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Public Funding of
Artistic Creation:
Some Hard Questions

Dr. Michael Rushton
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Public Lecture at the Saskatchewan Institute
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For his public lecture, Dr. Michael Rushton—our second University of Regina Senior Fellow—chose to examine how the arts should be funded; in particular, he examines from an economic perspective the validity of the various arguments used in support of state financing.

Dr. Raymond B. Blake
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Public Funding of Artistic Creation: Some Hard Questions

Dr. Michael Rushton
Professor of Economics and Research Fellow,
**Saskatchewan Institute of Public Policy,
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INTRODUCTION

Although never a large proportion of any national, provincial, or local government budget, the public funding of artists and arts organizations attracts a large share of controversy. Although polling and contingent valuation studies have generally indicated that citizens support at least some amount of government support of the arts, disputes continue to arise over some public works of art that are considered by many to be ugly, or when works are shown in a less open location but where offence is taken at the content of the work on display, even if not actually seen by the objectors. Disputes also arise regarding how arts institutions should balance catering to the existing tastes of the public and trying to alter those tastes to accommodate unfamiliar works.

In this lecture the goal is to go beyond the high-concept questions like “should taxpayers fund art?” and examine in greater detail the variety of forms that public support could take and the procedures that would govern the kind of art that is funded. I will begin the investigation by outlining three different approaches to questions of public policy. The first is what I will call the *economic approach*, which uses a form of cost-benefit analysis to ask where government support of some particular activity. The second is the *liberal egalitarian approach*, which as the name suggests directs its attention both to the freedoms that individuals enjoy in society and the degree to which those freedoms, and opportunities, are available to all. The third is the *communitarian approach*, which has at its foundation the notion that, contrary to the first two approaches, we cannot talk sensibly about issues of *public* policy purely through the lens of how we imagine those policies will affect independent, “atomistic”, individuals. For each of these approaches one can find some justification for the notion that the creation and enjoyment of art should not entirely be left to the market.

I have two reasons for considering all three approaches. The first is that the most appropriate way to think about public policy between these three approaches is unresolved, both in the academic literature and in the public sphere. In a field as controversial as cultural policy, any study that considered the issue only through one of the three approaches would be incomplete and unconvincing. The second reason is that by considering all three approaches together we will find that there are some important areas of common ground.

The most important thing held in common by all three approaches is that government funding, of *any* service or activity, must be justified by an appeal to the *public interest*. Whether the funding is serving the goals of better satisfying the preferences of taxpayers over goods and services, or of making a more free or a more equal society, or of using the state to address those aspects of our well-being that cannot be reduced to purely individual concerns, the identification of the public interest is a necessary component of the analysis of public funding. This focus on the public interest will come as no surprise to anyone currently working in the public sector, with the now near-universal focus on performance management and accountability. But sometimes reminders are needed, as when the commission appointed in the U.S. to evaluate their National Endowment for the Arts found it necessary to recommend as a major reform, “making clear that the National Endowment for the Arts belongs not solely to those who receive its grants but to all the people of the United States” (Independent Commission, 1990, p. 62).¹ D.H. Lawrence said, “not art for art’s sake, but not art for the people’s sake either. Art for my sake” (quoted by Grampp, 1989, p. 113). Lawrence’s attitude is quite defensible *if* he is not at the same time asking for people’s, other than his readers’, money.

After looking at the three approaches to thinking about public funding for the arts, I turn to my three “hard questions”: Should individual artists receive government grants? Should there be restrictions on the content of publicly funded art? Who should decide what gets funded?

THREE APPROACHES TO THE PUBLIC FUNDING OF ART

The Economic Approach

The economist takes a peculiar approach to the role of government in the economy. We begin by seeing the world as being populated by adult individuals who have a pretty clear idea as to their self-interest (broadly defined so as to include family obligations, charitable impulses, commitment to ideals, and so on) and who will use their wealth and capabilities to pursue that self-interest in a rational way. The central result of economic theory is that under certain conditions, the result of these individuals interacting in competitive markets will be a sort of efficiency, one where it would be impossible to rearrange matters such that some people become better off and no one is made worse off. Given that, there are only two roles for government. One revolves around the fact that an efficient outcome might be characterized by an unacceptable degree of inequality of welfare across people, and government can take some steps to redistribute from the rich to the poor. The second role for government arises because the “certain conditions” under which competitive markets generate an efficient outcome are

¹ See the remarks by composer Milton Babbitt (1958), who mocks those “well-meaning souls, who remind the composer of his ‘obligation to the public’” for an example of the attitude the Independent Commission was presumably trying to counter.

not always met. I will deal with the inequality problem first, and then turn to the efficiency problem.

There are two ways the government can deal with inequality. The first is to take steps to make the distribution of income more equal, both through the tax and income transfer system and through providing those public goods, like education, training, and health care, that will make more equal the opportunities for individuals to earn income. The second method is to focus on providing directly to poor individuals goods they otherwise could not easily afford. The first method creates more purchasing power for the poor, the second provides the poor directly with the goods they otherwise cannot access. If we thought that simply redistributing income could address all of our inequality issues, there would be no grounds for public funding of the arts, at least on inequality grounds. But sometimes we require something more than giving the poor more income. For example, people might be living in a region where for various historical reasons there are few and inadequate cultural institutions, and where this cannot be addressed through a transfer of income. If access to art is considered an important component of a good life, we might think it important to use the government to generate that access where markets have failed to do so. Indeed this has been part of the rationale for arts councils in the past.

When John Maynard Keynes accepted the offer in 1942 to become chair of the Committee for the Encouragement of Music and the Arts, the forerunner of the British Arts Council, Keynes, according to his biographer, “had long been of the opinion that in the modern world art required a new kind of support to take the place of the patronage of the affluent classes of earlier times. ...In the time to come the mass of people should be able to enjoy the delights of fine art which in the past had been reserved for the favoured few” (Harrod, 1951, p. 518). Likewise at the formation of the Saskatchewan Arts Board in 1948 we find that the major grants were for bringing the arts to the more isolated communities of the province, for example to take a play to sixty towns and villages, to circulate through the province good silk-screen reproductions of paintings, a bulk subscription to *Canadian Art* to distribute widely around the province, and so on (Riddell, 1978, p. 8). Note that these activities were not undertaken on paternalistic grounds – that rural people would not have the good sense to seek out culture and so it must be brought to them by the government – but because it would have been difficult given the income levels and distribution of population for the market alone to make plays and concerts and reproductions of paintings available.

Now I will turn to the economic *efficiency* arguments for taxpayer finance of culture. The essence of the efficiency rationale is that sometimes the prices we observe in the market do not reflect the true value of the good to society as a whole. The economist’s term for this situation is that there is an *externality*. In ordinary circumstances the market price reflects the marginal benefit to the purchaser of the good and the marginal cost to its producer. The equation of marginal benefit and marginal cost yields an optimum result *if* the purchaser and producer are the only ones affected by the transaction. But if there is a third party who is not involved in the transaction, but who benefits from the exchange taking place between the first two, then the price system is not adequately accounting for those third party, or “external”, benefits, and the good will

tend to be under-produced. There are two ways of solving the externality problem. One is through the market itself; if there is some way to involve the third party in the transactions going on in the market, then those values will be accounted for and everything is fine. For example, if I would benefit from an increase in the amount of market transaction between my neighbour and a tree-trimming service, I could simply go next door and say so, possibly offering to pay a share. But where it is not so easy to involve the third party, perhaps because there are very many of them or because the people involved are not neighbours on friendly terms, then government might have a role.

Where economists have defended the public subsidy of cultural goods on efficiency grounds it is because there is thought to be an externality present, that somehow Green benefits from White enjoying a concert put on by Black, even if Green does not attend the concert. Green's benefit is ignored by White and Black, i.e. by the market, and so the good is under-produced, i.e. we won't have an adequate market supply of concerts. Government subsidy of concerts could help rectify the problem.²

But obviously this is not enough of a rationale, because we need to know something about the external benefit to Green: *How* does he benefit from White going to Black's concert? A number of externalities have been suggested:³

- *A legacy for future generations*: Even though Green himself does not wish to attend Black's concert, Green may place a high value on ensuring that future generations will be able to enjoy concerts, and Green would be willing to finance, through taxes, those measures that will accomplish this end. Recall that although economists refer to individuals as being self-interested, we define self-interest as including what might be charitable motives, including towards future generations. This is the most obvious motive for the protection of built cultural heritage (Hutter & Rizzo, 1997), but would also extend to wanting to ensure that major cultural institutions continue to exist. It would also be a justification, among many other justifications, for arts education, including education in creative skills and appreciation. Also note that the future generation might include an older Green; he might want to subsidize concerts now on the possibility that sometime in the future Green himself will want to attend a performance. Economists refer to this behaviour as "option demand".
- *National identity and prestige*: We find at the founding of both the Canada Council and the U.S. National Endowment for the Arts a sense that a stronger artistic presence will enhance identity and prestige (the former more important in Canada, the latter in the U.S.). This is a rather weak externality, if it exists at all. While in the 1960s the U.S. was worried that it needed to demonstrate to

² See Robbins (1963) for an early economic analysis along these lines; see also Balisciano and Medema (1999) for a study of Robbins' views.

³ See, generally, Baumol (1997), Frey (1999; 2000), Frey & Pommerehne (1989), Heilbrun & Gray (2001), Peacock (1992; 1994; 2000), Throsby (2001), and Towse (1994).

the world a rich cultural life to accompany its rich material life, in the end grants to artists did not seem to accomplish the goal, or the goal became less important. Also note that if national identity and prestige is chosen as a policy goal, arts groups might well find their funding decline as resources are shifted to sports or even military might. Even if support for the arts were maintained on this basis, difficult questions arise, in particular: Should arts funding be directed specifically to those institutions, programs or individuals who contribute to the national goals?

- *Elevating the tastes of the general public*: Perhaps Green is willing to subsidize White's attending a concert by Black on the grounds that it will cause White to better appreciate fine music. Note that I am treating this as a separate category from arts education for young people – imagine White is an adult. The case is put bluntly by Tibor Scitovsky: "If the arts get insufficient attention and insufficient funds, consumers' preferences are mainly to blame and changing them the best remedy" (1972, p. 62). There are a few problems with using this argument for arts subsidies. First, it is directly contrary to the economic principle of consumer sovereignty: White knows his own preferences better than anyone else knows White's preferences. Who is Green to say that White's tastes need elevating? Second, there is not obviously a market failure; if White wants to elevate his tastes, he is quite capable on his own of undertaking activities to do just that. We read books, listen to new music, attend an exhibition of visual art, with the knowledge that, if our experience is a good one, we will see or hear future performances with a slightly different eye or ear. Decisions involving the changing of tastes are a challenge for economic theory that works with models that take preferences as data (Bliss, 1993; Hahn, 1982). But that doesn't mean that people don't change their tastes, and purposely do things that will change them.
- *Elevating the social and political awareness of the general public*: Maybe Green would subsidize White's attendance at a cultural event not because it would be a beneficial aesthetic experience for White, but because it would make White a better person. Robert Hughes thinks this is a major cause of controversy over arts funding in the United States: "Americans do seem to feel, on some basic level, that the main justification for art is its therapeutic power" (1992). There are two types of possible argument in this category. The first is that exposure to fine art "civilizes" the individual in some sense, and creates a more thoughtful, moral person. I will not dwell on this idea except to note that the history of the twentieth century, and the degrees of barbarism to which nations with rich cultural heritage were capable of descent, should surely give pause to anyone convinced of the power of art to turn us into more moral beings. The second type of argument is that it is not art *per se* that improves us but the social and political messages that radical artists would convey. Carol Becker laments that "we do not have in our collective consciousness, or probably unconsciousness as well, images of artists as socially concerned citizens of the world, people who could help determine,

through insight and wisdom, the correct political course for us to embark on as a nation” (2000, p. 239). The obvious response to Becker’s argument is that there is no evidence that artists have any better insight into politics than anyone else. It is not that artists are especially foolish about politics, but instead that they are as capable as anyone else of being foolish, or wise, about politics. Artistic talent is just that, and possessing it, like a talent in the natural sciences, does not bring along with it other kinds of knowledge (Posner, 2001). Of course this does not mean that artists and scientists or anybody else should not make political statements; the point is that their political statements are not more important than those of non-artists or non-scientists. Pablo Picasso and Dario Fo might be brilliant artists, but their politics (Picasso, 1992; Mitchell, 1984 (regarding Fo)) are abhorrent, and whatever reasons we might have for public subsidy for exhibition of their work, their ability to teach us valuable political lessons is not among them.

- *Benefits to the local economy*: What if a more active cultural life attracts new investment and migration to a region? Economists have generally found this to be a weak case for arts subsidies (Seaman, 2000). If the argument is that simply by taxing and spending the government will, through macroeconomic “multipliers” stimulate overall economic activity – a dubious proposition for *any* type of government program – then the question will have to be asked as to whether taxing and spending on a different type of program would yield greater results. If the argument instead is that the improved quality of life will attract new investment, then really we are just begging the question: we are simply assuming as fact that using tax dollars to subsidize art is welfare enhancing from a social point of view, without getting any closer to the reasons why that should be the case.

So of the principal arguments that have been put forward for externalities, the only one that is on solid ground is the “legacy” argument, which would emphasize preservation and cultural education for the young. Note that the legacy externality fits neatly with the economists’ equity arguments for government subsidy of culture, since in each there is a rationale for the importance of education in the arts, and in preserving those institutions that are complements to education and that can help provide access to the cultural world that poorer individuals might not otherwise have.

The Liberal Egalitarian Approach

John Rawls’ (1971) vision of the liberal society consists of the maximum personal liberty that is consistent with all individuals having the same liberty, equality of opportunity and equality before the law, very broad public consent for any collective policies, and a government that is neutral with respect to conceptions of what constitutes the “good life”.

Within his framework Rawls arrives at a very limited role for the state regarding public funding of the arts. Since Rawls believes in inter-generational equity, he claims that each generation has a duty to preserve general knowledge and culture as part of its bequest to the next generation. This contributes not only to inter-generational equity, but also to the enhancement of opportunities and freedom in future generations (Guttman, 1982). As economist William Baumol⁴ put it, “It seems clear that individuals who are unable to use the language well and who are unfamiliar with society’s cultural heritage face marked handicaps in getting good jobs and advancing up the economic ladder. ...[I]t seems clear that unfamiliarity with the world’s culture is an economic handicap for the individual, for cultural illiteracy has much in common with linguistic illiteracy” (1997, p. 10). But Rawls states that there is no duty to *expand* the culture, and it is not acceptable that the state would take on the role of trying to perfect its citizens, “to develop human persons of a certain style and aesthetic grace” (Rawls, 1971, p. 328). If individuals wish to pursue culture collectively, they must find the resources themselves: “the social resources necessary to support associations dedicated to advancing the arts and sciences and culture generally are to be won as a fair return for services rendered, or from such voluntary contributions as citizens wish to make” (Rawls, 1971, p. 329).

While Rawls version of the liberal ideal calls for a very limited involvement by government in supporting culture – although we note it is not inconsistent with the economist’s result that the government has an important role to play in arts education – his fellow liberal theorist Ronald Dworkin (1985) thinks that a wider role for government can be found (although we shall see it is subject to criticism). Dworkin shares with the communitarians (who we discuss in the next section) the criticism of using the economic method to study culture, since it is our culture that determines our preferences – the basic data for economists – in the first place.⁵ Like Rawls, Dworkin sees the importance of providing future generations with a rich culture. But Dworkin thinks that culture will remain rich only if there is a structure in place that provides for innovation.

The main problem with Dworkin’s analysis is that he wants to have government financial support of a “rich” culture – i.e. high culture – while at the same time maintaining the liberal view that the state should be neutral as to what constitutes the good life. The essence of modern liberalism is that the government has no role in making decisions as to what kind of culture the public should be consuming. We might disagree with Rawls’ conclusion of the rather minimal role for the state in culture, but it does have the merit of being part of an internally consistent political philosophy (Black, 1992; Brighouse, 1995).

⁴ Baumol is probably most well-known in the field of cultural economics for his insight into “cost disease”, which is an explanation for the increase in the cost of the performing arts relative to the costs of other goods and services in the economy as a result of different rates of productivity growth across sectors (Baumol and Bowen, 1966).

⁵ The implications of this critique are discussed in Rushton (1999).

The Communitarian Approach

If a fundamental aspect of liberalism is that the state must be neutral regarding conceptions of what constitutes the good life, communitarians believe “a democratic society *needs* some commonly recognized definition of the good life” (Taylor, 1995, p. 182 [emphasis mine]). In such a philosophy, the role of the state with respect to the arts has less to do with satisfying existing individual preferences, as it is with the economists, but rather to shape society and the individuals who will inhabit it. Sandel (1996, pp. 208-211) tells of the Progressive reformers of the turn-of-the-century United States, who saw in public art and architecture and in city planning ways to elevate the moral and civil character of its citizens.

We commented in the section describing the economists’ analysis of cultural subsidy that there is good reason to be skeptical about the ability of art to build individual character, although it is admitted that art could certainly *accompany* moral lessons in school. What is more relevant in thinking about communitarian goals is the role of providing *shared* experiences, and so going beyond those aspects of our well-being that are purely a function of individual consumption. The role of government in supporting a *unifying* culture is at the heart of the Massey Commission, whose recommendations ultimately led to the formation of the Canada Council:

[Arts and letters] are ... the foundations of national unity. We thought it deeply significant to hear repeatedly from representatives of the two Canadian cultures expressions of hope and of confidence that in our common cultivation of the things of the mind, Canadians – French and English-speaking – can find true “Canadianism”. Through this shared confidence we can nurture what we have in common and resist those influences which could impair, and even destroy, our integrity. In our search we have thus been made aware of what can serve our country in a double sense: what can make it great, and what can make it one. (Canada, 1951, p. 271).

Economists are not entirely at odds with communitarian values; it maybe the case that economics is a useful framework for understanding many aspects of what we buy and sell but not all of them, especially those things which are at the core of what determines our values in the first place (Bozeman, 2002; Throsby, 2001). As Charles Taylor put it, to say that “a certain proportion of Quebeckers have a ‘taste’ for the preservation of the French language, and so this is a good, just like chocolate-chip ice cream and transistor radios...grievously distort[s] the nature of the good sought” (1995, p. 142).

What are the implications of communitarian thinking for public funding of the arts? In common with the economic approach and the liberal approach there would certainly be support for arts education and training; young people must be taught about their culture and learn the skills necessary for its preservation. More so than the other two approaches the communitarians could advocate an active role in not only preserving arts institutions but also in specific works of art. However, as we will discuss in detail below

the support for the arts is for a particular public purpose, and may not coincide with the status quo of our arts funding arrangements.

THREE POLICY QUESTIONS

Should Individual Artists Receive Government Grants?

On reviewing the various ways that one might think about the public interest in artistic creation – economic, liberal, communitarian – we find that the case for awarding publicly funded grants to individual artists is not a strong one.

Some distinctions are in order. In all three approaches one could find a justification for education and training in the arts, in order that young people, regardless of circumstances, are given the ability to appreciate and to contribute to our cultural heritage. And even for the more specialized training that comes through college and university, there are well-known reasons for why a purely market-driven system would tend to lead to under-investment in education. So our focus here is on grants for artists, aspiring or established, who have completed their formal education.

A further distinction is that there will be occasions when works of art will be commissioned by the government for some purpose: a piece of public art or architecture, a musical work for an important public occasion, and so on. These works are justified by the economist for their “public good” aspect, that many people will simultaneously enjoy the works. The communitarian will support those public works that serve communitarian goals.

What I am referring to in this section are grants to artists who propose works that do not have a “public good” context. In the United States the National Endowment for the Arts (NEA) began at its founding the practice of awarding such grants to artists, but for a variety of reasons, still subject to dispute, the practice was ended in the mid-1990s (Brenson, 2001). The NEA still exists, but its funding is to institutions, especially those dedicated to bringing art to less-favoured regions, or to preservation of something unique. Similarly U.S. state arts agencies often will not award grants to artists.

The reason grants to artists are difficult to defend is that there is no clear way to articulate the public interest. Consider the approaches discussed above to evaluate public support for the arts. Grants to individual artists would certainly not contribute to any equity goals. As pointed out above the liberal egalitarian approach leads fairly explicitly to a rejection of using public funds for such purposes. That leaves economic efficiency and communitarianism.

First consider the economic efficiency approach. Remember that this approach is not so much about the stimulus to the overall economy as it is about externalities. Using the same situation as before, suppose the state is going to give a grant to Black to produce a work of art. White will see it, but Green won't. We are asking whether we can justify

asking Green to pay for the grant through taxes. The issue isn't whether Black or White would benefit from the grant; they almost certainly will. But if the artist Black and the viewer White are the *only* ones who benefit, then there is no broader public interest, at least on efficiency grounds, and so no justification for the government grant.

We said earlier that the “legacy” argument was the most likely reason we could say there was an externality; Green wants there to be a society with art in the future, either for future generations or for Green himself when he is older. But this will be achieved most effectively by ensuring that future generations are educated about art, presumably in such a way that they will gain pleasure from it and so support it as creators and as audience. Also important will be the support of cultural institutions and organizations, for once lost they can be very difficult to regain. And these institutions are necessary if the preservation of cultural knowledge is to be passed on to the next generations. For young people to learn about and have an appreciation and understanding of visual art, music, theatre or dance we must have a Mackenzie Gallery, a Regina Symphony, a Globe Theatre, a New Dance Horizons, and all of the smaller organizations that ensure diversity and innovation in our local art world. The problem with grants to individual artists, outside of the indirect support they would receive through the public support of institutions, is that the link to the public interest is not clear. Indeed grants to institutions provide an extra level of accountability; it is much easier for the granting agency to evaluate how well the institution is meeting the public policy goals set out in its application for funding than it is to monitor the impact of a collection of grants to individuals.

Is there a communitarian rationale for grants to individual artists? The answer is a qualified “yes”: the qualification is that the proposed works of art must somehow contribute to the communitarian goals, of building shared, unifying experiences, possibly tied to certain political stances (for example, in Canada “national unity”). But this is really more to do with commissioned public art than it is to the individual artist to simply pursue her imagination and artistic talent wherever it may lead. The communitarian argument serves as a reminder that not all rationales for public funding are ones that artists would necessarily want to take. Where grants can only be given where there is an identifiable public interest – a requirement taken as axiomatic in this paper – artists will have to aware of what that might entail in terms of their artistic practice (Hamilton, 1996; Frey, 1999). This is an important aspect of the next “hard question”.

Should There Be Restrictions on the Content of Publicly Funded Art?

In a previously published paper (Rushton, 2000) I argued that whether we justify government funding of the arts through the lens of economics, liberal theory, or communitarian theory, it is not inherently wrong that some guidelines be imposed on the content of government funded art.

To begin, note that in this paper we are not talking about freedom of expression in the general sense, and so the content of non-government funded art is not at issue.

However, the argument has been made that content-restrictions on publicly funded art *are* indeed a form of unacceptable limitations on constitutionally protected freedom of speech. This issue was hotly debated in the United States when in 1990 (when the NEA still awarded grants to artists) a provision was added to the procedures of the NEA requiring that the chairperson of the NEA ensure that “artistic excellence and artistic merit are the criteria by which [grant] applications are judged, taking into consideration general standards of decency and respect for the diverse beliefs and values of the American public.”⁶ The provision was challenged and found its way to the U.S. Supreme Court, where it was found to be constitutional.⁷

In response to the provision Kathleen Sullivan commented that, “the government’s threat to withhold money if one speaks too freely is little different from the levy of a criminal fine for that speech” (1991, p. 84). This is not a paper on constitutional law, and we are not qualified to judge on the legality of content restriction on publicly funded art, especially in Canada where there is not a large body of case law on the subject. However, we can say something about the public interest in publicly funded art, and in the long run that is much more important to everyone. After all, whether Sullivan was right or wrong about the NEA provision, the fact is that, at least partly as a result of funding some very controversial projects, there are no longer *any* grants to individual artists through the NEA, which makes the constitutional issues moot. As one American commentator put it, in a discussion on the controversy over the Brooklyn Museum exhibition “Sensation” in 1999, “ringing First Amendment victories, however gratifying, are a sign of underlying weakness in the forum of public opinion, and that is where the battle for government funding of the arts will be won or lost” (Strauss, 2001, p. 51; also see Schuster, 2001).

Public funding of art, and the practices involved in the administration of that funding, must reflect the public interest. It *may* be the case that the public interest is best served by relatively few restrictions on content. Having few restrictions serves the purpose of allowing greater innovation in art, and in preventing our rather imperfect political system from exerting influence in funding decisions in ways that would be contrary to the public interest. But accounting for the public interest requires a weighing of the benefits and costs of certain forms of expression.

Consider, for example, the provision in Saskatchewan Arts Board legislation that requires the SAB to adhere to the principle of “respect for Aboriginal traditions and protocols governing the use of traditional names, stories, songs and other art forms.”⁸ It is not very difficult to argue that the benefits of including this principle in the legislation in terms of the potential harm it would prevent outweigh the costs of the legislation in terms of imposing a restriction on artistic practice. The public interest requires just such a weighing of benefits and costs. Note that this does *not* imply that there must be safeguards against every conceivable offence that someone might take to a particular work of art; the goal is not to grant every person in the province a veto over every

⁶ 20 U.S.C. §954(d)(1).

⁷ National Endowment for the Arts v. Karen Finley, 118 S.Ct. 2168 (1998).

⁸ The Arts Board Act (1997), 5(e).

institutional or individual grant. What is implied is that some judgment be applied over what would be in the public interest.

In our society we face many restrictions on speech that are imposed on public policy grounds: restrictions on commercial advertising, on political advertising (its content, its timing, and its sources of funding), on hate speech, on incitements to violence, plus all the various “time and place” restrictions on expression. For each of these restrictions there is a public policy rationale, and while we will disagree on how the benefits and costs of restrictions were weighed, generally our disagreements are contested within the context of what would be in the best public interest (with the exception of those libertarians who would argue for no restrictions on expression of any kind, not on the basis of public interest but on the basis of natural liberty independent of whatever might be thought to be the public good).

Art is not exempt from the consideration of public interest. George Orwell, in a review of the life of Dali, lamented Dali’s defenders’ claim of a “*benefit of clergy*”, where “the artist is to be exempt from the moral laws that are binding on ordinary people. Just pronounce the magic word ‘art’ and everything is OK. Rotting corpses with snails crawling over them are OK; kicking little girls on the head is OK; even a film like *L’Age d’Or* is OK. ...So long as you can paint well enough to pass the test, all shall be forgiven you” (Orwell, 1968, p. 160). Publicly funded art cannot operate with this “benefit of clergy”, drawn from the notion that ordinary people are not fit to apply standards to the art they fund.

In Regina the “Queer City Cinema” was in the year 2000 a focal point of discussion on public funding of art, with the event being sponsored by arts agencies at the local, provincial, and national level. Much of the controversy and opposition centered on the inclusion of a showing and discussion of pornographic video during the event. There were a variety of responses, and we deal with them in turn. The first, which we can dismiss, is the statements that implied that although the opponents of the public funding stated it was on the grounds of the inclusion of pornography, the “real” motive was homophobia, with links drawn to the KKK in the 1930s and the Holocaust.⁹ Not only do such accusations stifle genuine debate over the policy issues, in this case it is also rather beside the point, since there would with certainty be a political opposition to public funding of an event containing heterosexual pornography. Indeed the artistic director of the film festival remarked that the fact that it was homosexual pornography was critical, since there are not the same power dynamics as there would be in heterosexual pornography.¹⁰

A second kind of defence was given by Len Findlay of the University of Saskatchewan, who said, “it’s important the arts board support projects that disturb mainstream society. ‘Is culture supposed to be sedative, feed complacency, traffic in the

⁹ “Sask. Party keeps up heat on graphic films” *Leader-Post* (Regina), May 4, 2000, p. A4. The accusation of dishonesty masking “real”, unsavory motives is also used by Carol Becker against New York mayor Rudi Giuliani during the Brooklyn Museum controversy (Becker, 2001).

¹⁰ “Sask. Party MLA upset with film festival” *Leader-Post* (Regina), April 29, 2000, p. A5.

familiar? Culture should reflect diversity and sometimes challenge conventional wisdom.”¹¹ We dealt with this sort of argument earlier, in our discussion of externalities, and the idea that art will elevate the social and political awareness of the public. But as much as some of us might think that “mainstream society” needs shaking up, it is up to that same “mainstream society” to make that call. If the SAB is to fund art that challenges our “conventional wisdom”, it must be on the grounds that the public itself wants this as a policy goal. Findlay does not make the case, or attempt the case, that the public *wants* to be disturbed. Instead, his remarks carry the tone that they *should* be disturbed whether they want to be or not. But that kind of paternalism cannot be a guide to our cultural policies.

A third line of defence, and the strongest, was given by the executive director of the SAB, and relied on the nature of the *process* by which funding decisions are made: “‘We pick serious people for our juries,’ said Morgan. ‘These are not frivolous people. And it’s important to remember they are also people who live down the street, people who have a sense of professional responsibility.’”¹² There are two arguments being made in this statement. The first is that funding is done through recommendations by a jury system. The second is that the juries in a sense reflect the standards of the community because they are people drawn from that same community. These statements draw attention to the fact that the proper place for debate about what should be funded is during the design of the system: what rules should apply? For example, it is a legitimate question whether it is appropriate to have a clause such as the NEA introduced in 1990 (which did not demand that all projects satisfy some particular standard of “decency”, but that some sensitivity to public sentiment be a *part* of the funding deliberations). It will not be productive to have annual second-guessing by the legislature over what projects received funding.

That being said, note that the “peer review” defence, like the “freedom of expression” defence, is a short-term but not a long-term strategy for advocates of public funding of controversial art. Just as the magic word “art” does not make everything OK, neither do the magic words “peer review”. If the jury system, on a long-term basis, produces recommendations for funding of projects to which there is wide-spread public dissatisfaction, for whatever reasons, the funding will eventually decline and perhaps disappear, even if we are persuaded that the jury system was of the best possible design. The case needs to be made that the jury system is producing recommendations for projects that satisfy what is thought to be in the public interest, however defined. And this leads us to our third question.

Who Decides What Gets Funded?

Just as with the sciences and humanities, there are some good reasons for using jury panels to make recommendations of funding. It helps to make the process open, and removes it at least to some degree from political interference. When we ask how jury

¹¹ “Experts said festival has merit: official” Leader-Post (Regina), May 3, 2000, p. A3.

¹² Ibid.

panels should be comprised, it makes sense to think about the goal of the funding in the first place: why are the grants being offered?

Throughout the first part of this essay we considered the various ways we could think about evaluating public spending in the arts. We found that there was a strong case to be made for those kinds of spending that would help ensure a more equitable access and enjoyment of the arts than we might get without government participation. We also found that there might be grounds, through a communitarian approach, for public funding of art beyond what would be justified on equity or legacy-preserving grounds, but that this would be for artistic projects that would enhance the shared experiences of the population, and perhaps as well to help instill some values that were believed to be collectively important. In Saskatchewan the Arts Board Act (1997) lists a wide range of purposes for the SAB in its mandate (section 4).

A wide range of public policy goals requires a wide range of expertise in the decision-making process. In particular, it means that the input of professional artists would be necessary but not sufficient. In Saskatchewan adjudication procedures rely on input from both the professional and “avocational” arts communities, where the latter refers to persons engaged in participatory, volunteer and community-based arts activities. Since artistic excellence is only one of the goals of publicly funded art, it is inappropriate to rely solely on those with expertise in that area to make judgments.

Still, we might ask whether we could go even further than the inclusion of the avocational artist in the advisory process. Remember that the purpose of an arts funding agency is to work through arts organizations to pursue the public interest, not just the interests of the organizations that will be the recipients of the funding. Many arts funding agencies ensure that a staff member of the agency is present during jury deliberations to remind jury members of the broad mandate (if there is one) of the funding agency. But there should be room, if not at the jury level, at least at the next stage where funding approval is ultimately given and the sizes of grants are determined, for input from those not directly tied to the sorts of organization that would potentially receive funding.

ART AND THE PUBLIC INTEREST

What is the public interest in art? Through the desires of arts organizations, their primary audience, and the bureaucracy that works in the cultural sector to secure generous funding for the arts, there has evolved since government arts agencies were first formed over fifty years ago a consensus that somehow art is a means to an end. The end might be that we become more enlightened, more politically aware, more creative in industry, more unified, more tolerant of other views, more cosmopolitan, more able to attract investment to our region, or any combination of the above. But the idea is that public funding can only be justified if it serves one of these ends.

I have argued throughout this paper that public funding requires an identification of the public interest. But the public interest does not have to manifest itself through some goal higher than the simple enjoyment of the art itself. Equity of access and

education in the arts is an important public interest, as is preserving our ability to enjoy our culture in the future. Is it really necessary to invent a public interest beyond giving as many people as possible the opportunity, at least now and again, to take a few moments simply to contemplate a painting or a poem, even if it has “nothing to teach us about how to live or what we ought to approve”? (Oakeshott, 1991, p. 540).

There are economists who have studied cultural policy and been so unconvinced of any defensible public interest that they have concluded that the whole cultural policy system, from grants to tax breaks for charitable donations, is simply a result of the superior lobbying-power of the artworld (Banfield, 1984; Grampp, 1989). And indeed it would be hard to blame any politician or advisor for giving in, since the term “philistine” carries quite a sting, as any administrator who has had to say “no” to a request from artists for funding will attest.

But asking hard questions about public policy towards the arts is necessary if we are to ensure that we are directing our always-scarce resources to their best use. I hope it has become clear that “best use” to the economist is not necessarily about what will generate the most income. It can be as simple as trying to ensure that the enjoyment to be had from attending a cultural event is available to as many as possible, now and in the future.

The agencies that distribute public funds for the arts represent the public, although it is easy, as it is in any sector, to slip into a way of thinking that holds that the agencies represent those who are being funded. As challenging as it is to define the public interest in the cultural sphere, it is not a task we can avoid.

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