Board had published (1) a Management Improvement Policy Directive, which set out a summary of approved principles of good financial management, and (2) a Guide for Financial Management, which elaborated on the policy statement. A Planning, Programming, Budgeting Guide was published in July, 1968 which described the concepts of programme budgeting and set out the

¹⁴Herbert R. Balls, "Planning, Programming and Budgeting in Canada," Public Administration, p. 293.

¹⁵Ibid.

fundamentals of the PPB system under development in the Government of Canada.¹⁶

In the spring of 1968, a comprehensive overview of the proposed resource allocations for the fiscal year 1969-1970, classified, not by departments, but by new functions and activities, together with a fore-cast of the prospective revenue, was presented to Ministers. On the basis of this information the Cabinet was able to establish priorities and to make allocation decisions in terms of national objectives without the pressures that the more parochially oriented departmental estimates usually aroused.¹⁷

For 1970-1971, the estimates of departments were prepared and submitted to Parliament in a new form. In one section expenditures by activity, programme and objective classification were shown for each department and in another they were classified according to function. "In the latter section, all activities relating to an individual function of government were brought together regardless of whether they were carried out by two or more departments."¹⁸

It was found to be more difficult in some areas than in others, to "formulate programmes and activities to achieve them and to devise indicators of performance to measure the extent to which they are in fact being attained."¹⁹ The difficulty of applying the same PPBS techniques to departments with fundamentally different programme characteristics is similar to the difficulties involved in the application of

¹⁶ Herbert R. Balls, "Planning, Programming and Budgeting in Canada," Public Administration, p. 294ff.

¹⁷ Ibid., p. 298.

¹⁸ Ibid., p. 299.

¹⁹ Ibid., p. 301.

PPBS to lower levels of government in both Canada and the United States.²⁰ The Province of Ontario is probably the only example of the adoption of PPBS at a lower level of government in Canada, at the present time.²¹ Successful adoption of PPBS at the lower levels of government is hindered by the critical lack of analytical capability and of useful information for generation and evaluation of programmes.²² Within the narrow issue of local government support of major performing arts organizations, this study is basically concerned with providing an initial approach to overcoming this critical problem.

One of the basic characteristics of a PPBS is the framework or programme structure for classifying the courses of action open to an organization for the attainment of its objectives. The programme structure is an "hierarchical listing of Functions, Programmes, Activities and Sub-activities which contribute to the achievement of approved goals and objectives."²³ The purposes served by the programme structure include focusing attention on basic goals and objectives, providing a framework within which resource allocation decisions may be made, and

²⁰Michael B. Teitz, "Cost-Effectiveness: A Systems Approach to Analysis of Urban Services," Journal of the American Institute of Planners, Vol. 24, (Sept. 1968).

²¹The Treasury Board of the Province of Ontario issued the guide Effective Management Through PPBS in Oct. 1969. The process of specifying objectives and criteria for measurement is presently under way.

²²Michael B. Teitz, "Cost-Effectiveness: A Systems Approach to Analysis of Urban Services," Journal of the American Institute of Planners, p. 303.

²³Ontario, Treasury Board, Effective Management Through PPBS, p. 19.

presenting a basic network for information and reporting flows.²⁴

The first step in developing a programme structure is to identify the overall function for the organization and to determine from this a "series of output categories which, together, cover the whole work of the organization."²⁵ The programme categories are groupings of agency programmes which serve the same broad objective. These programme categories are then subdivided into programme activities which combine "agency programs on the basis of narrower objectives for the program category as a whole."²⁶ The programme activities are again subdivided into programme sub-activities or elements which comprise the specific products that contribute to the agency's objectives. "Each program element is an integrated activity which combines personnel, other services, equipment and facilities."²⁷

For the purposes of this study the PPBS concept of a programme structure provides the means of ensuring that cultural programmes have a place in the overall programme of local government. On the basis of several examples of programme structures adopted by various state and

²⁴ Ontario, Treasury Board, Effective Management Through PPBS, p. 19.

²⁵ Graeme M. Taylor, "Designing the Program Structure," in Program Budgeting and Benefit-Cost Analysis, ed. by Harley H. Hinrichs and Graeme M. Taylor, (California: Goodyear Publishing Co., 1969), p. 33.

²⁶ Ibid.

²⁷ Ibid.

local governments,²⁸ a hypothetical programme structure is proposed that might be considered suitable in a large Canadian city like Vancouver.²⁹

Taking a very general goal for the city of enhancing the social, economic and physical well-being of all individuals in the urban community, a set of four functional objectives were developed:

I. Social Development

Objective - Increased opportunities for social development.

II. Economic Development

Objective - Increased opportunities for economic development.

III. Law and Justice

Objective - Safeguard the individual, his rights, and his property.

²⁸Henry P. Hatry, "Criteria for Evaluation in Planning State and Local Programs," in Program Budgeting and Cost-Benefit Analysis, ed. by Harley H. Hinrichs and Graeme M. Taylor, p. 104; Werner Z. Hirsch, Economics of State and Local Government, p. 224; Selma J. Mushkin, "PPB in Cities," Public Administration Review, Vol. 29 (Mar. 1969), p. 172; Ontario, Treasury Board, Effective Management Through PPBS, p. 20; and Graeme Taylor, "Designing the Program Structure," p. 38.

²⁹The proposed programme structure can be considered only in hypothetical terms because the first and most critical step of specification of goals and objectives by the city government has not been taken in Vancouver. The general goals and objectives underlying the hypothetical programme structure are only assumed to be applicable. The present departments and agencies of Vancouver government, however, do for the most part fit easily the proposed structure. It should be noted that the programme structure need not necessarily be the same as the organizational structure of the government.

IV. General Administration and Support

Objective - Provision of the administrative, legislative and financial support necessary to attain the overall objectives.

Each of these functions was subdivided into programme categories based on limited objectives which would contribute to the overall objective underlying each identified function.

I. Social Development

1. General Welfare Programme:

Improvement of standard of living for all individuals in the community.

2. Health Programme:

Improvement of health for all people.

3. Public Education Programme:

Provision of increased opportunities for intellectual development and personal enrichment.

4. Home and Community Development Programme:

Provision of a satisfactory home, community and physical environment, and protection.

5. Amenities of Life Programme:

Provision of satisfactory leisure time opportunities.

II. Economic Development

1. Transportation Programme:

Provision of adequate transportation and communication facilities.

2. Aid and Regulation Programme:

Ensured optimal development of the urban environment.

3. Resource Development Programme:

Achievement of optimal use of all urban resources.

III. Law and Justice

1. Judicial Programme:

Provision of due process of law and justice.

2. Public Safety Programme:

Protection of all citizens and their property.

IV. General Administration and Support

1. Administrative Programme:

Provision of efficient administration of all programmes.

2. Legislative Programme:

Provision of necessary laws to govern the urban community.

3. Fiscal Affairs Programme:

Provision of necessary accounting systems for revenue and expenditure.

Since the focus of this study centres on the programme category, I.5, Amenities of Life Programme, it may be useful to show one possible breakdown of this category into programme activities and then programme elements.³⁰

³⁰ The basic breakdown for the Amenities of Life Programme category into activities is based on that provided by Graeme M. Taylor ("Designing the Program Structure," p. 38). The further breakdown of these activities into programme elements is suggested by the author.

I. Social Development

5. Amenities of Life Programme:

(a) Recreational Activities.

Programme Elements:

Facilities - Indoor and outdoor.

Programmes - Indoor and outdoor.

(b) Cultural Activities.

Programme Elements:

Facilities - Major performing arts centres.

- Major visual arts centres.

- Major learning resources centres;
museums and libraries.

- Community-centred arts and learning
resources centres.

Programmes - (i) Professional:

- Support of major performing
arts organizations.

- Support of major visual
arts organizations.

- Support of major learning
resources programmes.

- Promotion of community interest in cultural activities
and festivals.

Programmes - (ii) Amateur:

- Assistance to existing
performing, visual and
folk arts groups.
- Promotion of community
interest in cultural
activities and festivals.

This breakdown of activities illustrates the range of possible involvement by the city in cultural activities and allows for a distinction which is fundamental to the discussion of local government support for the performing arts. The provision of such a programme structure covering the whole range of city government effort suggests that to ensure reaching the basic objective of social development, cultural activities must be included. The programme structure, thus, provides the basis for a network of information for making decisions concerning the allocation of resources to the various activities of the city. This will involve the analysis of the costs and gains of the programmes in relationship to the accomplishment of stated effects.

Cost-Effectiveness Analysis

The evaluation, through analysis, of alternative programmes for public investment is one step in the planning process and is an integral

part of a systematic approach to decision-making.³¹ In the absence of a price mechanism to allocate output, the question arises as to how decisions about allocation of resources should be made.³² During recent years, the solution to that question has been sought through an attempt to quantify the costs and gains of each alternative programme. The earliest examples of such attempts were the cost-revenue studies which measured the direct costs and gains of a programme in monetary terms. This technique tended to ignore completely indirect costs and gains of spillover effects.

Cost-benefit analysis was developed to overcome this particular short-coming.

In cost-benefit analysis both sides are quantified in dollars and every effort is made to include not just the direct and immediate costs and benefits to the agency but also indirect or spillover costs and benefits accruing to others not directly related to the action in question.³³

Traditional cost-benefit analysis was conceived to serve the single goal of economic efficiency, which was defined as "the maximization of the net project contribution to the national income."³⁴ Thus,

³¹Evaluation is taken as the "means of aiding the selection by the decision-makers (those commissioning the plan) as to which of alternative plans they will adopt as the 'best' for whom they are planning." Nathaniel Lichfield, "Evaluation Methodology of Urban and Regional Plans," Regional Studies, Vol. 24 (1970), 151.

³²Michael B. Teitz, "Cost-Effectiveness: A Systems Approach to Analysis of Urban Services," Journal of the American Institute of Planners, p. 304.

³³Ibid., p. 307.

³⁴Morris Hill, "A Goals Achievement Matrix for Evaluating Plans," Journal of the American Institute of Planners, p. 19.

when costs and benefits are not available in market prices, the cost-benefit analysis imputes them as if they were subject to market transactions. Some costs and benefits are outside the scope of the market and cannot be priced in monetary terms. They are the intangible costs and benefits which in the final analysis are not really considered.

The net result of this is that the effects of investments that can be measured in monetary terms (whether imputed or derived from the market) are treated implicitly as being the most important effects. In fact, the intangible costs and benefits may indeed be the most significant.³⁵

In many public investment programmes, this short-coming of cost-benefit analysis is crucial since the problems being dealt with are such that the costs involved and the benefits derived cannot be measured in the same units. In addition, in many of these programmes the primary goal is not economic efficiency as defined above. The problem becomes one of how to "quantify the objectives toward which actions are directed and to devise measures of cost and effectiveness of alternative actions or systems with respect to those objectives."³⁶ Cost-effectiveness analysis is suggested by the systems analyst as a useful alternative to the cost-benefit model and it is considered to be basic to programme analysis in the PPB system. It may be considered when (1) there is no market evaluation of alternative outputs, and

³⁵ Morris Hill, "A Goals Achievement Matrix for Evaluating Plans," *Journal of the American Institute of Planners*, p. 20.

³⁶ Michael B. Teitz, "Cost-Effectiveness: A Systems Approach to Analysis of Urban Services," Journal of the American Institute of Planners, p. 307.

(2) the resource inputs can be approximately evaluated at market prices.³⁷ It allows inclusion in the analysis of the measurement of costs and gains in quantitative terms other than dollars. "In contrast to cost-benefit, cost-effectiveness analysis allows the use of multiple, not necessarily commensurable, measures on the benefit side."³⁸ The incorporation of all these measures into a single benefit measure is not necessarily the aim of this model. The absence of a market mechanism to determine the relation between a proposed system's cost and its worth or effectiveness allows no generally accepted standard for measuring that relationship.³⁹ "The goal of cost-effectiveness analysis is to provide information which together with the judgement of the planner permits a compromise among characteristics of the alternatives within the various environmental constraints, such as budget level or political awareness."⁴⁰ The analysis provides a range of levels of effectiveness and cost which might be acceptable to the decision-maker.

³⁷ William A. Nishkanen, "Measures of Effectiveness," in Cost-Effectiveness Analysis, ed. by Thomas A. Goldman, (New York: Frederick A. Praeger, 1967), p. 18.

³⁸ Michael B. Teitz, "Cost Effectiveness: A Systems Approach to Analysis of Urban Services," Journal of the American Institute of Planners, p. 307.

³⁹ Peter D. Fox, "A Theory of Cost-Effectiveness for Military Systems Analysis," Operations Research, (Mar. 1965), 191.

⁴⁰ Margaret B. Carpenter and Sue A. Haggart, Cost-Effectiveness Analysis for Educational Planning, (Rand Corporation Paper, P-4327, March, 1970), p. 2.

To avoid confusion in discussion it is useful to isolate three kinds of cost-effectiveness analysis. The first type of analysis estimates that the benefits or the effectiveness of a number of programmes are exactly the same so that the cost effectiveness analysis becomes an economic assessment study showing the programme that will minimize costs.⁴¹ The second type of analysis assumes a fixed budget so that the cost-effectiveness study shows the programme that will maximize effectiveness.⁴² The third, more general (and more complex) type of analysis, is not concerned with providing the alternative that 'maximizes' or 'minimizes' since neither budget nor performance are fixed quantities.⁴³ The cost-effectiveness study arrives at a series of effectiveness levels which may be available at different costs. The final choice of a particular alternative course of action will involve a trade-off between the level of cost and the level of effectiveness, that is, the degree to which an alternative programme achieves the performance specified by the objectives. The basic aim of all three types of analysis is, however, the same: they all seek to increase value received (effectiveness) for the resources expended (costs).⁴⁴

⁴¹William Lean, "Economic Studies and Assessment of Town Development," Journal of the Town Planning Institute, Vol. 53, (Apr. 1967), 150.

⁴²Nathaniel Lichfield, "Evaluation Methodology of Urban and Regional Plans: A Review." Regional Studies, Vol. 4 (1970), p. 160.

⁴³E.S. Quade, Cost-Effectiveness: Some Trends in Analysis, (Rand Corporation Paper, P-3529-1, March 1970), and Peter D. Fox, "A Theory of Cost-Effectiveness for Military Systems Analysis," Operations Research.

⁴⁴E.S. Quade, Cost-Effectiveness: Some Trends in Analysis, p. 7.

Other facets of the problem of cost-effectiveness analysis than maximization, minimization or suboptimization may be more significant in its solution. These include the specification of the right objectives and the determination of a satisfactory way to measure performance.

Cost-effectiveness analysis involves a systematic investigation of the decision maker's objectives and the relevant criteria; a comparison--quantitative where possible--of costs, effectivenesses, risks and timing associated with the alternative policies or strategies for achieving each objective, and an attempt to formulate additional alternatives if those examined are found wanting.⁴⁵

The first stage in the actual process of doing a cost-effectiveness analysis is to formulate the specific problem to be studied. To do this, the first step is to define the programme objectives. Cost-effectiveness analysis is undertaken to help choose a programme so that the first problem is primarily one of determining what the decision-maker is trying to attain through this programme and how to measure the extent to which it is, in fact, attained. The next step is to array the alternative means of attaining the specified objectives that are suitable for consideration. The third step is to establish all the specific constraints that set the bounds for the programmes that can be considered. Finally, there must be explicit criteria of preference for the ranking of alternatives according to their relative worth in attaining the specified objectives.⁴⁶ The extent to which such analysis is an integral part of

⁴⁵ E.S. Quade, Cost-Effectiveness: An Introduction and Overview, (Rand Corporation Paper, P-3134, May 1965), p. 3.

⁴⁶ E.S. Quade, Cost-Effectiveness: An Introduction and Overview, and Arthur D. Little, Inc., Cost Effectiveness in Traffic Safety, (New York: Frederick A. Praeger, 1968).

the PPB system and underlies all its phases, thus becomes evident.

The second stage in the analytical process is to formulate a cost model which can show the costs of each alternative and the extent to which each alternative would assist in achieving the objectives. The model may have a mathematical or verbal description. It should be able to predict the consequences of choosing an alternative.

These consequences tell us how effective each particular alternative is in the attainment of the objectives (which requires that we have a measure of effectiveness for each objective) and what the costs are.⁴⁷

A criterion of preference can then be used to rank the alternatives. However, as noted above, the difficulty of deriving a single effectiveness measure (which suggests the derivation of a single objective) makes the formulation of a cost model extremely complex.

The cost-effectiveness analysis is limited in its application to a great number of planning problems such as education,⁴⁸ traffic safety,⁴⁹ urban services⁵⁰ and noise pollution⁵¹ by lack of information. Information is lacking in terms of both knowledge of social, economic

⁴⁷E.S. Quade, Cost-Effectiveness: An Introduction and Overview, p. 6.

⁴⁸Margaret B. Carpenter and Sue A. Haggart, Cost-Effectiveness for Educational Planning.

⁴⁹Arthur D. Little, Inc., Cost Effectiveness in Traffic Safety.

⁵⁰Michael B. Teitz, "Cost Effectiveness: A Systems Approach to Analysis of Urban Services," Journal of the American Institute of Planners.

⁵¹C.D. Foster and P.V. Mackie, "Noise: Economic Aspects of Choice," Urban Studies, Vol. 7 (June 1970).

and physical interrelationships and of the right effectiveness measures and data to test the existence of these interrelationships and the suitability of the measures presently being used. However, the notion of measuring effectiveness, thus relating output characteristics of any programme to the achievement of broader objectives is useful in spite of this lack of information. Cost-effectiveness analysis can help the decision-maker to understand the relevant alternatives and key interactions by tying performance and cost measures to the attainment of the specified objectives. The analysis cannot in itself decide on the 'best' course of action but it can provide an improved basis for decisions or for bargaining. Cost-effectiveness produces an explicit display of a set of criteria and their measures. Priorities are not set by the analyst and thus the decision is not made by him. The final decision in the selection among alternative programmes depends on the priorities of the decision-maker.

In one sense, cost-effectiveness does not seem to be the relevant analysis for the purposes set out at the beginning of this chapter since the problem of enlisting local government support for the major performing arts organizations of a community is not concerned with an examination of alternative programmes. Many of the concepts associated with cost-effectiveness as the underlying analysis of PPBS are, however, quite useful in providing a means of allowing the decision-maker in local government to be more aware of what is involved in the subsidization to the performing arts. The first concept which provides a means for considering such investment is the possibility of introducing

quantitative measurement of effects in other than monetary terms. Some of the returns (both direct and indirect) from investment in the performing arts will be shown to have dollar values, but some will perhaps be more easily measured by other means. For example, increased employment opportunities related to both the cultural activities provided and the new industries attracted to the urban community by the presence of the performing arts organizations, should perhaps be measured in terms of the number of jobs created.

The second concept which is helpful in this study is the tying of performance and cost measures to broader objectives. If the goals of the local government included increasing the range of activity available in its community or increasing social well-being of the community as a whole, then part of the accomplishment of the goals is the development of a vital cultural environment.⁵² Even if the primary goal of the local government were expressed as increasing the economic well-being for the community as a whole, the case can be made that the presence of major performing arts organizations in the community may be a stimulating influence in the attraction of new industry. Elaboration of these statements will, however, be left to the next chapter.

The task at hand is to arrive at a means of displaying the returns to the community of such investment. This matter of display

⁵²Two papers from the Rand Corporation are concerned to clarify or define the concept of "quality of life," a concept which involves defining the well-being of the individual: Nicholas Rescher, On the Quality of Life and the Pursuit of Happiness, (Oct. 1969, P-4224) and N. C. Dalkey, Quality of Life, (Mar. 1968, P-3805). The importance of cultural environment as one of the social indicators of well-being is emphasized by both authors.

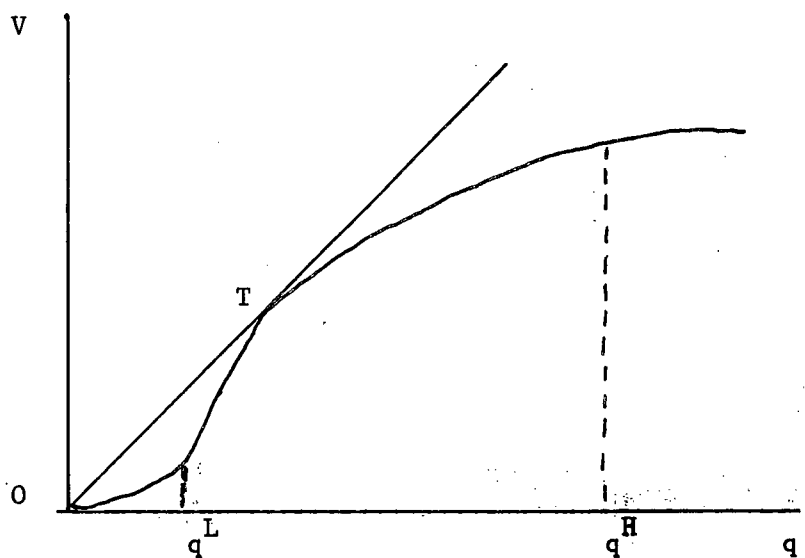
is again borrowed from the cost-effectiveness analysis. The problem is not to force a particular decision from one sort of analysis or another but to provide the basis for a more informed decision.⁵³ The final concept that is borrowed from this type of analysis is the cost-effectiveness model.

Cost-effectiveness analysis is applied to many problems where the project is not of an all-or-nothing kind; that is, there is associated with it a degree to which it can be carried out. The problem, therefore, is not merely to select the best project but also to decide how much to select. The cost-effectiveness model (Figure 1-A) illustrates the hypothetical relationship that exists between the gains associated with the adoption of a programme and the degree to which it is adopted. "In general, the value, V , that will be obtained from the application of a project, will typically appear as a function of its degree of adoption, q , in the form of an S-shaped curve."⁵⁴ The values from q^L to q^H represent the range where marginal benefits gained from an increase in the level of adoption would be large enough to warrant adopting the programme. The point, T , on the tangent to the curve from O , the origin, would represent the point of maximum marginal gain. This model provides

⁵³We must consider cost-effectiveness analysis as an aid to decision-making but not as a substitute for it. In the final decision the relative weights given to the various characteristics of a programme will differ from one decision-maker to the next. Their task is to achieve a workable trade-off among their differing priorities cost-effectiveness analysis provides information on which to base the bargaining procedure.

⁵⁴E.S. Quade, Cost-Effectiveness: Some Trends in Analysis, p. 14.

1-A. Relationship Between Effectiveness and the Degree of Adoption.



1-B. Relationship between Cost and Effectiveness.

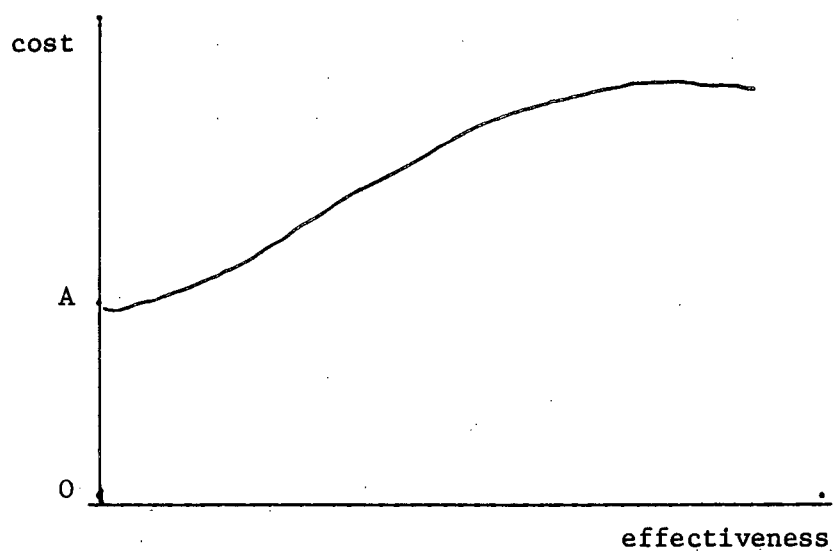


Figure 1 Effectiveness Curves

a basic explanation of the fundamental problem involved.

A more useful model, however, for comparison of alternative programmes where there is a continuous range of costs associated with different degrees of effectiveness is the cost-effectiveness curve itself, in which the cost that will be incurred in the adoption of a programme appears as a function of the degree of effectiveness attained. For each alternative in such a continuous case a cost-effectiveness curve could be drawn for the range of effectiveness levels that can be achieved. Then, conceptually, if for all the alternative programmes their respective costs and effectiveness can be represented in terms of single dimensions, the cost-effectiveness curves could be presented in a comparative format.⁵⁵

For the purposes of this study, however, there is no need to be concerned with the comparison of alternative programmes. The model of the continuous range of cost-effectiveness choices can be applied to the problem of local public investment in the performing arts. As has been shown in Chapter II, there is a minimum level of operating expense and therefore (after deducting the maximum contribution that can be expected from other sources) a minimum level of support that must be expected from the local government if there is a desire to ensure the life of the major performing arts organizations in the community. The question illustrated by the cost-effectiveness model becomes a matter of,

⁵⁵The word "conceptually" must be emphasized in this discussion. In reality, the reduction of the effectiveness side of the relationship to a single dimension poses a very difficult problem. The measurement of effectiveness of social programmes is still a very imprecise undertaking.

given that the presence of these organizations requires a minimum expenditure every year on the part of local government, represented by O A in Figure 1-B, (page 89), to increase the effectiveness of their presence, how much more is the local government willing to expend?⁵⁶ Thus, alternatives are introduced into the problem. If the community wishes to have a year-round season of music and theatre are they willing to supply the greater support necessary? Is the community willing to invest as much as 2 per cent of their total expenditure in music and theatre, as has been seen to be the case in at least one European city?⁵⁷ And conversely, if such an amount were made available for the support of theatre and music what would be the gains for the community? To answer such questions, some measure of performance or effectiveness must be provided.

The measures suggested by the second hypothesis of this study are the returns to the community stemming from the presence of the major performing arts organizations, and the problem becomes one of establishing the framework for displaying that such returns do exist and that these returns are distributed in spatial as well as functional ways.

⁵⁶ The ultimate question is, of course, what should a local government spend to achieve an optimum level of effectiveness. Both questions require much more information than is presently available in order to derive the exact utility function on which to base estimates of both cost and effectiveness. Nevertheless, the model illustrates very effectively the exact nature of the problem confronting the decision-maker.

⁵⁷ In 1969, two per cent of the city of Vancouver total general expenditure would have meant 8.1 million dollars. The actual amount devoted to all cultural purposes that year was 0.7 million dollars (if the debt charges and operating costs of the civic theatres are included).

Two dimensions are thus accepted as a means of constructing what might be called a "matrix of returns." The spatial dimension may be broken down into the core city and the surrounding metropolitan or regional communities. The functional dimension may be broken down into audience, cultural benefits to the general community, increased development, increased job opportunities, upgrading property values, etc. It is the task of the next chapter, Chapter V to apply this matrix of returns to the specific situation of the performing arts organizations in Vancouver and the gains to the community which are due to their presence. The necessary minimum costs to the community have been identified; a systems framework which allows for explicit inclusion of cultural programmes in the activities of the city has been presented; a limited framework in the form of a matrix of returns has been proposed as a means of displaying the returns to the community from investment in the major performing arts organizations; the problem is now to describe those returns.⁵⁸

⁵⁸It is perhaps necessary to emphasize that the matrix of returns and the application of the cost-effectiveness model do not provide the means for choosing between alternative programmes in the different sectors of government nor even between alternative programmes of the same sector. The analysis of this study is limited to discovering the costs of local government support, to displaying the gains to the local community and to providing a possible model for assessment of how much major performing arts activity that community wishes to have.

CHAPTER V

THE ROLE OF THE PERFORMING ARTS IN THE URBAN COMMUNITY

Private enterprise, operating in a market economy is said to meet most of the desires of consumers. There are, however, some situations in which the market cannot function properly so that government should become involved. The goods and services requiring government intervention in their provision have several economic characteristics. First, they have to be supplied to a group of people rather than on an individual basis. Second, they cannot be withheld from individuals who refuse to pay for them. Third, a situation of external economies exists in which there is a divergence between the price paid by an individual and the benefits or costs involved.

In some situations a private decision-maker may not have to pay for all the costs he causes the economy, in others he may not reap all the benefits. The price he will be using in his decisions will not fully measure the true values to the economy as a whole.¹

In Chapter II of this study it was shown that the performing arts constitute a service which cannot be expected to operate and survive without government intervention and thus it was suggested that the performing arts must be considered as a social or public good. The problem, now, is to examine further the extent to which the performing

¹Otto Eckstein, Public Finance, (New Jersey: Prentice-Hall, Inc., 1967), p. 9.

arts constitute a public good and the nature of the social or collective benefits that are involved. Or, to put the problem differently, it is necessary to determine whether the performing arts do, in fact, possess the characteristics outlined above for public goods.

The nature of the performance itself has already been shown (in Chapter II) to be indivisible. All members of the audience share equally in the enjoyment of all parts of the performance. To isolate an audience which pays to attend, however, is to suggest that the second characteristic, the impossibility of withholding a service, is not met in the performing arts. Yet, when the third characteristic of public goods is taken into account, the presence of external economies, it is possible to suggest that while the performance itself may be withheld for lack of payment the presence of the performing arts organization in the community provides a benefit which cannot be withheld from any individual. That is, there is a collective benefit gained from the presence of the performing arts as a public good.² The nature of the gains to the community, the externalities of the performing arts, thus becomes the focus of attention.

²The fact that the performance itself seems not to fit the category of public or social good is not too serious a problem if the approach of James Buchanan is accepted. In The Demand and Supply of Public Goods (Rand McNally, 1968), this author suggests that the tendency to force all goods and services into purely private and fully divisible goods and services or purely public and fully indivisible goods and services is based on a failure to recognize that in real-world fiscal systems there is always a situation of less than "pure publicness," (p. 49). Buchanan's third category of goods and services, partially divisible goods and services with interactions extending over groups of critically large size, (p. 174), would seem to be applicable to the situation of the performing arts.

At various points in this study there has been brief mention of specific gains to the urban community due to the presence of the major performing arts organizations. These gains have included the value to future generations, the provision of leisure opportunities, the attraction of industry, increased development, increased job opportunities and increased property values. Further gains such as the attraction of business and tourism, the educational advantages, the cultural benefits and the prestige of the community should also be included in the list of gains.

For this study, it seems useful to separate these gains into three groups: audience effects, measurable effects and immeasurable effects. In setting up the matrix of returns these three groups provide a classification system for the functional dimension of the matrix, while the spatial dimension may be broken down into two categories: core city and the surrounding metropolitan communities. In the case of Vancouver a further breakdown of surrounding metropolitan communities into cities and suburbs seems to be desirable.³ In the ensuing discussion of the various returns to the urban community from the presence of the performing arts organizations, emphasis will be placed on

³The cities category would include Burnaby, New Westminster, West Vancouver and the District and City of North Vancouver; the suburbs category would include all other municipalities of the Greater Vancouver Regional District. This breakdown into three categories of urban communities has been made on the grounds that there are discernible differences among, and similarities within, these categories. These differences are found to be functional, geographical, historical and socio-economic in nature. The final breakdown was influenced by the audience distribution patterns of the two major performing arts organizations.

identifying and understanding the functional measurable and immeasurable effects in general terms. Their spatial distribution and measurement will then be considered in terms of the Vancouver region. The audience effects are, however, primarily a matter of spatial distribution.

Audience Effects

To speak of audience effects is perhaps misleading since the problem is really one of discovering what and where the audience available to the performing arts really is. While no complete audience survey has been undertaken in Vancouver,⁴ some information is available about at least two parts of the total audience. The first of these, which might be categorized as the regular audience, is the subscription audience which buys a series of tickets for the season of performance. For both of the major performing arts organizations in Vancouver the

⁴Mr. David Gardner, artistic director of the Playhouse Theatre at the time of interview, suggested that there is a portion of the population that can be characterized as 'go-outers', people whose leisure behaviour involves activities outside their home environment, activities for which they are willing to pay. It is this group that he felt should be identified in order to understand what the potential audience for the performing arts might be. This suggests that an audience survey, per se, is not all that is needed. A survey of leisure behaviour characteristics of the entire urban population would be more useful. This should include study of the relationship between disposable income and leisure behaviour. Such studies might well indicate the real means of increasing the audience for the performing arts to include other members of the urban society than the professional middle class.

spatial distribution of this audience has been identified.⁵ This audience, which could be characterized as a professional middle-class audience is made up of members of many of the urban communities of the Vancouver metropolitan region. It represents approximately 20 per cent of the total audience.⁶ The second part of the audience which can be identified is the school audience which represents about 10 per cent of the total audience. Both of the major Vancouver performing arts organizations provide performance for schools in the metropolitan region.⁷ At the present time the exact distribution of the school audience in the metropolitan region is difficult to determine since lack of funds and support has meant cutting back this programme (for both the Vancouver Symphony and the Playhouse Theatre) from what it would

⁵ Audience distribution figures were provided for subscription audiences by Mr. Robert Ellison, Administrative Director, Vancouver Playhouse Theatre Company and by Mr. Michael Allerton, Assistant Manager, Vancouver Symphony Society, (see Figure 2). The percentages for the 'regular audience' represent the average of the percentage figures for the two major organizations. The total is less than 100 per cent since there are some subscribers living outside the metropolitan region.

⁶ It is not meant to suggest that the regular audience of subscribers is representative of the total audience. The occasional audience is perhaps made up of those whose limited funds make it impossible to afford a series bought in advance. It would also include those whose lives cannot be so easily planned in advance. A third segment might be those who have very developed cultural tastes and consequently wish to choose special events. It seems likely that the total audience would display a much wider range of socio-economic characteristics.

⁷ It should be noted that the Vancouver and District School Boards do not undertake to contribute to the production expenses for these performances. The school children must pay a small entrance fee and perhaps a transportation fee.

normally be. Thus, while the school audience is suggested as a measure for the matrix, it cannot presently be applied.

The Measurable Effects

The measurable effects, effects that could be expected to be traced and measured in monetary or other terms, would include the attraction of industry and business, the attraction of tourism, increased development, upgrading of property values, and increased employment opportunities. In Chapter I it was stated that the aim in this study should be to identify the types of information that are lacking rather than to gather the specific information needed for the Vancouver case. For this reason, the discussion of these effects is general, the aim being to indicate that the evidence of other cities suggests that these are, indeed, effects that can be expected when the major performing arts organizations are present in the urban community.

A thriving cultural life in any city may make the difference in determining whether a company establishes a new plant, research office or business in that city.⁸ The lack of cultural opportunities in a community have been found to enter very definitely into decisions to reject new investments in a city.⁹ The desire to live in a community

⁸Thomas Gale Moore, The Economics of the American Theater, p. 118.

⁹William A. Briggs, Cultural Centres--Some Facts and Figures, (National Recreation Association, N.Y., 1965).

that is culturally alive stems from the fact that "families want these opportunities for their children, even when they themselves have been denied them."¹⁰ Some businesses are believed to locate in New York City because "it is an area with a large supply of highly trained labour, labour which has migrated to New York at least in part because of its cultural advantages."¹¹ The presence of such amenities also plays an important role in the recruitment of first rate staff for businesses already located in the urban community. Universities and hospitals are prime examples of this effect.¹²

The case of Stratford, Ontario is a particularly good example of what the presence of a major performing arts organization can do for a community.

Over 30 new industries have settled in Stratford since the inception of the Shakespearian Festival, in 1953. Many new service industries have also developed and there are plans for additional developments.¹³

These industries have created over 4000 jobs. The rapid attraction of new industries to Stratford, a town which was in fairly depressed state in economic terms, can be attributed largely to the presence of the cultural opportunities afforded by the Festival.¹⁴

¹⁰The Awkward Stage, p. 74.

¹¹Thomas Gale Moore, The Economics of the American Theater, p. 118.

¹²V. W. Bladen, interview, April 1971.

¹³The Awkward Stage, p. 74.

¹⁴Ibid., p. 39.

Tourism is known to be a generator of large volumes of consumer expenditure and investment. European municipalities place a high premium on the arts because they attract tourists. The attraction of tourism to a city by the presence of major performing arts organizations is also illustrated by New York City where the theatre district, the museums, opera houses, ballets and music attract many tourists to the city.¹⁵ In Toronto it is suggested that every year millions of tourists are attracted to the city by the numerous cultural organizations, artistic activities and performances. "If these artistic attractions and facilities were to disappear overnight, hotels, motels, restaurants and stores would drop millions of dollars in income."¹⁶ The situation in Stratford provides even stronger evidence of the role that the performing arts may play in the attraction of tourism and consequently of business. In a 1966 survey, the primary reason for visiting Stratford was overwhelmingly attendance at performances in the Festival and Avon Theatres. The Festival was found, in that year, to be responsible for generating some 7.6 million dollars in tourist expenditures (95 per cent) and about 20 per cent of the employment in Stratford and the immediate vicinity.¹⁷

These examples show the role of the performing arts in the attraction of new industries and business, and of tourists to the urban community. Their presence is seen to contribute to increasing development, upgrading property values (and consequently raising property taxes)

¹⁵ Thomas Gale Moore, The Economics of the American Theatre, p. 118.

¹⁶ The Awkward Stage, p. 72.

¹⁷ Ibid., p. 73.

and increasing employment opportunities. The range of possible jobs in the community is widened; jobs in the performing arts and in related service industries become available; jobs serving the tourist industry may increase as more tourists are attracted to the leisure opportunities provided; and new jobs in the newly attracted industries and businesses may be expected.

These are all gains that may be enjoyed by the urban community, due to the presence of the performing arts. Their effects are not, however, limited to the core city which has provided the bulk of what little local government support has been forthcoming to the performing arts. The new industries will not necessarily, and indeed, will probably not, locate in the core city and the increased employment opportunities will be available to the metropolitan population. For the Vancouver situation then it seems reasonable to suggest that these measurable effects are spread over the three spatial categories.

The actual measurement of these effects would require a survey of the growth of new industries in all parts of the metropolitan region and of the employment opportunities in that region. For the matrix of returns three measures are suggested: dollars of new industrial and business investment, number of jobs created, and dollars of increased local government revenues. A fourth measure which might be considered, seems more pertinent to the core city, the city of Vancouver in this case; that is, the dollars of tourist expenditure. This would seem to suggest a second type of survey which should be undertaken, a survey of tourism in Vancouver. Each of these surveys would provide information

that could cover a much wider range than just what is pertinent to the presence of the performing arts in the community.

Unmeasurable Effects

There are other gains to the community which appear to be less tangible in the sense that they cannot really be measured in a meaningful way. These unmeasurable effects of the presence of the performing arts organizations have been mentioned above. They include the value to future generations of ensuring the continued existence of this part of our culture,¹⁸ the present cultural and educational benefits to the urban community,¹⁹ the value of an increased range of leisure opportunities available to the urban population, and the prestige which the urban community may gain from the presence of these organizations which, through their striving for excellence, gain a national or international reputation which contributes to the self-image of the urban community.²⁰ Value to the community is gained, of course, not only from the presence of the performing arts organizations but also from the presence of the performers as citizens. They very often become involved in the teaching of the arts and in helping with amateur and folk arts ventures in their communities.

¹⁸Alan T. Peacock, "Welfare Economics and Public Subsidy to the Arts," The Manchester School of Economic and Social Studies, p. 323.

¹⁹The Awkward Stage.

²⁰Thomas Gale Moore, The Economics of the American Theatre, p. 118.

Each of these effects involves the possibility of enhancing the social well-being of all members of the urban community. Although measurement of these effects cannot be carried out it is possible to suggest that they are not limited to the core city. The surrounding metropolitan communities do share in these intangible benefits which may, if social well-being is an accepted goal of these communities, contribute to improvement of the urban social environment. The importance of these unmeasurable effects in the argument for local government support of major performing arts organizations is highly dependent on the goals and objectives of the communities involved.

The Matrix of Returns

A framework which has been called the matrix of returns for this study has been chosen to display the gains stemming from the presence of the major performing arts organizations in the urban community. To provide the completed matrix of returns it would be necessary to carry out surveys of leisure behaviour, of tourism, and of business and industrial investment and employment. It is possible, however, for this study to present a preliminary matrix (Figure 2) in which the presence or absence of each type of functional effect or gain is indicated for each category of urban community in the metropolitan region.

Measurement of the extent to which the effects are present is not possible at this time, except in the case of the regular audience of subscribers to the two major performing organizations. Thus, in the

	City of Vancouver	Surrounding Cities	Surrounding Suburbs
Local Government Support	82.5%	16%	1.5%
Audience Effects:			
Regular Audience	63%	29%	5%
School Audience	*	*	*
Measurable Effects:			
New Investment	\$	\$	\$
Job Opportunities	*	*	*
Property Taxes	\$	\$	\$
Tourist Expenditure	\$	(\$)	-
Unmeasurable Effects:			
Future Generations	*	*	*
Cultural and Educational			
Benefits	*	*	*
Leisure Opportunities	*	*	*
Community Prestige	*	(*)	(*)

Figure 2 Preliminary Matrix of Returns

preliminary matrix of returns indication of the existence of an effect is made by either a dollar sign or an asterisk. The use of (\$) or (*) indicates that there is possibly some effect but it is perhaps not very significant. This preliminary matrix can then show the returns to the urban communities of the Vancouver metropolitan region stemming from the presence of the major performing arts organizations.

To allow a comparison with the extent to which the metropolitan communities provide financial support an extra row category has been added: Local Government Support, which indicates what proportion of the total local government support is provided by each category of urban community in the Vancouver region. Such a comparison seems to suggest a preliminary conclusion that the urban communities of the metropolitan region benefit from the presence of the major performing organizations but do not accept their responsibility in providing financial support to ensure the presence of those organizations. The City of Vancouver has been carrying the major share of what little financial support has been provided. It is not the intention of this study, however, to suggest that the amount of financial support provided by the City of Vancouver should be decreased. The level of local government support needs to be increased. It may then be suggested that the proportion of that increased level of support provided by the surrounding urban communities should be greater than is presently the case.

The preliminary matrix of returns indicates that there may be substantial gains to the urban community due to the presence of the major performing arts organizations, which could be measured. A programme

of research and data collection including the surveys outlined above, would be needed, as a means of measuring affectiveness, to complete a systematic analysis of the problem of local public investment in the major performing arts organizations. To complete a cost-effectiveness approach to the decision-making process of determining the level of local public investment which would provide the maximum level of gains to the metropolitan urban community, the programme of analysis suggested above would need to be supplemented by a detailed analysis of the operations of the performing arts organizations.²¹ These analyses have been considered beyond the scope of this study. There are, however, conclusions to be drawn from the preliminary analysis provided here.

Conclusions

The first concern in this study has been to show why local government investment in the major performing arts organizations is needed to ensure their continued presence in the urban community. The technological and economic problems inherent in the nature of performance make it impossible for the productivity of the performing arts to keep pace with costs which are rising at a compound rate, so that the income gap is

²¹This type of analysis and research differs from the other surveys suggested in that it will not provide information having wider applicability in the examination of the urban system. What is involved is an analysis of the operations of the entire performing arts industry in Canada. For this reason, it is suggested that such a study should be undertaken under the auspices of the Canada Council rather than of a local government.

inevitable. In addition, it has been suggested that there are collective benefits or effects stemming from the presence of the major performing arts organizations in the urban community. Thus, the performing arts may be considered to be a public good for which there should be government intervention in the provision of this good at all three levels of government. Without such intervention the income gap for the performing arts can be expected to increase so that the performing arts organizations will find it very difficult to survive. The gains to the urban communities of a metropolitan region indicate that local government support of the performing arts should be expected. Indeed, it may be suggested that public investment in the major performing arts organizations by local governments will tend to attract more federal and provincial government support and more private donations. Such a situation would then ensure development rather than just maintenance of the performing arts.

The local government support of the performing arts in Canada has not been generous. It is true that many Canadian cities now provide magnificent cultural centres for the use of the performing arts organizations, but these organizations are, for the most part, required to pay rent like any other user. Very little recognition has been shown on the part of the local governments of the need for support of production and the programme of the performing arts organizations. To the city planner this is a very important distinction which has tended to be ignored in the planning of community facilities. The programme for use of a facility and the costs involved in providing the programme

need to be included in the plan for that facility. Providing a cultural centre without planning for the use of that centre has been the pattern in most Canadian cities. The financial problem of the performing arts organizations stem in part from this lack of planning on the part of local governments.

City governments "more often benefit from than take responsibility for their cultural achievements."²² The second concern in this study has been to develop a framework displaying the returns or benefits to the urban community stemming from the presence of the major performing arts organizations. This framework which is in the form of a matrix of returns, was developed to provide a more rational basis for the local government decision to invest in these organizations. The extent to which this framework would be successful cannot really be judged at this time. The lack of information and data about the urban community, information which would be necessary to complete the measures of effects for the matrix, must be pointed out. There is a very real need to develop urban information systems. This study, in the process of developing the measures for the matrix, has suggested several areas of investigation which would be pertinent to such an information system. Surveys of the tourist industry, of leisure behaviour and leisure opportunities in the metropolitan community, of the factors underlying the location of industry and business in the metropolitan community and of the influences of such

²² Norman Rice, "The Culture and Esthetics of the Urban Community," in Planning and the Urban Community, ed. by Harvey S. Perloff, (Penn: University of Pittsburgh Press, 1961), p. 47.

decisions on property values and on employment opportunities would be needed to complete the matrix and would be important sources of information about the urban community.

The preliminary matrix of returns which has been presented above (Figure 2), however, allows a conclusion about one very important aspect of the question of local government investment in the major performing arts organizations of an urban community. People living outside the city limits of Vancouver benefit from the presence of the performing arts organizations yet they do not bear a fair share of the costs. To the extent that local public support is being provided, the City of Vancouver has been subsidizing the cultural activities of the metropolitan community. It may, thus, be desirable to have such facilities and services undertaken by the regional district.

Since the underlying question in this study is not just one of supporting the major performing arts organizations, but rather one of providing a wide range of leisure opportunities which would include both recreational and cultural activities it seems useful to conclude that the provision of such services can most effectively be planned at the regional level. Different types of activities require different milieus; it is the amalgamation of all types of activities made available to all individuals in the metropolis which will constitute a wide range of leisure opportunities for the urban community.

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APPENDIX A

TABLES

List of Tables:

- I Performing Arts Organizations in Canada--1967-1968.
- II The Growth of the Performing Arts Industry in Canada.
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Table I
Performing Arts Organizations in Canada--1967-1968*
(\$ in thousands)

	Music	Opera	Dance	Theatre
Total Expenditure	5,987.0	2,496.0	3,634.0	5,714.0
Revenue	44.0%	45.0%	55.0%	54.0%
Loss on Operations	56.0%	55.0%	45.0%	46.0%
Average income gap = 50.5%				
Grants and Donations:				
Canada Council	19.0%	25.0%	19.0%	19.0%
Provincial	13.0%	12.0%	8.0%	11.0%
Municipal	6.0%	4.0%	4.0%	4.0%
Private Sector	16.0%	9.0%	11.0%	4.0%
Deficit	2.0%	5.0%	3.0%	8.0%

*Source: 11th Annual Report. 1967-1968. The Canada Council, Ottawa, June 30, 1968.

Table II
The Growth of the Performing Arts Industry in Canada*
(\$ in millions)

	1957-58		1966-67		1967-68	
Number of Organizations receiving						
Canada Council Grants	25		45		50	
Total Operating Expenditure	\$ 3.5	100%	\$14.2	100%	\$17.8	100%
Operating Revenue	\$ 2.1	60%	\$ 7.3	51%	\$ 8.9	50%
Income Gap	\$ 1.4	40%	\$ 6.9	49%	\$ 8.9	50%
Subsidies:						
Canada Council	\$ 0.3	8%	\$ 2.2	17%	\$ 3.6	20%
Provincial	\$ 0.1	3%	\$ 1.4	10%	\$ 2.0	11%
Municipal	\$ 0.2	6%	\$ 0.8	5%	\$ 0.9	5%
Private Sector	\$ 0.5	15%	\$ 1.9	13%	\$ 1.9	11%
Deficit	\$ 0.3	8%	\$ 0.6	4%	\$ 0.5	3%

*Source: A Crisis in the Arts. A brief presented to the Government of Canada by the Canadian Conference of the Arts, October 1968, p. 6.

Table III-A

Major Theatre Organizations in Canada--The Income Gap

(1969-1970)

	Vancouver: Playhouse Theatre		Winnipeg: Manitoba Theatre Centre		Toronto: Theatre Toronto		Montreal: Theatre Du Nouveau Monde		Halifax: Neptune Theatre	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating Expenditure	623,300	100.0	566,700	100.0	489,700	100.0	990,700	100.0	574,700	100.0
Operating Revenue	239,440	38.0	268,800	48.0	103,100	21.2	441,600	44.0	244,900	43.0
Loss on Operations	383,860	62.0	297,900	52.0	386,600	78.8	549,100	56.0	329,800	57.0
Core City Population	450,000		249,890		685,310		876,900		121,792	
Per Capita Expenditure	\$ 1.38		\$ 2.26		\$ 0.72		\$ 1.13		\$ 4.70	
Per Capita Income Gap	\$ 0.85		\$ 1.20		\$ 0.56		\$ 0.62		\$ 2.70	
Metropolitan Population	1,009,090		586,000		2,480,000		2,800,000		920,000	
Per Capita Expenditure	\$ 0.56		\$ 0.96		\$ 0.19		\$ 0.35		\$ 0.62	
Per Capita Income Gap	\$ 0.34		\$ 0.50		\$ 0.16		\$ 0.20		\$ 0.36	

Table III-B

Major Symphony Orchestras in Canada--The Income Gap
(1969-1970)

	Vancouver Symphony		Winnipeg Symphony		Toronto Symphony		Montreal Symphony		Atlantic Symphony	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating Expenditure	781,985	100.0	567,500	100.0	1,725,500	100.0	1,806,600	100.0	360,700	100.0
Operating Revenue	333,762	39.0	221,300	39.0	843,800	49.0	956,800	53.0	114,000	31.0
Loss on Operations	448,223	61.0	346,200	61.0	881,700	51.0	849,800	47.0	246,700	69.0
Core City Population	450,000		249,886		685,313		876,900		121,792	
Per Capita Expenditure	\$ 1.70		\$ 2.30		\$ 2.50		\$ 2.06		\$ 3.00	
Per Capita Income Gap	\$ 1.00		\$ 1.39		\$ 1.29		\$ 0.96		\$ 2.02	
Metropolitan Population	1,009,090		586,000		2,480,000		2,800,000		920,000	
Per Capita Expenditure	\$ 0.70		\$ 1.05		\$ 0.71		\$ 0.65		\$ 0.40	
Per Capita Income Gap	\$ 0.40		\$ 0.59		\$ 0.34		\$ 0.30		\$ 0.27	

Table IV

Investment in the Performing Arts in Canada--1969-1970

A. Theatre Organizations	Vancouver: Playhouse Theatre		Winnipeg: Manitoba Theatre Centre		Toronto: Theatre Toronto		Montreal: Theatre Du Nouveau Monde		Halifax: Neptune Theatre	
	\$	%	\$	%	\$	%	\$	%	\$	%
Loss on Operations	383,860	100.0	297,900	100.0	386,600	100.0	549,100	100.0	329,800	100.0
Net Campaign Revenue	50,934	13.3	12,500	4.2	15,000	4.0	25,000	4.6	11,500	3.5
Private Foundations	15,000	3.9	10,000	3.3						
Canada Council	150,000	39.1	145,000	48.9	140,000	36.2	325,000	59.0	130,000	39.4
Provincial Government	40,000	10.4	50,600	16.9	75,000	19.8	120,000	22.0	97,500	29.6
Local Government	21,300	5.5	34,400	11.4	*		50,000	9.1	33,500	10.2
Other Revenue	24,000	6.3								
Total Investment	301,234	78.4	252,500	84.7	220,000	60.0	520,000	94.7	272,500	82.7
Surplus (Deficit)	(82,526)	21.6	(45,400)	15.3	(166,600)+40.0		(29,100)	5.3	(57,300)	17.3
Core City Population	450,000		249,890		685,310		876,900		282,600	
Per Capita Private Investment	\$ 0.20		\$ 0.09		\$ 0.02		\$ 0.03		\$ 0.04	
Per Capita Public Investment	\$ 0.47		\$ 0.93		\$ 0.31		\$ 0.56		\$ 0.92	
Per Capita Local Public Investment	\$ 0.05		\$ 0.14		\$ 0.00		\$ 0.06		\$ 0.12	
Metropolitan Population	1,009,090		586,000		2,480,000		2,800,000		920,000	
Per Capita Local Public Investment	\$ 0.02		\$ 0.06		\$ 0.00		\$ 0.02		\$ 0.04	

*No local government grants were provided to Theatre Toronto by the City of Toronto or the Municipality of Metropolitan Toronto. (Correspondence with Mr. Hamilton McAymont, Programme Administrator, Toronto Arts Foundation, April 7, 1971).

+Further deficit reduction grants were provided by the Canada Council and the Province of Ontario which reduced the deficit to 20% of the income gap. (*Ibid.*).

Table IV

Investment in the Performing Arts in Canada--1969-1970

B. <u>Symphony Orchestras</u>	Vancouver Symphony		Winnipeg Symphony		Toronto Symphony		Montreal Symphony		Atlantic Symphony	
	\$	%	\$	%	\$	%	\$	%	\$	%
Loss on Operations	448,223	100.0	346,200	100.0	881,700	100.0	849,800	100.0	246,700	100.0
Net Campaign Revenue	93,919	21.0	44,500	12.9	299,000	33.9	241,900	28.2	58,200	23.5
Private Foundations	16,275	3.6	10,000	2.9						
Canada Council	206,000	46.0	151,500	43.7	320,000	36.5	325,000	38.4	135,000	55.0
Provincial Government	65,834	14.7	40,600	11.8	75,000	8.5	190,000	22.4	78,400	31.6
Local Government	37,600	8.3	45,400	13.1	50,000	5.7	120,000	14.2	11,000	4.4
Total Investment	419,628	93.6	292,886	84.4	744,000	84.4	876,900	103.2	282,600	114.5
Surplus/(Deficit)	(28,595)	6.4	(43,314)	15.6	(137,700)	15.6	27,100	3.2	64,100	14.5
Core City Population	450,000		294,886		685,313		876,900		121,792	
Per Capita Private Investment	\$ 0.24		\$ 0.22		\$ 0.44		\$ 0.28		\$ 0.48	
Per Capita Public Investment	\$ 0.87		\$ 0.95		\$ 0.65		\$ 0.72		\$ 1.84	
Per Capita Local Public Investment	\$ 0.08		\$ 0.18		\$ 0.07		\$ 0.14		\$ 0.09	
Metropolitan Population	1,009,090		586,000		2,480,000		2,800,000		920,000	
Per Capita Local Public Investment	\$ 0.03		\$ 0.08		\$ 0.02		\$ 0.04		\$ 0.02	

Table V
Metropolitan General Expenditure in Canada--1969*
(\$ in thousands)

	Vancouver		Winnipeg		Toronto		Montreal		Halifax	
	\$	%	\$	%	\$	%	\$	%	\$	%
General Government Services	12,929	3.2	8,230	4.2	38,901	3.6	83,188	8.6	3,275	3.8
Protection to Persons and Property	38,633	9.5	18,398	9.6	85,243	8.0	85,706	8.8	9,771	11.3
Public Works	32,662	8.0	11,766	6.1	100,947	9.4	97,139	10.0	4,251	4.9
Sanitation and Water Works	26,258	6.5	21,868	11.3	119,983	11.2	87,153	9.0	10,856	12.6
Health	3,407	0.8	1,454	0.5	15,803	1.4	6,591	0.7	963	1.1
Social Welfare	38,066	9.4	4,674	2.4	41,737	3.9	4,446	0.5	5,644	6.5
Recreation and Community Services	14,894	3.7	8,139	4.2	48,775	4.5	35,648	3.7	2,215	2.6
Education (Excluding debt charges)	198,259	49.0	92,332	48.0	501,218	46.7	397,221	41.1	41,401	48.1
Debt Charges	13,259	3.3	11,372	5.8	76,020	7.1	127,371	13.2	5,776	6.7
Other	27,088	6.7	14,481	7.9	46,254	4.3	41,478	4.4	2,024	2.4
Total Gross General Expenditure (cost of services provided)	405,455	100.0	192,714	100.0	1,074,881	100.0	965,941	100.0	86,176	100.0
Metropolitan Population	1,009,090		586,000		2,480,000		2,800,000		920,000	
Per Capita Gross General Expenditure	\$360.00		\$376.00		\$430.00		\$345.00		\$ 93.00	

*Source: Dominion Bureau of Statistics, 1969 Municipal Statistics, Ottawa, 1970

Table VI

Regional Statistics. Metropolitan Vancouver, 1969

	Population	% of Metro Population	Total Revenue \$ x 10 ³	% of Total Metro Revenue	Grant to Playhouse Theatre	Grant to Vancouver Symphony
					\$	\$
Vancouver (city)	450,000	44.5	113,987.0	48.3	17,500	31,000
New Westminster	40,000	3.9	9,691.0	4.0	-	100
North Vancouver	30,800	3.1	7,424.8	3.0	-	-
Port Coquitlam	13,500	1.3	3,253.1	1.2	-	-
Port Moody	8,800	0.9	2,650.9	1.0	-	-
White Rock	7,790	0.8	1,711.0	0.5	-	-
Burnaby	123,100	12.2	33,681.5	14.0	3,400	5,000
District of Coquitlam	50,000	5.0	8,435.0	3.3	-	-
Delta	36,280	3.6	8,058.4	3.1	-	-
District of North Vancouver	57,500	5.8	12,390.8	5.1	-	500
Richmond	62,980	6.2	12,073.9	5.0	-	250
Surrey	92,340	9.2	18,305.3	7.5	-	-
West Vancouver	36,000	3.5	10,598.4	4.0	400	750
Total	1,009,090	100.0	234,431.5	100.0	21,300	37,600

Table VII
Trends and Projections

A. <u>Playhouse Theatre Company</u>										
(1) Trends			1965-66		1966-67		1967-68		1968-69	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating Expenditure	277,000	100.0	312,900	100.0	408,700	100.0	451,000	100.0	623,300	100.0
Operating Revenue	165,500	59.8	154,100	49.0	174,200	42.5	202,300	45.0	239,440	38.0
Income Gap	111,500	40.2	158,800	51.0	234,500	57.5	248,700	55.0	383,860	62.0
Private Investment*	53,500	48.0	37,00	23.4	70,100	30.0	78,800	31.8	89,934	23.5
Canada Council	45,000	40.5	96,000	60.0	124,00	53.0	135,00	54.4	150,00	39.7
Provincial Investment	5,000	4.5	4,000	2.5	10,000	4.3	15,000	6.0	40,000	8.8
Local Public Investment	10,000	8.9	22,700	14.6	15,600	6.3	15,600	6.3	21,300	6.0
Surplus/(Deficit)	(2,000)	1.9	900	0.5	3,900	1.9	(4,300)	1.5	(82,526)	22.0
* Percentage figures for public and private investment are expressed as a per cent of the income gap.										
(2) Projection			1970-71		1971-72		1972-73		1973-74	
	\$		\$		\$		\$		\$	
Operating Expenditure	569,240		754,600		867,800		998,000		1,147,700	
Operating Revenue	226,600		301,840		347,000		396,000		459,100	
Income Gap	342,640		452,760		520,800		602,000		688,600	
Investment from other Sources	308,000		407,480		468,720		541,800		619,740	
Local Public Investment	34,000		45,280		52,080		60,200		68,860	
Metropolitan Population	1,039,300		1,070,500		1,102,600		1,135,700		1,169,800	
Per Capita Local Public Investment	\$ 0.033		\$ 0.042		\$ 0.047		\$ 0.053		\$ 0.059	

Table VII
Trends and Projections

B. <u>Vancouver Symphony Society</u>										
(1) Trends	1965-66		1966-67		1967-68		1968-69		1969-70	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating Expenditure	409,300	100.0	399,300	100.0	550,500	100.0	655,500	100.0	781,985	100.0
Operating Revenue	193,800	47.0	181,300	45.0	238,300	43.0	263,427	40.0	333,762	39.0
Income Gap	215,500	53.0	218,000	55.0	312,200	57.0	392,023	60.0	448,223	61.0
Private Investment*	81,600	37.8	116,700	53.1	133,100	42.6	131,560	33.8	110,184	24.6
Canada Council	73,000	34.0	80,000	36.7	125,000	40.1	160,000	41.0	206,000	46.0
Provincial Investment	35,000	16.3	12,600	5.8	27,500	8.7	30,000	7.8	65,834	14.7
Local Public Investment	25,000	11.6	25,000	11.4	25,000	8.1	25,000	6.4	37,000	8.3
Surplus/(Deficit)	(900)	0.3	(16,300)	7.0	(1,600)	0.5	(45,463)	11.0	(28,595)	6.4
*Percentage figures for public and private investment are expressed as a per cent of the income gap										

(2) Projections	1970-71	1971-72	1972-73	1973-74	1974-75
	\$	\$	\$	\$	\$
Operating Expenditure	911,791	1,138,600	1,209,400	1,390,800	1,599,400
Operating Revenue	391,791	455,400	483,800	556,300	639,700
Income Gap	520,000	683,200	725,600	834,500	959,700
Investment from other Sources	470,000	614,880	683,040	751,050	863,730
Local Public Investment	50,000	68,320	72,560	83,450	95,970
Metropolitan Population	1,039,300	1,070,500	1,102,600	1,135,700	1,169,800
Per Capita Local Public Investment	\$ 0.048	\$ 0.064	\$ 0.066	\$ 0.073	\$ 0.082