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**Simon James Dawson** was appointed by the Canadian Government in 1857 to explore the country from Lake Superior westward to the Saskatchewan. His report was among the first to attract attention to the possibilities of the Northwest as a home for settlers. He was later to build the Dawson Route from Lake-of-the-Woods to Winnipeg, Manitoba.

**William George Richardson Hind** accompanied his brother, Henry Youle Hind, as official artist when the latter was in command of the Assiniboine and Saskatchewan exploration expedition of 1858. W. Hind revisited the Northwest in 1863-64 and did numerous paintings of the people and general scenes.

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## COVER

Wolf and wolverine pelts are required to decorate the Copper Inuit parka style. In Gjoa Haven dog and muskox skins are used as a substitute. Modelled by Luke Suluk in Eskimo Point, 1987.

*Photograph by Rick Riewe*



# Museums and Lottery Funding

By Paul Thistle

**M**useums in Manitoba are becoming increasingly tied to a dependence on gambling profit funding. It may not be widely recognized but every penny spent by the Manitoba government on funding community museum operations in the fiscal year 1983-1984 was derived from lottery and gaming fund proceeds. Although tax-derived funds were employed in following years, the department of Manitoba Culture, Heritage and Recreation is now returning to the policy of funding museum operations entirely from gaming proceeds in 1987-1988.<sup>1</sup> Combined with the fact that project funding through the Manitoba Heritage Federation also derives from lottery sources, Manitoba museums would be well advised to consider this issue very carefully. It is often said "never look a gift horse in the mouth." However, to continue the metaphor, it must be stated that, as wise horse traders, museums should be certain to carry out a complete examination before betting the whole farm on this particular horse.

To begin with, many people are opposed to gambling and its wages on moral principle. There is nothing in this which necessarily need concern museums — that is, unless and until gaming proceeds become the sole source of funding available. Witness for example the dilemma of a Pentacostal Church in Toronto reported in a recent issue of *Canadian Heritage* magazine.<sup>2</sup> As owners of a designated historic building (ironically a former temperance hall), and being opposed to gambling on religious grounds, the church found itself with no alternative but to demolish the historic site rather than accept the only provincial funding available to save the building because the funds were derived from lotteries. The United Church of Canada has now also advised its members to refuse grants funded through lotteries.<sup>3</sup>

There are clear indications across the country that tax-

based funding for arts and culture organizations are being steadily replaced by lottery-based sources.<sup>4</sup> Many observers fear that governments will use the availability of gaming funds to justify cutting back on direct allocations from general tax revenues. We must ask ourselves, what happens to a museum when board members morally oppose gambling and the only operating funds available from the Manitoba government are lottery-derived? Such a circumstance places extreme pressure on those who believe that gambling is wrong, yet at the same time feel strongly that heritage should be preserved for the public good as a public trust through the public purse. Many observers, such as Robert Fulford, editor of *Saturday Night*, have made the point that if it is indeed government policy to support such worthwhile institutions as museums, then they should be funded properly — through rational and progressive tax-based revenues.<sup>5</sup>

There is also concern that museums may come to rely too heavily on what is manifestly an uncertain source of income. Although at present Canadian gambling revenues seem to be ever-increasing, some U.S. states are now reporting declines. Closer to home, the province of British Columbia (the region's biggest spender on lotteries) has withdrawn from its participation with Manitoba in the Western Canada Lottery Foundation in order to run its own show.<sup>6</sup> Manitoba museums should consider what would happen if our two prairie neighbours also decided to go it on their own.

There is also clear evidence that lottery schemes are already failing some organizations which depend on them for funding.<sup>7</sup> An important characteristic of lotteries is their quick decay as consumer products, with the resulting need to constantly search for and promote new games.<sup>8</sup> Lotteries are, therefore, unreliable revenue sources.

Perhaps more threatening is the fact that lottery monies are increasingly being seen as potential sources of revenue for other "good works" besides culture and heritage. A sur-

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vey of Manitobans done in early 1985, for example, revealed that many citizens want lottery proceeds to be used to offset the increasing costs of education.<sup>9</sup> In May 1986, Ontario Treasurer Robert Nixon gave notice that he intended to repeal the provision in that province's lottery legislation (which originally restricted all gambling profits for cultural and recreational purposes) in order to make funds available for such worthwhile activities as cancer treatment and geriatric care.<sup>10</sup>

Many recommendations have been made to governments that lottery profits be directed into consolidated general revenues rather than being exclusively reserved for arts and cultural groups. A move in this direction was begun in the last Manitoba budget which estimated that \$7 million in lottery revenues will be targeted for health care.<sup>11</sup> As museum workers we must ask ourselves if we are prepared to compete with education, medical, and other worthy priorities for a share of lottery proceeds. It should be apparent from the foregoing that funding for museums derived strictly from lotteries can by no means be viewed as secure.

It has been openly admitted by Garth Manness, General Manager of the Manitoba Lotteries Foundation, that the Manitoba government has never had a comprehensive plan for the distribution of gambling profits. Critics argue that "(h)uge amounts of money are being allocated and spent without a coherent policy framework and without enough attention paid to the future needs of Manitoba."<sup>12</sup>

In an approach that is viewed by many as shortsighted, the province has failed to establish endowment funds with the lottery profit windfall in order to guarantee future funding support. Instead, lottery proceeds have been expended to meet immediate demands for reducing the need for tax revenues, capital facilities, funding operations, and special grants, including those used to reduce accumulated debt. With rampant fear of public resistance to increased taxes, politicians are using lotteries as an ostensibly less painful means of raising money for government distribution. Many would argue that this approach is endangering the future as much as, if not more than, it serves present (and sometimes purely political) interests.

The Manitoba government is only now carrying out a review of allocation policy — and, by the way, funds provided to umbrella groups such as the Manitoba Heritage Federation have now been frozen pending the outcome of this policy review.<sup>13</sup> Museums would be well advised to marshal all of their strong arguments justifying government support and to present them forcefully during the course of the review. It is clear that it will be much more difficult to have tax-based revenues restored to us in the future than to maintain them now.

Apart from these fundamental issues, museums should also examine what kind of image a close association with lottery funding reflects upon our institutions. First, there can be little doubt that government reliance on lotteries for the funding of heritage activities is a regressive means of taxation. Although governments may provide polls that show the majority of lottery players cannot be considered "poor," the evidence is overwhelming and indisputable that those in the lower socio-economic strata who do purchase tickets (in 1985-86 the single largest income group) spend a significantly greater proportion of their income on lotteries than those in the higher income groups.<sup>14</sup> Combine this with

the fact that, as a result of the government monopoly in the field (even the federal government no longer competes with the provincial cartel), the effective tax rate ranges from 44% to 55%. In addition, the rate of return to the lottery player is the worst in organized gambling (much less than a wager on our horse, for example).<sup>15</sup> It becomes clear that such a means of raising revenue is one of the most regressive means of taxation presently employed.

In reference to museums and other heritage institutions, this regressivity becomes even more pronounced because we know that our institutions are frequented to a significantly greater degree by the upper income groups than by the lower income, the uneducated, and the unemployed.<sup>16</sup> Thus, those at the lower end of the scale are contributing through the lottery system much more than their fair share to support museums which they benefit from to a much lesser degree than those in the upper socio-economic classes. University of Alberta economist John Livernois has argued, contrary to the widespread assertion that lotteries are a "voluntary tax," that this means of raising money is undesirably regressive. Even the present minister in charge of both lotteries and heritage in Manitoba, the Honourable Judy Wasylycia-Leis, has admitted that lotteries are in fact a tax on the poor. She rationalizes this on the basis that lotteries provide outlet for "dreaming big dreams."<sup>17</sup>

For many years critics have viewed lotteries as a "conspiracy of the clever against the stupid." In effect government-controlled lotteries become a "tax on idiots." As institutions now funded entirely by lottery proceeds, museums are arguably the beneficiaries of the methodological exploitation of ignorance. Can we live with this image? It would seem to be diametric to the greater purpose of museums in society.

It is clear that governments, in their growing dependence on gambling revenues, are encouraging what is essentially irrational economic behaviour. With odds as high as 136 million to one versus being struck by lightning at 7 million to one (which interestingly enough is information which seems to be regarded by governments as not important to consumers), no one can deny that a lottery ticket is an abysmally poor investment. How can governments justify encouraging the public to indulge their weakness for gambling? One analysis of this situation argues that, during times characterized by declining economic activity, governments are placating the public by substituting ethereal dreams of wealth for real economic opportunity.<sup>18</sup>

The American Psychiatric Association has declared that gambling can become pathological and develop into a mental illness referred to as "impulse control disorder." This is already happening in Manitoba. Under the headline "The Province Can Break You Before Lunch," a Winnipeg newspaper recounted an example of unemployed workers gambling away borrowed money at a casino operated by the province. Surveys elsewhere have found similar problematic outcomes.<sup>19</sup> Churches and organizations such as Gamblers Anonymous have expressed their concerns about the promotion and extension of opportunities for provincially-sponsored gambling.<sup>20</sup> Now parents are also beginning to realize the dangers as more and more children are spending their money on lotteries.<sup>21</sup> Originally, it was the deleterious effect on the nation's youth which concerned the social reformers such as Wilberforce and Whitbread in their



strong opposition to lotteries in the United Kingdom in the early 1800s. Museums should take time to consider that this is the money that ends up in their pockets.

Even the methods of advertising used to promote lotteries tend to reflect badly on museums. As pointed out by Carol Phillips, Director of the Winnipeg Art Gallery, one television ad in particular made light of the destruction of a piece of art (substitute any form of our material heritage) to promote the purchase of lottery tickets.<sup>22</sup> A clear message in this commercial is that the art-heritage is less important, and less deserving of attention, than the lottery itself. A more recent controversy erupted over the unflattering portrayal in lottery ads of farmers, who are valued members of our communities and subjects of our exhibits.<sup>23</sup> We must ask ourselves, can museums afford to be associated with a means of support which promotes itself at the expense of social and heritage values? Doesn't this help to defeat the end purpose of our institutions?

In addition to such planned disasters on the part of lottery promoters, museums must also contend with guilt by association regarding negative news reports in the media. Headlines referring to lottery kickbacks, employee suspensions, demands for inquiries, seizures of illegal foreign sales, receipt shortfalls, and wrongdoing — even by the most respected organizations involved — are hardly good advertising for museums. Even the Winnipeg Convention Centre (where the major casinos have been held to date) and the nearby businesses (which one might assume receive the greatest spin-off benefits) are showing reluctance to be too closely associated with the lottery operations.<sup>24</sup> Do we want the public to associate museums with this discredited source of revenue?

At a public meeting in Flin Flon on 20 November 1984, the former Minister of Manitoba Culture, Heritage and Recreation (now Minister of Finance), the Honourable Eugene Kostyra stated that he was committed to reducing the dependence of museums on regressive lottery-generated revenues in favour of progressive tax-based revenues. Museums should ask, what has happened to this commitment now? In 1987-1988 the province has returned to lotteries as the source for all of the monies allocated for supporting museum operations through the community museum grants programme. Of course, project funding from the Manitoba Heritage Federation is also lottery money.

Are we in the museum field in agreement with this direction, or is any opposition and/or suggestion of alternatives being silenced by wads of money? What of the future? Are our purposes not worthy of progressive tax-based support? Can we live with an image which reflects badly on museums and our goals? In short, does the end justify the means?

Obviously, the foregoing has deliberately examined only the negative side of the lottery funding question. The reality facing us is that money to assist museums in carrying out our mandate is not easy to come by. This writer's own museum, despite reservations by some board members, accepts grants from the Manitoba government and the Manitoba Heritage Federation which are completely lottery derived. On the other hand, what real alternative is there at present?

The museum community in Manitoba has never had the opportunity of fully discussing this issue. The important questions in the foregoing have been raised to help begin the

debate so that we will be ready to participate in the current review of the lottery system.

The mouth of this gift horse does indeed require close inspection before museums bet the whole farm.

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