No Strings Attached: Why Do Corporations Give to the Arts?

Joanna Spitzner

> "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from regard to their own self-interest." [1]

This is one of the more famous lines from Adam Smith's *The Wealth of Nations*. Smith understood that the market is not the best mechanism for everything. But why should the butcher, the brewer, the baker, give to the public, and of all the public institutions, why would he give to the arts?

Art has depended on wealth for its creation and presentation. It is through collecting, patronage, commissions, grants, and sponsorships that the work of art is supported. The accumulation of wealth in contemporary times depends on collective relationships and relations of scale, such as marketplace exchange and tax collection. As a creator of wealth, the corporate form has become a dominant institution in contemporary society, influencing spheres of life not purely economic.

Corporate funding of the arts is self-interest for the public good, but its scale and nature is different from other forms of funding. As a form of business organization, the corporation has not always been as pervasive as it is today. I would like to look at how corporations are conceived today, and what relation this particular form has to art through its philanthropy.

The history of philanthropy in the United States mirrors the development of capitalism in this country. Before industrialization, philanthropy existed primarily through benevolent societies and religious organizations. The earliest forms of business philanthropy were mostly for the benefit of a firm's workers. This form of paternalism, or welfare capitalism continued through the 19th Century. It not only helped to show that corporations cared for its workers, but also was needed to attract workers. Corporations were legally allowed to act charitably towards workers because this was seen as a direct benefit towards profit.

The combination of alarm and paternalism comes together in the case of Andrew Carnegie. As one of American's premiere industrialists, Carnegie set an example for philanthropy at a time when the U.S. was coming to terms with vast industrial. He was a ruthless businessman towards both competitors and his workers.

In 1889, he published "The Gospel of Wealth," in which he advocated for giving away money for the public good. He also argued against distributing money in small sums among people, for it "would have been wasted in the indulgence of the appetite, some of it in excess, and it may be doubted whether even the part put to best use, that of adding comfort to the home, would have yielded results for the race." [2] In addition to creating a model that industrialists would follow even today, Carnegie also established scale to giving: a propensity to administer funds in larger sums, and to projects, rather than in small sums to individuals. It is calculated giving, one that assesses outcomes. For

Carnegie, it was those who had proven themselves in business who were best equipped to do this.

Carnegie was able to give as he saw fit because it was is own wealth. Although it was created through the corporate form, he distributed it as an individual, and later through a foundation. What distinguishes corporations from other forms of business is the separation of ownership and management. Management's duty is to create as much profit as possible for owners. In the early 1900s, the courts ruled that corporate philanthropy must demonstrate direct benefit for profit making.[3] This slowly changed through other cases, and the courts eventually acknowledged that giving for the public good did not have to show a direct benefit,[4] opening the conception of a corporation as not just a business, but as a citizen.

Today, corporate philanthropy is a part of our culture, and rather than being something peripheral to a company, "its understanding actually cuts to the core of what the corporation is all about."[5] In literature, the motivations for corporate giving are best summarized by Dennis Young and Robert Burlingame. In their essay, "Paradigm Lost," Young and Burlingame offer four frameworks for corporate giving: The neoclassical or productivity model, the ethical or altruistic model, the political model, and the stakeholder model. The neoclassical model aligns with the idea of direct benefit: giving is an investment in which a return in profit is expected. The altruistic model is based on the individual, that is, on corporate executives who are free to pursue giving based on social value and not on the bottom line. The political model postulates that:

> "Corporate philanthropy may be understood as an exercise by corporations to advance their general long-term interests in society by building relationships and coalitions with nonprofit organizations and with the giving programs of other corporations and foundations. The basic motivation is to preserve corporate power and autonomy by building private initiatives as an alternative to the growth of governmental authority and by limiting government interference in the free enterprise system." [6]

The stakeholder model recognizes that the corporation "affects, and is affected by, various significant groups—stockholders, managers, workers, customers, suppliers, community groups."[7] Each group has different interests, and a corporate philanthropy is guided by the need manage these interests.

Donations to the arts comprise one of the smaller areas of interest for corporate philanthropy. Education and health and human services make up the bulk of philanthropy. The periphery, though, is always insightful.

Price Chopper's Golub Foundation is one of six foundations run by the Golub family. It is funded by Price Chopper, a regional grocery store chain that operates in the northeast United States. In 2005, it gave away over $900,000. A large proportion of this went to fund scholarships for employees, called associates. Although a corporation, Price Chopper presents itself as more of a family firm, which was its beginning. The Golub family history is an important part of its corporate image, and the company is still under its stewardship. Its philanthropy is promoted in its company promotional materials given to the public as well as to employees. Price Chopper is cited as a case study on the Business Committee for the Arts website as an example for other corporations.[8] Price Chopper does not need to establish legitimacy in the way a company like Wal Mart does, even though the impact of Wal Mart has affected the way it has to do business. It does distribute of its wealth, mostly in small sums, to hundreds of organizations. It also gives to arts organizations; most grants are between $100 and $500 to groups such as local arts councils[9] The Golub Foundation gives more money to performing arts, particularly music, than to the visual arts. Price Chopper's giving seems to be motivated by the values of its founders and managers, its relation to its peers, and fostering as sense goodwill among its employees. Its arts funding is primary directed to activities for families and children, not avant-garde production.

Often, investment in the arts is a form of corporate sponsorship and falls under marketing activities. This is more overt when a firm underwrites, for example, and exhibition and is included in all publicity surrounding it. It is a direct exchange of resources for promotion. But even when money is given to the arts as a donation rather than outright sponsorship, there is a public relations aspect. It promotes a sense of public good and cultivates a particular image through association. For corporations, there is an obvious return on this investment. Sponsorship can reach new audiences, or customer bases, for companies, in ways that match lifestyles rather than intrude on it, as direct advertising does.[10] Industries that have a poor public image, such as petroleum and tobacco, do give more to the arts than other industries. Promotion is still a key motivation to giving to the arts but is not a determinant of giving to other causes, such as education.[11]

The Altria Group is the parent company of Kraft Food and the Philip Morris companies. As Philip Morris—it officially changed its name in 2002—it has a long history of giving to the arts, beginning in 1958. It embodies the problems of public image. For this promotion to be deemed legitimate, however, self-interest cannot be viewed as its motivation. Stephanie French, vice president of corporate contributions and cultural affairs for Philip Morris in 1991 wrote that “our arts program were part of a long-term effort to create a corporate culture that inspired innovation and intelligent risk-taking, for these would be the keys to our business success.”[12] She also wrote that giving to smaller organizations, and to an organization’s general operating expenses, can have a great impact and can “make the company a partner in an ongoing enterprise.”[13]

And in fact, Altria does do this; almost all “alternative” arts organizations in New York City—Artists Space, Art in General, Exit Art, The Kitchen—receive funding from Altria.[14] These spaces were founded by artists, and have reputations for presenting experimental forms, social content, and having a close proximity to artistic production.

But as Hans Haacke so perfectly pointed out in his work *Helmsboro Country*, 1990 this relationship is complicated for arts organizations, as Philip Morris also made contributions to Senator Jess Helms, who led attacks on the National Endowment for the Arts in the late 1980s and early 1990s.

Philanthropy directed towards building relationships, either for political power or to respond to stakeholders, is more subtle. Those companies that have organized giving programs work towards establishing ongoing relationships with the organizations they fund, on a conceptual level through funding projects that fit within its values and on a personal level through its executives or its giving officers. Because management is separate from ownership, legitimacy has to be established in the local community in which a corporation operates,. A family firm, with roots and a history in the community is known and trusted more so than the abstract corporate citizen, who often operates in many communities. Through its relationship with an organization deemed legitimate, a corporation gains legitimacy and a presence.

It is those corporations in the more abstract fields of commerce—services, banking, entertainment, publishing—as opposed to manufacturing, which are more likely to donate to the arts.[15] As Western economies move increasingly towards consumption and away from production as its base, these intangibles: experiences, symbols, and desire within capital play a larger role in corporate operations. The arts, with its competency in aesthetic experience, creation of symbols and claims on culture, has much to offer.

Members of the fashion industry (Donna Karen, Lerner), the financial sector (Ernst & Young) and entertainment industry (HBO) support Creative Capital, a foundation that directly funds individual artists.

In most literature on giving, pure altruism is considered a rare case, and usually connected to the values of a particular individual in a company. However, it is worth considering how the gift is thought about in our culture. Metaphorically, the work of art is a gift, a product of creativity that is inspired, created by those with talent, or gifts, and given freely to share, if we ignore the economic reality that makes this possible. In an everyday sense, the gift is something outside of the market; it is a sacrifice, a voluntary loss.

In *The Gift*, Marcel Mauss wrote of gift giving in ancient societies as a social relation, one of obligation and power. The giver gives out of obligation, and to show he is deserving of respect, while the recipient must reciprocate to preserve honor. A social and spiritual bond is formed through the gift, which still retains the social identity of the giver, as opposed to a market economy when an object's ownership determines its identity.[16] This system of exchange and contract is similar to market capitalism, where there is a return on investment.

George Bataille wrote of the gift as a "loss without return." As a part of his radical critique of rationality, Bataille focused on spheres of "unproductive expenditure" and sacrifice: religion, eroticism, and art.

> "a society always produces on the whole more than is necessary to its subsistence, it disposes of a surplus. It is precisely the use made of this excess that determines it: the surplus is the cause of disturbances, changes of structure, and of its entire history."[17]

As Jean-Joseph Goux writes, in our age of mass consumption, use value is determined by desire rather than necessity, and unproductive consumption is profitable. Rather than the production of tangible value, as in classical economics, there is a shift to marginal utility, unproductive expenditure, such a luxury, or perhaps even art.

The gifts of capital as an internal operation alone has not yet provided all institutions for the public good, or else there wouldn't be corporate philanthropy. Both Mauss and

Bataille based in their formulation of the gift on the study of strongly hierarchical societies. In our democratic society, power must be negotiated and legitimized. It is through giving that corporations establish social relationships and legitimacy.

In philanthropy for the arts, there is a propensity to give to larger, established organizations and for the presentation, not the creation of artwork. Although both innovation and individualism may be valued, in practice, funding individual artists is too risky, not even the National Endowment for the Arts does this any more. Individual artists must be legitimized by the organizations that present their work. Even in our tax structure, it is more advantageous to give through a company rather than as an individual.

The effects of this encounter with corporate giving can be seen in how arts organizations operate, and even in how an artwork is created. Corporations prefer to work with art institutions that have a professional fundraiser on staff. Fundraisers are advised to seek funding from those corporations that display similar interests and values, to find the right fit. Arts institutions engage in audience development, and must display both accountability and efficiency. Most grant applications, for both organizations and individuals, include sections on outcomes and assessment. The nonprofit world increasingly mirrors the corporate world in its techniques of operation.

Artistic practice has changed as well. The production of art has become part of its exhibition. Through its relation to institutions, art has become more “professionalized” and more “democratized.” [18] These models of artmakng include installation, environmental art, participatory art, and process-based art. Artists often work on projects rather than specific objects, and act as a manager of them. These forms were developed as a critique of the market, of commodities, of genius, and of elitism, yet rely on institutions for their creation. Artists even create their own institutions for presentation, such as alternative galleries or even corporations.

One such artist-generated project is The Joanna Spitzner Foundation, which gives grants to individual artists. Funding for these grants comes directly from donated wages from jobs the artist performs specifically for the Foundation. Another artist, Josh Greene, runs a project called Service-Works, in which he donates his tips (he is a waiter) from one night a month to fund an artist's project.[19] For Greene, this project aims in part to create relationships with other artists, and is a response to his experiences with the bureaucracy involved in pitching projects to spaces and filling out grant applications.[20]

The Joanna Spitzner Foundation has followed a different model, choosing to incorporate and seek tax-exempt status, and in effect to operate as a large foundation would. For example, it is named after its primary benefactor. While it does hope to fill a real need, that of supporting the creation of artworks, it also exists to examine our economy through both work and the gift.

Most foundations derive their income from investments and/or an endowment structure. Working for wages is not a way to accumulate or to generate wealth. Most people who work for wages, especially in entry-level jobs, cannot afford to give money away; they have no surplus. But in doing so, the Foundation aims to connect art to everyday economic experiences rather than abstract capital, such as financial exchange. Marx positioned labor as the source of value—it is only through labor that raw materials acquire added value. For Marx, surplus value, the difference between what is invested and what is returned, was produced through labor power. Profit is made when an employee is more productive, creates excess value, than the market value of the wages received. It is the owners who benefit from this surplus labor. To be overly simplistic, capitalist wealth is derived from not paying workers the equivalent of the value they produce, and the surplus is accumulated.

The Joanna Spitzner Foundation accounts for its funding not only through numbers on a spreadsheet, but descriptive writing of every shift worked, so that the activity of labor, the experience of work itself, can somehow be accounted for in relation to the money produced from it. Its first grants will total $2,364.99, which came from 399.75 hours of work as a part time cashier at Price Chopper.

In *The Gift and The Work*, Scott Cutler Shershow writes that:

> "We understand human labor, at one and the same time, as an inevitable response to brute material scarcity and yet also a vehicle for those aesthetic or intellectual or spiritual productions that, in their turn, produce and express a personal or collective Work of self and community."[21]

Conversely, the gift is often the gift as work: whether a welfare recipient or an artist, when one is given charity, one is expected to reciprocate via work. The intention of The Joanna Spitzner Foundation is not to reinforce the necessity of work, or productiveness, or celebrate postindustrial capitalism. It aspires, rather, to open up how we think of both work and the gift, and what relations can be formed through their unworking.

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