Supporting the arts in spinning times

In large parts of the world culture and cultural policies are under pressure. To resist the gloom of recession, old mindsets must be relinquished and replaced by new, positive ways of thinking. Now more than ever, an exchange of arguments and analyses is at the fore. In this first issue of Cultural Policy Update support models from Europe, Asia and Australia are under scrutiny. The old model of the patron state is wearing out; much is expected from a diversification of funding sources. This includes the use of trading and contracting models, as well as an increase in private support. Besides, new types of investment are in demand. A democratic and dynamic society needs the arts, which should engage with other domains in society. This is where their added value for society lies. Artists, cultural institutions and governments alike have to leave their comfort zone to establish new alliances.
This is the first issue of *Cultural Policy Update* (CPU), a new international e-journal, initiated by the Boekman Foundation (Amsterdam, the Netherlands), and devoted to developments in cultural policies worldwide. Cultural policy in general refers to government interventions to protect or to encourage activities in the cultural field. In this first CPU the limitations of this conception come to the fore: cultural policies need adjusting, the public domain redefining.

First of all the position of the arts has changed, as a result of modernity. They have been marginalized, Kees Vuyk and Vesna Čopič argue. They form an autonomous system, are self-referential. After the fall of the Berlin Wall the arts in South East Europe lost their impact pressure, and can hardly count on political support. In West-European countries like the United Kingdom and the Netherlands, political support has become less evident as well, partly under the influence of the recession. How then can the arts, especially the subsidized arts, break out from the reserve, and step out of their isolation? According to Kees Vuyk and Dirk De Wit this is possible by connecting with other domains in society, like business, science or health care. This cross disciplinary approach, as De Wit formulates it, only acquires surplus value if the basis rule is to unravel complex problems. Artists and cultural institutions have to leave their comfort zone to establish these new alliances.

This also requires another approach by governments. The artificial policy distinction between subsidized and non-subsidized arts has expired, De Wit claims. Cultural policies, Kees Vuyk concludes, have to enter a postmodern phase, beyond the autonomy which is a hallmark of modernity. The aiming for autonomy was relevant when we, in Western Europe, had to disentangle ourselves from the all-embracing state. However, Slovenia and other South East European countries find themselves precisely at this turning point. Cultural institutions are dominated by the state, by the ‘rule of law’, in the words of Vesna Čopič. The Minister of Culture of Slovenia therefore installed a task force to prepare for...
the transition of bureaucratic procedures to a broader autonomy, based on greater discretion. In the United Kingdom though, where the arts and heritage activities are not legally defined, but discretionary, the cultural sector has manoeuvred itself partly for this reason into a vulnerable position. The instrumentalization of the sector, Clive Gray and Jennie Jordan add, is also partly responsible for this situation.

As a result of this vulnerable position, there is an increasing pressure towards industrialization, for instance in the culture industries, which are supposed to become bigger and bigger booming business. In India, S. Ananth describes, the film industry took a giant leap forward when the federal government declared it to be an industry, which entitled it to a tax concession. As a result, production companies became eligible for loans from banks and other funding agencies. The development of the film industry in terms of quality is left to the market.

Another result of the vulnerable position of the cultural field, Clive Gray and Jennie Jordan say, is the managerialization, a response partly to the increasing demand for evidence of the value and utility of expenditure in the sector. This tendency is reflected in the drive towards evidence-based policy, they state. Vesna Ćopič questions this tendency of managerialization, since it seems to step into the void which was left by the all-embracing power and influence of the political parties before the fall of the Berlin Wall.

If the cultural institutions are to strengthen their financial resilience, they have to diversify their sources of funding, Kees Vuyk stresses, varying from direct funding by governments to private funding and income from the market. Vesna Ćopič considers this to be a healthy future for the cultural field in Slovenia. Clive Gray and Jennie Jordan describe this cultural entrepreneurialism as one of the strategies in the United Kingdom for institutions to keep their heads above water. They quote a recent report by Mission Models Money, called Capital Matters, saying that cultural institutions lack financial reserves and do not invest their surplus. New types of investment are strongly needed. This can be a wide variety, as becomes clear from the list of S. Ananth for the Indian film industry, such as the sale of intellectual property rights. This form of exploitation is not regularly exercised in the United Kingdom, the researchers of Capital Matters declare. Gray and Jordan also mention marketing and other collaborations, as a way of reducing costs and increasing ticket sales. Much is expected, though, from public-private support, which has been a great success for several years now in Australia, as Ivana Jirasek convincingly reports. The programmes of Artsupport Australia are directed towards both individual artists and small to medium-sized cultural organizations and the private sector.

Next to the familiar financial support models, new models have emerged, such as advocacy platforms and other initiatives to express the involvement and concerns of civil society for a healthy and qualitative cultural field. Volunteers play an important role in this respect; they can form a bridge to potential audiences that have not yet been reached or explored, as Andreas Wiesand explains in the epilogue.

If anything becomes apparent in this first issue of Cultural Policy Update, it is that there is a need for a more integrative and inclusive way of thinking, involving all stakeholders, from civil society to the private sector, from artists to cultural foundations, which no doubt will result in a shift of power(s) in the course of time. Let us not forget that ‘Art is fundamental, unique to each of us... Even in difficult economic times – especially in difficult economic times – the arts are essential.’

In addition to the Cultural Policy Update e-journal, there is also a CPU blog. The first blog is about the revolution in Tunisia and Egypt and how this affects the cultural sector. The editors cordially invite authors from all over the world to report about relevant meetings, discussions and trends at the CPU blog.

1 Quotation from Maria Shriver, American journalist, author and activist. Until early 2011, she was also the First Lady of California, as the wife of ex-Governor Arnold Schwarzenegger.
Art and politics: beyond autonomy

In recent decades Dutch arts policy was based on a consensus, which now no longer exists. There appears to be disagreement between political parties about the benefit of government subsidies but the crux of the matter is a shared unease about the position the arts occupy in nowadays society. The art sector is too inward looking. It is high time for culture to seek a broader basis of support, a middle point in society. We face a future in which art and society will deal with each other in a completely different way. A dynamic society needs the arts and it is essential that art entwines its tentacles in all kinds of ways throughout society.

O n the left and right of the political spectrum, parties are preparing to fit arts policy into their own ideological framework. The left wants more political influence on the arts. The right is cutting government subsidies and wants to leave the financing of the arts more to the free market. The new one-issue parties also do not hesitate to link their position on arts policy directly with their own ideology. For the PVV (Partij voor de Vrijheid, Freedom Party) arts policy is a means of expressing their position on the Islamization of the Netherlands, and for the PvdD (Partij van de Dieren, Party for the Animals) arts policy must, of course, address the involvement of artists in animal welfare.

Thorbecke’s heritage

The Dutch government’s decision after World War II to adopt the subsidy policy of the German occupier and make funding available for the production of art was widely supported politically. A condition was that the government should not interfere with the content of the arts. The Dutch wanted to distinguish themselves from the old enemy, the fascist occupier, and the new enemy, the upcoming communist block. Both authoritarian regimes unashamedly used the arts for their own ideological aims; art ought to be able to develop without such

1 In my opinion, the end of the Cold War forms the background to this ideological confusion. For years the Cold War had given ideological clarity on so many issues, including arts policy: totalitarian art versus free art. See Vuyk (2010).
2 In connection with the national elections of 2010 all the political parties set out their position on arts policy in Boekman 81, a special issue on art and politics, see Gubbels, Van der Leden, Nuchelmans, and Twaalthoven (2009).
interference in the post-war Netherlands. It was assumed that ‘free’ art could contribute to the political reconstruction of the Netherlands as a modern democratic society. Art was envisaged as a reflection of the pluriformity of society - at that time embedded in the consociational system - as freedom of expression had to be safeguarded to the utmost. Art could thus be a means of educating the population to become articulate citizens who did not blindly follow their leaders, but were able to formulate and express their own wishes in the public debate.³

That the arts play an important role in society is not the subject of discussion

The Raad voor de Kunst (Arts Council) was founded against this background and merged into the Raad voor Cultuur (Cultural Council) in 1994. The council was given the role of establishing the quality criteria which would form the basis of the allocation of government subsidies. Not the government, but the art world itself would determine, on the basis of its own criteria, what artistic expression was worthy to be considered for government financing.

A comment by the liberal statesman Thorbecke from 1862 was retrieved from the archives to give this system political legitimacy: ‘The government is no judge of the arts (and science). It was totally forgotten that Thorbecke himself meant by this statement that the government should also keep a financial distance from art. Thorbecke naturally made this statement in a very different context. In his time, states all over Europe were transforming themselves into nations on the basis of an ideology of people and language. National Libraries, National Museums, National Theatres and National Operas sprang up in all the capital cities. Governments were in fact in control of these institutions. Thorbecke wanted to protect society from such dominance.

Before the French Revolution governments held supreme power. After that revolution had run its course, restorative powers eagerly wanted to re-establish that power. We can understand Thorbecke’s statement as a protest against this. He had in mind a society in which art and science (but also religion, the press, etcetera) would be given

What is democracy? 2009, Oliver Ressler

³ See note 1.
There is a widely shared unease about the position the arts occupy in society. Those who want to stay loyal to Thorbecke’s position today must answer the question what dominant power now threatens citizens’ freedom of choice. Is it still the government? In Thorbecke’s day it was the progressives who thought that; now it is the position of the parties on the right. They see the government as the great malefactor which disturbs the dynamics of society. Leaving more to the free market is the remedy for this ailment, also in relation to the arts. For the left, however, the ubiquity of the market is precisely the problem of present-day society; government policy should oppose this new hegemony.

In so far as parties on the left and right are still in favour of a society in which there is a place for diversity, they remain true to Thorbecke’s legacy. They think that the government must ensure that one viewpoint does not overpower society. Parties that view society from one position and want to use government power to impose that position, step outside the universe of modern politics and are in fact returning to a pre-modern state model, such as medieval corporatism, the 18th century Ancien Régime, and the 20th century totalitarian states where government set the tone in all fields of life.

The gulf between the arts and society

In all political differences of opinion, there are remarkably always a number of points on which parties agree. The idea that the arts play an important role in society is not fundamentally the subject of discussion, nor is the task of the government to create the best conditions possible for the arts to flourish. All parties defend their position with the argument that what they stand for is the best for the arts and society. Some parties maintain that the arts benefit from government intervention; others consider market processes to be a stimulus to the development of the arts. They thus mainly differ on the way in which they want to promote the arts. And that in turn is related to the fact that they think differently about the place of art in society.

Parties that want to diminish government intervention – PVV, TON (Trots op Nederland, Proud of the Netherlands), VVD (Volkspartij voor Vrijheid en Democratie, People’s Party for Freedom and Democracy) and SGP (Staatkundig Gereformeerde Partij, Reformed Political Party) – contend that the subsidy relationship, even when completely free of any interference in the content of art, is a bond that restricts the arts. This relationship not only has many bureaucratic consequences, which are completely alien to the arts, it also confines the arts to a preserve, thereby separating them from society. Owing to the current way of distributing subsidies, artists mainly relate to the art world: their own colleagues and other ‘residents of the preserve’, such as critics and directors of art institutions. These groups consult among themselves on the councils and commissions of the art world and make an intrinsic judgement on what work is worthy of being subsidized.

The parties that do not have a problem with subsidizing art but want politicians to have more say in how the subsidy is spent – the PvdA (Partij van de Arbeid, Labour
Party) in particular, but also the CDA (Christen-Democratisch Appèl, Christian Democratic Appeal) and the CU (ChristenUnie, Christian Union) – use the same argument. They are concerned that the subsidy system drives a wedge between art and society. By giving the government more influence on the distribution of subsidies, they want to stimulate public debate on the importance of art, thereby protecting the arts from isolation and putting them at the middle of society.

It almost goes without saying that the PVV and the PvdD think that the arts are separated from society. Their message is that almost everything and everyone is blind to what they consider to be the actual needs of society. The PVV also thinks that subsidized art is elitist.

Reviewing this situation, the question arises as to whether the debate about how art and politics should relate to each other is being pursued in the right terms. At first sight there appears to be disagreement about the benefit of government subsidies and about the extent to which the government should be involved in how they are spent. On reflection, this is more of a derived theme. The crux of the matter is a widely shared unease about the position the arts occupy in society: too much in their own preserve, too little contact with the rest of society. Would it not be better to have a discussion on this issue, rather than on the extent of government influence in arts policy? Shouldn’t there first be an intrinsic debate on the role the arts ought to play in society, before a debate on the sense, or lack thereof, of government interference? Politics often avoids the intrinsic questions and replaces them with management problems. Yet it is precisely those intrinsic, in essence normative questions that are the quintessential political questions. They must be answered first before there is any point in asking how the objectives that have been set can be achieved.

**In pursuit of autonomy**

Let us consider the problem further. The art sector is too inward looking. There is little exchange with other sectors of society. Let us assume that this diagnosis is correct. Anyway, I believe that it does hold a core of truth, although the problem should not be exaggerated. When we look for the origins of this situation, it is important to establish that this problem of the arts is not typically Dutch. More importantly, it is not even exclusive to the arts. According to sociologists the pursuit of autonomy in various sectors of our society is a general characteristic of modernization. The problem of the arts is even comparable to a great extent to the problem that is currently referred to as the ‘gulf between politics and
public. Politicians are now also reproached for staying within a preserve – the closed political system of The Hague – and having too little contact with ordinary citizens. Maybe this explains the vehemence of some politicians’ complaints about the arts. Are these politicians not projecting their anger about the people’s lack of trust in them onto a third party: the arts?

The art sector is too inward looking

Modernization means that sectors of society differentiate themselves from each other. Society organizes itself around professional groups which are increasingly oriented on themselves. They form their own organizations, create their own training courses, develop their own norms and values, and account for their work within their own circle. The latter is called professionalization and is inherent in the pursuit of autonomy. This development is called modern because it averts the old corporatist forms of society, which are still to be found in modern times in totalitarian states. Everything is connected with everything in these states and a small upper stratum pulls all the strings via the state. In this sense Thorbecke was a modern statesman. He did not see the state as an omni-regulator but as a sector itself with specific tasks. It was not the task of the state, therefore, to engage in what happened in other sectors; it was rather a matter of the state furthering the development of the individual autonomy of all sectors.

This origin of the politicians’ complaints about the arts explains the vehemence of some people to the proposals made by the Amsterdam PvdA alderman Carolien Gehrels in her Boekman Lecture 2009. She proposed giving politicians more influence on how subsidies to the arts are spent. Like Gehrels’ opponent in the debate, VVD leader and Prime Minister Mark Rutte, they immediately see the state emerging as an omni-regulator. Unjustifiably, I think. The return of the corporatist state is not the biggest danger facing our society. It is rather autonomy that has gone too far, which has made it difficult to make general judgements on values. As a result, nowadays we do not know the value of anything, only the price.

Beyond autonomy?

Modernity has had its day. For decades philosophers have been talking about postmodernism: clear divisions become blurred, hybrid connections are on the rise. The pursuit of autonomy is losing relevance. It was useful in a time when we had to liberate ourselves from an all-embracing state. Now a change in direction is needed. I see the contours of a post-autonomous society emerging. A society in which there is respect for the individuality of the sectors it is comprised of, but in which a healthy dose of interference means that the dividing lines do not become gulfs and lively exchanges across those lines remain possible.

The arts will play, I think, a special role in that post-autonomous society. The arts are, after all, like science and the media, the sector in which this interference is, as it were, institutionalized. The inclination of science, with its bare facts, and the media, with their endless faits divers, to interfere not only removes borders, but also contributes to the fragmentation of the experience and the feeling of rootlessness that is characteristic of today’s society. The arts’ inclination to interfere, however, if it is correct, points the way to new relationships and cross-border connections.

There have always been visual artists with a fascination for technology and science. Musicians enjoy confronting myths and so breathe new life into them. Writers and filmmakers deepen their knowledge of characters of all kinds and from all strata of the population and challenge their audiences to do the same. Many artists have been and are inspired by social and political problems. For decades community artists have gone out into the neighbourhoods and villages to depict the inhabitants’ stories. In all the arts sector is too inward looking

Modernization means that sectors of society differentiate themselves from each other. Society organizes itself around professional groups which are increasingly oriented on themselves. They form their own organizations, create their own training courses, develop their own norms and values, and account for their work within their own circle. The latter is called professionalization and is inherent in the pursuit of autonomy. This development is called modern because it averts the old corporatist forms of society, which are still to be found in modern times in totalitarian states. Everything is connected with everything in these states and a small upper stratum pulls all the strings via the state. In this sense Thorbecke was a modern statesman. He did not see the state as an omni-regulator but as a sector itself with specific tasks. It was not the task of the state, therefore, to engage in what happened in other sectors; it was rather a matter of the state furthering the development of the individual autonomy of all sectors.

This origin of the politicians’ complaints about the arts explains the vehemence of some people to the proposals made by the Amsterdam PvdA alderman Carolien Gehrels in her Boekman Lecture 2009. She proposed giving politicians more influence on how subsidies to the arts are spent. Like Gehrels’ opponent in the debate, VVD leader and Prime Minister Mark Rutte, they immediately see the state emerging as an omni-regulator. Unjustifiably, I think. The return of the corporatist state is not the biggest danger facing our society. It is rather autonomy that has gone too far, which has made it difficult to make general judgements on values. As a result, nowadays we do not know the value of anything, only the price.

Beyond autonomy?

Modernity has had its day. For decades philosophers have been talking about postmodernism: clear divisions become blurred, hybrid connections are on the rise. The pursuit of autonomy is losing relevance. It was useful in a time when we had to liberate ourselves from an all-embracing state. Now a change in direction is needed. I see the contours of a post-autonomous society emerging. A society in which there is respect for the individuality of the sectors it is comprised of, but in which a healthy dose of interference means that the dividing lines do not become gulfs and lively exchanges across those lines remain possible.

The arts will play, I think, a special role in that post-autonomous society. The arts are, after all, like science and the media, the sector in which this interference is, as it were, institutionalized. The inclination of science, with its bare facts, and the media, with their endless faits divers, to interfere not only removes borders, but also contributes to the fragmentation of the experience and the feeling of rootlessness that is characteristic of today’s society. The arts’ inclination to interfere, however, if it is correct, points the way to new relationships and cross-border connections.

There have always been visual artists with a fascination for technology and science. Musicians enjoy confronting myths and so breathe new life into them. Writers and filmmakers deepen their knowledge of characters of all kinds and from all strata of the population and challenge their audiences to do the same. Many artists have been and are inspired by social and political problems. For decades community artists have gone out into the neighbourhoods and villages to depict the inhabitants’ stories. In all the arts
interest in popular culture is growing and the arts want to distinguish themselves in this culture in modern times.

Characteristic of modern society is that these trans-border tendencies of the arts were not highly valued in the recent past. To reach the top artistically you had to rid yourself of this sort of heterodoxies. But this is now beginning to change. And rightly so, as this is exactly what society today needs: harmonies, visions, stories and productions, which surpass the categories belonging to the tradition of modernity and bring together that which was separated within that tradition in an astonishing way.

The question is thus not whether it is admissible for the arts to be subject to the influence of other sectors, such as politics, but how can the arts get a grip on those sectors so that the imaginative power of the arts has free play there. For in our society in transition there is an enormous need for new ideas and perspectives in all fields. The arts can help here – if they are prepared and able to step outside their own domain and embrace new connections with, for example, the business community, the health service, the issue of the aging society, landscape management, science, the environmental movement, and yes, politics and religion too, those areas which modernity declared ‘unclean’ for historically understandable reasons.

Fortunately it is not difficult in the arts world to find persons and institutions that form a vanguard in this and are already involved in these themes in an inspiring way. In the visual arts especially, trans-border activities not only cross disciplines, but also the content is widely under discussion. Artists increasingly leave their studio, that bastion of autonomy, and move freely through society. In the performing arts this movement is still hesitant. There is a whole world yet to be gained.

**Art at the middle of society**

What must happen now to give art a new place in our society, a place in the middle which enables art to intervene creatively in everything? To achieve this goal, in my opinion, all the means put forward in the current debate on the arts and politics are permissible.

What is needed in particular is pluriformity. That is what is missing in the current arts policy organized by sector. In the most recent reform of Dutch arts policy – the introduction of the Basic Infrastructure in 2009 – this pluriformity has even decreased rather than increased. The Basic Infrastructure makes a sharp division between permanent, long-term subsidized facilities, located all over the country, and groups and institutions that receive subsidies via government funds and are mostly project oriented. Artists seeking financiers for their projects quickly realize there are few possibilities. Only very few doors open the way to government subsidies. The law determines who is included in the Basic Infrastructure. It is extremely difficult for those who fall outside this infrastructure to be included; they are dependent on the funds. On the other hand, those who are included in the Basic Infrastructure can no longer appeal to the funds. The number of government funds has, moreover, decreased, owing to mergers and will continue to decrease if the current plans go ahead. Access to financing – both by the government and large private funds – is increasingly guarded by the same gatekeepers, who thereby establish a hegemony of taste that is strongly permeated with the ideal of autonomy.

This is an unhealthy situation, in my opinion. I therefore argue strongly for a cultural policy directed at as much diversity as possible in the financing of the arts. I see a number of possibilities for this:

1. In spite of the rigorous cuts that have been announced, for me it is still beyond question that the government must give subsidies. After all, it does this in all kinds of fields. Why should the arts be an exception? But the distribution of subsidies must be directed towards pluriformity and connection. Distribution should preferably be via a multitude of small funds: national, regional and local, all with different
2. Subsidies must not be the only way in which the government relates to the arts. Commissioning artists is also an excellent form of financing, whereby the government, moreover, can emphasize its own objectives. Art institutions and artists who want to receive commissions must put themselves in the position of the commissioners and empathize with their requests and needs. This will promote the dialogue between art and society. Many conservation subsidies at the moment are in fact government commissions to preserve heritage and bring it to the attention of the public. When these are seen as commissions, government interests can be much more strongly emphasized. Other ministries and government departments, not just those concerned with culture, can of course also commission work. Then other objectives besides strictly artistic ones can also be part of the commission. In the recent past the Ministry of Education, Culture and Science has taken the lead several times and sought co-operation with other ministries in government programmes such as Culture and School, Culture and the Economy and the Cultural Reach Action Plan. These were interesting initiatives which must be continued. The Ministry of Education, Culture and Science could act as the director of a policy only partly financed by that ministry, with the rest of the financ-

Black Diamond, 2010
Ahmet Öğüt
In an open-air area known as Het Oog (The Eye) in the Van Abbemuseum (Eindhoven, the Netherlands), visitors could look for a piece of the museum wall that had been hidden in a large amount of coal. They could then search for the exact place in the museum wall where the piece was taken from and replaced by a valuable diamond.

PHOTO: PETER COX

Subsidies are for creating chances, helping young makers on their way, and giving established institutions the opportunity to try something new or exceptional. Not for preserving institutions.

See Bloksma, http://www.boekman.nl/
ing being provided by the involvement of other government bodies, other policy fields, private individuals and commercial parties.

3. Commissions by non-government parties must then also be applauded. I am not only thinking of sponsoring, whereby art contributes to brand awareness and the status of companies, or typical art commissions such as decorative art or high-minded entertainment at events and parties, although there is nothing wrong with this. Art can take on many forms. Social institutions and companies can, just like the government, profit from artists’ unconventional views and their creativity in thinking of solutions to problems. This does not mean that artists must become social workers or consultants. I think that their contribution to solving social or organizational questions is all the more enthralling if it remains art. Artists must stimulate the imagination. This is most successful with images, stories, music, theatre and film.

4. Patronage, also in the form of circles of friends, is an excellent way for artists and art institutions to maintain contact with people who value their work. The culture of giving is one of the oldest ways of forging bonds with each other. Art has traditionally played a role in this. The rise of capitalist market thinking has forced this gift economy into the margins of modern societies. Yet the culture of giving can provide a counterbalance to the erosion of social relations, which, as Marx taught us in the Communist Manifesto, is a result of modern capitalism (‘all that is solid melts into air’).8

5. Obviously artists must not shun the market. The price people are prepared to pay for art is in any case an indication of its importance to them.

In conclusion

A dynamic society needs the arts. It is therefore essential that art entwines its tentacles in all kinds of ways throughout society. This does not necessarily mean that there must be more art. Not all art is good art. Multiple selection separating the wheat from the chaff is necessary in the arts. That selection must, however, be transparent and preferably in public, but in any case must be done in a way that is insightful to the artist and on the basis of a diversity of criteria. Then not only the arts but also society will flourish.

NOTE ON THE AUTHOR

Kees Vuyk is a philosopher and Associate Professor in Arts Policy and Management at the University of Utrecht.

Contact: Dr. Kees Vuyk, Department of Media and Culture Studies, Room 0.09, Utrecht University, Muntstraat 2A 3512 EV Utrecht, the Netherlands, e-mail: c.m.vuyk@uu.nl, tel: +31 30 253 6263

BIBLIOGRAPHY

Bloksma, B. ‘The culturele sector als departement ontwikkeling en onderzoek van de overheid.’ [The cultural sector as department of research and development of the government], in Boekman digitaal: cultuurbeleid 3.0, see http://www.boekman.nl/documenten/BDigitaal_Culturelesector_Overheid.pdf


8 Marx & Engels (1973), p. 44.
The autonomy-driven modernization in the countries of South East Europe requires conceptual changes regarding the role of administrative law. The shift from bureaucratic procedures to output control demands the introduction of elements of market flexibility, such as competition, marketing and contracting. In addition, flexible human resources management in terms of work organization, staffing targets, payment system and bargaining levels is needed. The present central system regulated by administrative law is an obstacle to this. Introducing ‘marketization’, however, brings insecurity to cultural institutions and their employees. To what extent then can public services be reconciled with the mechanisms of the market, without endangering the public value of culture? Democratic cultural policies should put the cultural administration into the broader political, cultural and societal context.

Vesna Čopič is lawyer and lecturer in cultural policy and cultural management at the Faculty of Social Sciences of the University of Ljubljana, Slovenia

The contemporary rhetoric and practice in cultural policy differs widely from country to country. At the same time we have witnessed in the last 20 years a proliferation of regulation and strategic documents which have proved to be paper tigers, or ‘an end in their own right, rather than a tool, or instrument to implement and facilitate aspects of a well-defined cultural policy’. The cultural institutions in the public sector, established under the communist regime, took a conservative position in that period of transition and resented their existence being a matter of national interest. If transition means transformation of the traditional bureaucratic institutions, which are dominated by the state, into new cultural production units based on autonomy, generally speaking, the operational transformation has not occurred in South East Europe. A shift from Eurocentric discourses of Weberian public service normativity to the modern organizations based on managerial discretion remains one of the main cultural policy challenges for the near future. Therefore, it is not surprising that the Slovenian Minister of Culture, Ms Majda Širca, decided in 2010 to set up a task force for the modernization of the public institutions in the field of culture. Her idea is (1) a shift from following bureaucratic procedures to the broader autonomy based on greater discretion.
regarding programming, financial decisions and management of human resources, although within more rigorous frameworks of accountability and (2) encouragement of private-public partnerships to get additional private funds and to cooperate with NGOs. This change has many elements of ‘new public management’ although it avoids any connotation with economic restructuring.

The term modernization needs to be conceptualized

The ‘frozen situation’ of the last 20 years produced a gap in the cultural policy perception of cultural institutions and NGOs. While the cultural institutions are perceived as legal obligations of the state, NGOs remain outside this traditional model as something optional. The perpetuation of the status quo is not even a sustainable solution for public institutions themselves. Their growing number without prior restructuring, the favourisation of salaries that has augmented their share from 55% in 1994 to almost 70% in 2008 of the total budget, the preservation of the positions acquired and rents from the past - for example, the 20% to 50% lower work load of artistic staff in the performing arts compared with some other EU countries5 – and the impotence to set priorities, make the whole public sector ‘undernourished’ and uncompetitive.

Many of the key actors in the cultural policy debate display that lack of concern with truth, ‘indifference to how things really are’, as well as a cultivation of vested interests.6 In order to avoid empty rhetoric when discussing alternatives to the existing bureaucratic model of delivering cultural services, the term modernization needs to be conceptualized, stating clearly what kind of changes and consequences it represents.

Modernization as an imposition of market philosophy

Modernization refers to a model of an evolutionary transition from a ‘pre-modern’ or ‘traditional’ to a ‘modern’ society. In more conservative surroundings public authorities stick to the administrative law and centralized civil service system. This is contrary to a tendency towards withdrawing government or re-inventing it in a way that it should (1) guide rather than direct, (2) empower communities to solve their own problems rather than simply deliver services, (3) encourage competition rather than monopolies, (4) be driven by missions, rather than rules, (5) be results-oriented by funding outcomes rather than inputs, (6) meet the needs of the customer, not the bureaucracy, (7) concentrate on earning money rather than spending it, (8) invest in preventing problems rather than curing crises, (9) decentralize authority and (10) solve problems by influencing market forces rather than creating public programmes.7 There are different theoretical concepts dealing with public sector reform. The prevailing one is known as new public management. Even though the arguments regarding these concepts are important, their counter-arguments have to be taken into account as well. According to these counter-arguments: the withdrawal of the state has potentially many negative consequences in terms of equity, quality and standards, and the managerial paradigm becomes a potential tool to raise managers above all other professions and to subordinate the core professional commitments to retrenchment in public spending.

Conditionality

The issues the counter-arguments refer to have to be resolved before some kind of new public management model can be acceptable. At least the following preconditions have to be met to make managerialism culturally sustainable.

The re-invention of civil society:

The perception of civil society and its organizations as a buffer between citizen, government and corpora-

5 This information is taken from the research study prepared as supporting material for the task force. The comparison included Austria, Estonia, Finland, France, Germany, the Netherlands, Sweden and the UK. Smrekar (2010), p. 12.
7 Osborne & Gaebler (1992), pp. 19-20.
The re-affirmation of the public value of culture: if the modernization process is devaluing culture as a public good in order to diminish public funds, then this is a culturally unacceptable manoeuvre. It must be clarified in advance that the modernization of the public culture sector is motivated by a cultural, not economic rationale. It is perfectly acceptable though, if it is interpreted as a quest for better organization of culture as a public good. The focal point of the whole idea of modernization, therefore, should be the reaffirmation of the public value of culture.

The distinction between public and commercial cultural organizations as a legitimizing factor for public funding: ‘Employing the mechanisms of markets within government’ in order to develop ‘internal markets within the public sector’ injecting competition into service delivery is one thing; the prioritization of the money-making drive over the artistic impulse is another. While the first implicates efficiency in the provision of cultural services, the second endangers every cultural mission. And without cultural missions any legitimacy of public funding as such becomes questionable.

The post-managerial paradigm: previously, the cultural mission was threatened by subordination to political ideologies; now it is subordinated to managers. Managerial discretion regarding hiring, job assignments, and firing put managers above all other professions. Their goal is financial stability, contrary to artists and other professionals in the cultural field, whose aim is artistic enhancement. The conflict between the logic of civility and managerialism derives from over-coded economic determinism. ‘A lack of fit between the logic of developing technology and the values it was supposed to serve.’

Therefore, the...
managerial techniques, skills and methods should not be considered as a substance, but only in service of it. Modernization should therefore reflect a post-managerial paradigm.

The characteristics of institutional organizations

There are four fundamental principles that define the institutional organization in the bureaucratic type of governance as described by Weber. On the one hand this type of governance suffocates managerial discretion; on the other it enables the perception of public institutions as a legal obligation of state.

Without rules, any political authority become arbitrary

1. **The principle of hierarchy**: a relation in which the public authorities have the principal role of principal and the cultural institutions the role of agent, is not a relationship between two equal contracting parties. The public authorities have founders’ rights and therefore feel it justified to wield power over the institutions. They exercise that power through different instruments, such as setting up the mission which is mandatory (mandatory mission), appointing the director and the members of the Board, formulating policy directions, sometimes even approving the annual working plan, and so on. The legal basis for funding is the founding act that constitutes the (nature of the) relation between principal and agent.

2. **The rule of law**: without rules, any political authority becomes arbitrary. The so-called constitutional state has been hailed as one of the great institutional achievements of mankind. The discretion is reduced to a minimum and replaced by the paraphernalia of laws, instructions, budgetary appropriations and regulations that aim to provide for openness, publicness, compliance and redress.

3. **The principle of political neutrality**: bureaucratic ethics are based on the belief that public servants follow the public interest. There is a presumption of the exclusion of selfless opportunistic behaviour or political partiality. The guarantee of political neutrality lies with the centralized system of public servants. The fixed salaries, regulated system of grading and permanent employment are there to protect employees from political pressure and to promote impartiality on policy and political matters.

4. **The principle of accountability**: this principle refers to responsibility, answerability, blameworthiness, liability and other terms associated with the expectation of account-giving. The essence of traditional budgeting is to control whether funds are spent as planned. Line-item budgeting merely outlines the resources the institution may employ for its operation. Efficiency is not the same as accountability.

The transformation of public organizations implies major changes in relation to these principles. These changes would bring some market philosophy where funding follows the targets/outputs, relationships would be regulated through the contracts, the customers would be at the centre of operation, public establishments would be reorganized to get more autonomy and the principle of competition would be applied via tendering and bidding. This kind of transformation is not easy and the subject of intense debate by the task force.

The shift from an institutional to post-institutional organization

Different points of views are circulating in the task force of the Slovenian Ministry of Culture. There is, however, no disagreement in the search for a post-Weberian organizational model that would bring more managerial discretion and loosen administrative chains. While the majority of the task-force members try to modify the existing model by making the public servant status more flexible and payment more performance related, one of the task-force members argues in favour of more far-fetch-
1. The so called purchaser-provider split, instead of the principle of hierarchy

The existing standard mode of public institutions is based on the principle of hierarchy which is in the form of more autonomy. Therefore, alternative models have to be evaluated. A theatre, for example, might need a more flexible structure, which necessitates exclusion from the administrative laws, than an archive that puts legality before creativity. There is no common solution; each case must be reconsidered individually. The autonomy level of each new model of delivery depends on how the cultural field is organized legally. The continuum between administrative law on the one hand, and private law on the other, offers several different options, varying from a public establishment with different levels of administrative and operational autonomy (departmental or non-departmental body), to a public establishment as a separate legal entity (public foundation or institution), and legal entities of private law such as company, cooperative, association and foundation. The organizational heterogeneity with alternative options to public institution enables a so called purchaser-provider split, with public authorities in the role of purchaser and cultural organizations as providers.

2. The contractual relations, instead of the administrative law

Instead of regulating the internal affairs of cultural organizations by public law, with one-sided decrees, a process of negotiation to define objectives, outcomes and incentives could bring a new dynamism in the cultural sector as a whole. To achieve this, deregulation is necessary to create space for such an interaction. Contracting as the essence of the interaction is a method of defining what to deliver and how to get paid. Besides contracting between the purchaser and provider, the contract between the organization and its employees comes to the fore when the uniform status of public servants...
is no longer the sole option (see also 3 immediately below).

The role of the cultural administration is to raise the level of the argument

3. The diversification of working relations, instead of a uniform centralized system of public servants
Instead of a uniform status of public servants, the combination of public servants, employees on private law contracts, and subcontracted personnel could bring flexibility. This would allow the subordination of the working force to the working process. The payroll as a tool of managerial flexibility is an alternative to the rigidities of traditional pay and grading structures, which are based on inflexible job categories and age-related salaries and promotion. There is a consensus among the members of the task force that the proliferation of bonuses, special payments and job classifications require reform. The question is whether it is possible to make existing systems more flexible in terms of performance-related pay. If not, the alternative is the rapid introduction of employees on private law contracts into the public sector. The diversification would also tackle the problem of the unprecedented gap between entirely protected public servants (with labour contracts) and subcontracted personnel without any social security as they are working freelance (on civil contracts). The introduction of part-time and temporary employment, instead of the current precarious contracts that do not provide for any social security, would bring more balance in working relations.

4. Funding by objectives, instead of traditional line-item funding
Without financial autonomy there is no programming autonomy. All members of the task force support the option of lump-sum funding as a means of improving government performance by giving managers of cultural institutions operating discretion. For the longer term they agree that funding should become a tool of policy analysis, to facilitate the comparison and evaluation of the cost-effectiveness of alternative spending options, and to account for the full cost of government activities and a framework that enables the government to plan ahead and set spending options.

The difference of opinion concerns the feasibility of the lump sum funding in relation to the general system of public finances which is laid down in the administrative law, based on the idea of line-item budget. The other hesitation regards the danger of keeping the hands of managers tied (no labour flexibility) which would make financial autonomy fictitious and funding by objectives impossible.

The result of the shift from an institutional to a post-institutional paradigm is an ‘intense scrutiny of the internal functioning of public sector organizations’. This requires greater central control over devolved management units and the nature of the services to be produced must be more closely defined.

Changes on the level of cultural administration: the capacity to negotiate

Mistrust of hierarchical decision-making (top-down, lacking innovation and initiative), the introduction of market mechanisms (contractualism and competition among cultural producers), target-oriented funding, output orientations (orientations towards cultural production and post-production, co-production and exchange, enlargement of projects and areas of operation), and customer-oriented services (enlargement of audience, responsiveness to consumers’ expectation), have all imposed new tasks on the public administration which then required an even more competent intervention. The budgetary dialogue requires capacities on both sides. The focus on the formulation of call for proposals, or competitive bids, the description and measure-
Direct interference by public authorities in public institutions through daily management of their internal affairs has been replaced by contracts geared to specific expected results, requiring, in turn, more sophisticated methods for competent allocation of public funds. Contextual governance needs information to frame the challenges and opportunities of governance in an increasingly complex world. In this sense, the role of the cultural administration is not to hide behind bureaucratic procedures, but to raise the level of argument. This new position of cultural administration requires both reducing waste and empowering officials, and raising morale and professional competence. The task force, therefore, proposed the creation of an internal working group to prepare the necessary changes to the ministry, aiming at empowerment of the position of the professional staff of the ministry in cultural policy formation and developments.

**Changes on the political level: re-politization**

The classic concern with top down budgetary constraints on spending and related coordinated planning have been replaced by the separation of policymaking from executive functions, which leads once more to greater political involvement in the definition of ‘public cultural services’. The other option is that the state withdraws fully and that the market, rather than politics, determines what is produced.

After the fall of the Berlin Wall in 1989, culture lost a lot of its political relevance, which resulted in its marginalization on the political agenda. Another factor of the de-politization of culture can be explained with the systems theory (Niklas Luhmann). In this theory culture is one of the autonomous social subsystems, such as education or science. These systems, including culture, are auto poetic (the cultural sector itself defines its borders with society; with its hermeticism it tends to become exclusive and self-regulative), self-referential (referring to itself directly, which makes it understandable only in the context of its own space) and emergetic (it is reproduced from its own elements).

According to the modernist notion of culture, culture is an autonomous system. If only insiders are entitled to decide about the system they are part of, then cultural policy becomes ‘a closed conversation among experts’ and as such is disappearing from the political focus. There is a tension between the original arm’s-length approach and the ability to attract and retain political support. If once there was too much political influence, now the situation is different. The result is a status quo and a frozen situation. But is this situation sustainable in the long run? Is this not a good moment to rethink the ‘arm’s-length principle’ and start to mobilize support for culture on a larger scale: among politicians, within ministries, from the public? Is it not a time to replace the ‘arm’s-length principle’ with an ‘arm-in-arm principle’? There are risks to the ‘arm-in-arm principle’ but there are also rewards.

The replacement of daily management with strategic thinking, implying that it is not only important how much public money is spent, but also for what and how it is spent,
leads to the re-politization of the cultural sector. As a system of arrangements that affects the allocation of resources and the articulation of value, cultural policymaking contests the interests of cultural producers which requires debate, contestation, conjectures, power-sharing and discursive practices that articulate our plurality, namely the creation of agora with dialogical capacity. It is of critical importance for democratic cultural policies to put public administration of culture into the broader political, cultural and societal context.

The new public management philosophy is an attempt to increase both technical competence and political accountability at the same time.24

### The modernization formula

The final conclusion is that a modern democratic formula is hidden in the winning combination of a strong state and a strong civil society.25 These are enabled by the processes of differentiation (the monolithic public cultural sector should be released and different cultural producers, from public to private ones, should be entrusted with the production of cultural goods and services, on an equal footing), politicization (state corporatism has to disintegrate into open, opposing, diverse, uncontrolled interest policies – in order to create a democratic social corporatism, in which pluralism is a precondition26) and professionalization. It is of critical importance for democratic cultural policies to put the cultural administration into the broader political, cultural and societal context. Contextual governance needs expertise to frame the challenges and opportunities of governance in an increasingly complex world.27 The modernization requires a re-conceptualization of the role of state, civic sector and professionals. In terms of restructuring it is a call for a kind of New Deal.

The resistance towards changes is always present; a risk-averse attitude is normal. Therefore, the modernization process in South East Europe requires financial injections. Modernization, driven by the present financial crisis, is not the best, nor even a good option. In so far as public management reform in the field of culture is accompanied by the government’s willingness to invest in it, there is still enough room for both managers, aiming at financial stability, and artists and other professionals aiming at artistic enhancement. The danger that private interests squeeze out the public benefit becomes more relevant in this time of financial crisis with substantial budget cuts, or in poorer places, where culture is considered a luxury.

### NOTE ON THE AUTHOR

Vesna Ćopič graduated from the Faculty of Law of the University of Ljubljana and wrote her PhD thesis on non-profit management. In the transitional period after the fall of the Berlin Wall, she prepared the cultural legislation for the Ministry of Culture. Until now she has been engaged in the preparation of legislation for the different fields of culture, including regulations concerning taxation, social security, labour conditions, remuneration and other schemes which are important for the status of artists and cultural institutions. As a public policy analyst, she is also involved in the overall evaluation of national cultural policy. She has participated as an expert in several Council of Europe programmes, EU research projects, and activities of the United Nations Development Programme and European Cultural Foundation. She publishes in scientific journals at home and abroad. Her principal interests are legislation, public governance and cultural policy, including cultural statistics. She is a lecturer in cultural policy and cultural management at the Faculty of Social Sciences of the University of Ljubljana.

Contact: vesna.copic@gmail.com

### BIBLIOGRAPHY


The discussion about the basis of support for arts and culture is about whether culture is a building block of society or something personal that artists pursue and some citizens purchase. Moreover, the question is whether culture should be considered a given or something to be protected and nurtured, in which citizens are encouraged to be actively involved. If the arts and culture are seen as a building block, the government develops an arts and cultural policy, which is strongly linked to the values that are dominant at that time in society. The testing of values is dynamic and it is the subject of political and social debate fuelled by the media and the cultural sector itself.

Since the 1970s and 1980s the culture sector has been nurtured by intrinsic, innovative and emancipatory values, which is typical of a democratic society in full development. In discourse and policy vision, culture became increasingly more detached from more instrumental approaches, such as the representation of the nation state. One of the criteria for government support was – and still is – whether art which does not make money is important in a democratic society. This is about, for example, the creation of high-quality art that challenges the mind and enhances the understanding of the world. This is a fundamental principle of cultural policy, and it is based on the belief that culture is a vital component of a well-functioning democratic society.
of renewal and diversity in what is on offer. We have started to refer to that ‘importance’ as ‘quality’, which is determined by peers and experts. At the end of the 1990s the market-oriented part of the culture sector developed into a rapidly growing economic cornerstone of the new knowledge economy in western countries.

Subsidy as leverage

In spite of this relative consensus on values, government support in recent decades has continued to provoke discussion. The government does not want its growing investments to benefit only the culturally competent upper class of citizens. It wants more attention to be paid to admission and access, to an increase in and diversity of participation, considers subsidies as leverage. The government also makes less distinction between profit and non-profit initiatives in relation to the achievement of cultural objectives. Culture thus remains an autonomous policy domain, but the government asks for attention to additional functions that are related to new values in society. The basis of the intrinsic artistic values is being extended. The culture sector also involves itself in the debate and defends its own position with figures: the efforts to increase income from culture and audience figures, to save costs and improve efficiency. Figures on employment and the direct and indirect economic effects of the international aura that benefits foreign trade are also mentioned.

A tension between cultural-artistic values and social-economic values is evident in all this. The economic values still appear to be strongly Fordian: attention to distribution, efficiency, cost savings and the public as end-user dominate. This is understandable as the government wants to make savings and sees possible solutions in cooperation with market players. It is

There is a tension between cultural-artistic values and social-economic values

to interculturality and the further professionalization of operational management. Government support must not constitute a threat to market development. On the contrary, the government stimulates the culture sector to draw more resources from the market and increasingly

Michelle Anne de Mey
PHOTO: CHARLOIR/DANSE
also understandable that the culture sector uses arguments for government support that fit the frame of reference of the ruling class.

This dichotomy between the market and experts or between the economic and symbolic values can be breached by linking the arts and culture with new values. Think of research and innovation, opportunities for developing talent and lifelong learning for all, active citizenship and intercultural dialogue, globalization and sustainable lifestyles and entrepreneurship.

Companies, artists and researchers often cooperate, for example, in technological research. The arts world emphasizes that the arts and culture also boost innovation in the economy. This is an example of the arguments that the sector puts to culture ministers to defend culture budgets at government level. These arguments are also used in the social debate, as happened in the past with the arguments about audience figures, income from culture and the indirect economic effects of culture.

But there is more that plays a role. Today there is explicit demand from other domains for more collaboration with the arts and culture. Cross-disciplinary working, making use of knowledge and methods from various domains, is a general trend in society. Will this lead to a government policy with other policy domains contributing to the financing of culture? Or, more strongly, does cross-disciplinary working lead to a different government policy, that no longer basically takes the various policy domains as starting point, but the social objectives on which those domains are collaborating?

The question is how attainable and realistic is this idea. Perhaps this trend offers new opportunities at a time when the support for a development-oriented approach to culture is declining and the inclination to leave culture to the market is growing. Or does such a radical embedding of the arts and culture in other policy domains threaten the very nature of cultural production and artistic methods, which is precisely where the richness and added value for society lie?

**Expectations**

Let us look at these hypotheses more closely, starting with the question of what other domains can expect from the arts and culture. Compulsory education considers education in the arts and culture to be an essential part of the social and personal development of children and young people and therefore wants to integrate culture into a continuous learning path. The community school and informal learning result in schools also forming alliances with cultural institutions.

In their research and product development, companies and research...
groups are open to specialists from other domains, including the arts and culture, with the goal of extending their scope and involving different knowledge domains in finding solutions. Artists and designers are invited to think about the design of public spaces and everyday surroundings with architects, commissioners of artworks and user groups. The creative industry is constantly in search of content and they badly need the arts and culture. Projects in the field of development cooperation also increasingly involve culture as an essential factor in social and personal development.

Does embedding culture in other policy domains threaten its very nature?

These questions from other domains often have an instrumental character: artists must embellish public spaces or work with a company’s materials as a marketing strategy. Cooperation between different domains only acquires surplus value when the starting point is to dismantle the complexity of an issue with the help of different methods and objectives and to bring together and confront processes of design, production and research from different domains. Cross-disciplinary working thus does not mean that the specific methods and objectives that typify a work field disappear. On the contrary, it is an exercise in matching the right parties; to listen to and learn to understand each other’s different approaches. It is about questioning your own working frameworks and seeking forms of exchange and cooperation. In short, it is no sinecure.

**Drastic rethinking**

Cross-disciplinary working also has an impact on the sort of creations that are produced and on the role of the artist and the cultural organizations involved. It also demands drastic rethinking of the ownership of the collaborative product and the knowledge acquired from both the profit and non-profit sectors. The sharing of knowledge is increasingly important in culture, education, the economy and a social connection.

How does policy react to this?

In the past, solutions were mainly restricted to the domain of culture, such as insisting on extra resources to be able to capitalize on new opportunities or imposing new tasks within structural subsidy flows. Policy instruments are currently being developed that transcend the boundaries between policy domains. Hence the criteria of the innovation funds for research for the benefit of the business world also offer artists and cultural organizations the opportunity to become involved in innovative projects.

In addition there are examples of project funds and incentive funds that together set up policy domains based on communal objectives. An example is the Innovation Platform, an initiative of the previous Dutch government. This platform stimulated innovative cooperation between large companies and institutes and smaller media-labs and artists collectives. Following on from this, initiatives have been taken to stimulate innovation in the creative industry.

These unexpected transverse connections have an effect at policy level and require consultation between ministers and civil servants with the aim of fostering understanding of each other’s ways of working, objectives and value regimes and to ascertain how cooperation can result in added value. Shared objectives which form the basis for cooperation between the different disciplines are also necessary. We read in a memorandum of the Flemish government: ‘Owing to its increasing complexity and mutual solidarity, today’s society today requests the Flemish government to start working in a more integrated way. More and more policy themes demand a policy-domain and trans-administrative level approach.’

The memorandum also talks about: ‘The establishment of a programme office for the coordination and

---

1 The Balkenende II cabinet established the Innovation Platform in 2003 as an advisory body to improve the innovative strength and hence the competitive power of the Netherlands. The platform comprised ministers, top entrepreneurs, researchers and administrators with Prime Minister Balkenende as chair. On 19 April 2010 the platform produced its last report (Nederland 2020, terug in de top 5: de economische agenda: innovatief, internationaal, involverend) [The Netherlands 2020, back in the top 5: the economic agenda: innovative, international, involving], which argues strongly for a modern industrial policy and expresses the concern of the business sector. There are too few innovative companies starting up, too few rapidly developing companies are breaking into the world market, and existing companies are not innovative enough.

Nederland Ondernemend Innovatieland (NOI) is a project of the Balkenende IV cabinet that aims to make better use of innovation in solving social issues. The Rutte cabinet will decide whether the NOI project will be continued.

2 Bourgeois (2009), p. 16.
Cross-disciplinary working is an exercise in matching the right parties

Towards a new approach

During a Netherlands-Flanders policy workshop held on 2 July 2010 in Brussels, Flemish and Dutch civil servants working in the fields of culture, education, science and innovation discussed ideas about compatibility and cooperation in the field of culture and innovation. The starting point was the question: do we adhere to a sectoral approach with transverse connections here and there or is a cross-sectoral approach to become the main consideration. The civil servants agreed that cross-sectoral working is indeed growing but for the time being is still not the rule. The government can stimulate cross-overs by making budgets available, providing room to look over the borders and to stimulate and facilitate concrete experiences. But the conclusion was that ultimately the sector mainly has to do it itself. The government can then help by creating conditions that facilitate high-quality collaboration, by paying attention to arbitration and guidance and concern about differences in scale and financial capacity between domains. The following points came up:

- Cooperation between policy domains is also a matter for top civil servants and ministers and requires the political will to cooperate. An example of fruitful cooperation is the Dutch programme known as Media Wisdom, which was established to get citizens and organizations to deal with the ubiquitous media in an active and critical way. It is a collaboration between public broadcasting, public libraries, a media archive and an information platform.4
- Reporting to one minister and being part of one administration, like the Ministry of Education, Culture and Science in the Netherlands, certainly furthers cooperation. But there again it is no guarantee that everything will progress smoothly. Links such as the Knowledge Directorate in the Netherlands and the Programme Office for the coordination of trans-border initiatives of the Flemish Ministry of Administrative Affairs and the Ministry of the Interior help to break down the compartmentalization, which is deeply rooted in the civil service.
- Communal programmes work well when they are a response to a need and when shared objectives are formulated with deliverables that are clear to the different domains. A common recruitment slogan helps bring parties together. ‘Working for the astute, skilled, and creative Netherlands,’ for example, brings together Ministry of Education, Culture and Science researchers, artists, teachers and pupils.5 Another example is ‘Flanders In Action,’ a trans-policy project with the objective of putting Flanders into the top five European regions by 2020.6
- Local government can also play a stimulating and contextualizing role in cross-overs and cooperative projects.
- At policy level cross-overs require a pro-active government which abandons compartmentalization to follow relevant developments with other policy domains and constantly to review and amend incentive programmes. It is about a government that is alert and reacts to new opportunities. Advisory boards and consultative platforms play an important role in this. A modern government must be extremely well informed.
- It is important in a work field with a lot of private initiative to reassess the role of the government. Cooperation between the public and private sectors will become more the rule than the exception and the government must define and rede-
fine the role of the public domain in this. Not in terms of a dividing line between the subsidized and non-subsidized organizations but on the basis of the question what is valuable and meaningful to society. The obligation to document the relevant processes of knowledge exchange is worth considering in this connection.

– Working with cross-overs also means that values will shift. It is necessary to seek a new balance in this at both a practical and a policy level. Examples of this are projects in areas where the arts and care interface, which are considered to be ‘too much care’ or ‘too much art’ by the collaborating partners involved.

– In the future the government will review the role and mission of institutions. A large new centre for media wisdom in which different domains must cooperate has hence not been built in the Netherlands, but a light structure combining then spreading existing initiatives has been established.

– Cross-over at policy level sometimes goes hand in hand with an increase in scale and bureaucracy, which has a negative effect on the positive stimuli for exchange and cooperation. Cross-disciplinary policy must be open to large and small initiatives, with or without capital (or better still, with different forms of capital).

Dutch and Flemish civil servants do not anticipate that the various policy domains will immediately disappear in favour of a thematic policy approach, but do see the opportunities for mutual cooperation increasing. But there are comments to be made. Culture is a relatively small policy domain and there is a fear that it will be incorporated into the values and objectives of strong policy domains such as the economy, education, health care or foreign policy. Support cannot be achieved by simply meeting the objectives of other domains. An independent cultural policy must not disappear. For this reason an essentially sectoral approach with many bridges between policy domains has been chosen at the moment. A mix between culture-specific policy on the one hand and a thematic policy on the others appears to be the best course for the time being. A cross-sectoral policy can best develop step by step.

Bridges between domains

Dutch and Flemish civil servants do not anticipate that the various policy domains will immediately disappear in favour of a thematic policy approach, but do see the opportunities for mutual cooperation increasing. But there are comments to be made. Culture is a relatively small policy domain and there is a fear that it will be incorporated into the values and objectives of strong policy domains such as the economy, education, health care or foreign policy. Support cannot be achieved by simply meeting the objectives of other domains. An independent cultural policy must not disappear. For this reason an essentially sectoral approach with many bridges between policy domains has been chosen at the moment. A mix between culture-specific policy on the one hand and a thematic policy on the others appears to be the best course for the time being. A cross-sectoral policy can best develop step by step.

**BIBLIOGRAPHY**


Media Wisdom, http://www.mediawijsheid.nl/

Working for the astute, skilled, and creative Netherlands, http://www.rijksoverheid.nl/ministeries/ocw/organisatie

Contact: www.bamart.be

Dirk De Wit was active as a curator and producer in various Flemish arts organizations and since 2007 has been director of the Flemish Institute for Visual, Audiovisual and Media arts.

NOTE ON THE AUTHOR

Dirk De Wit was active as a curator and producer in various Flemish arts organizations and since 2007 has been director of the Flemish Institute for Visual, Audiovisual and Media arts. Contact: www.bamart.be
The outcomes for the system of state support for the arts from the financial turmoil that has affected the world economic system in the recent past are evidently still unclear. There is great variation between nations – and within them – in terms of how changes in funding and consumer behaviour are affecting the cultural landscape.¹ In most countries, however, there is undoubtedly considerable pressure on this system with not only crude cuts in the amounts of money available for subsidizing and investing in the arts, heritage, museums and galleries, but also for structural changes to be made to the organizations that are responsible for managing the system. These changes concern both the internal processes and management arrangements of these organizations and their relationships with the providers of arts and cultural goods and services and the various levels of government that sponsor their activities. To this extent the British system is no different to others elsewhere in the world. A few figures to illustrate the UK position: local authority funding for 2012-2013 in the UK has been cut by 12% and the authorities have been told to prepare for more cuts in the years to come.² The Arts Council England (ACE) has cut its own costs by 15% and passed on a 6.9% cut to all of its Regularly Funded Organisations (RFOs) for 2011-2012. By 2015 ACE

¹ Inkei (2010).
will have seen a 29.6% cut in its government subsidy, a situation which it has met by restructuring its funding system from 2012-2013. Given that many cultural organizations in England – the situation in Scotland and Wales is different – rely on both ACE and local councils for 42% of the funding they need to deliver their programmes and projects, this might mean they will lose two slices of funding.

The specifics of what is occurring within the system display the usual pragmatic, hard-nosed empiricism that underpins so much of what passes for thinking on government arrangements in the British system.

The British system

The key characteristics of the British cultural policy sector are that, firstly, most of the activities that take place within it are discretionary rather than legally-defined statutory services. While the British Museum was established by statute, and is still governed through legislation, the vast majority of museums within the British system are the result of discretionary choices that have been exercised over many years by local authorities. Equally, while the Arts Councils have a formal status within the political system, and the National Lottery is bound by statute to pass 16.67% of its funds to the arts, local authorities which have been as important...
There has been a developing instrumentalization of cultural policy across the world

Secondly, the arts, culture and heritage are not an important part of what national government does, with the Department for Culture, Media and Sport (DCMS) being a relatively insignificant part of the machinery of national government. As such, the political support that is available for state functions such as defence and economic management is much less in evidence for the DCMS, making the sector vulnerable to internal pressures from other departments with much greater political value and prestige for governments and politicians.

Thirdly, there has been a developing instrumentalization of cultural policy across the world whereby cultural and artistic expenditure is valued for other reasons (such as in assisting economic development or contributing to social inclusion), rather than for what might be considered their primary purposes. This instrumentalization may often be a secondary effect of policies that the government considers to be important for non-cultural and non-artistic reasons but it can still affect the content of the policies that are then pursued by cultural and artistic organizations. Alongside this top-down effect there is also the bottom-up phenomenon of policy attachment, whereby arts and cultural providers deliberately choose to align their activities with policy sectors that have the resources (ranging from finance to political status to legitimacy) required to safeguard the continued existence and provision of arts and cultural goods and services.

The consequence of these structural factors in the British system has been that arts and cultural organizations have been subjected to increasing pressures towards an industrialization and managerialization of themselves. The former of these has been a response to how central government has dealt with the ‘creative industries’ as simply one of many industrial sectors, emphasizing matters of central government advice on taxation, training, statistical analysis and marketing rather than a coherent development of an industrial strategy that would be relevant to the sector. This is similar to the manner in which the cultural and creative sector has been dealt with in other parts of the world with the creation of generic rather than specifically applicable policy solutions for the sector. The managerialization of the sector in Britain has been partly in response to the continuing processes of management reform that the arts and cultural sector has been subject to for many years – pre-dating the Conservative Party new public management changes of the 1980s and 1990s, and the very different Labour modernization changes of the 2000s. It is also partly due to an increasing demand on the behalf of central government for evidence of the worth and utility of expenditure in the sector, reflected in the drive towards ‘evidence-based policy’ and the establishment of the Culture and Sport Evidence programme by the DCMS, even if both of these are likely to prove extremely difficult for the arts and cultural sector.

In both cases the arts and cultural sector has effectively been reactive to the demands and pressures placed upon it by other political actors, rather than proactively setting the terms of the debate, and the agenda for action, themselves. In itself this is simply a reflection of the relative political weakness of the sector within the overall system.

5 Gray & Wingfield, forthcoming.
7 Gray (2002).
8 See, for example, the arguments of Johanson (2008), on the Australian case.
9 See the arguments in Gray (2009).
of British government and governance rather than a lack of thought within it. Indeed, as with much of the public sector in Britain, working through the demands that have been placed upon it has led to a great deal of creative management thinking within the sector.

Many local authorities have already announced cuts in grants

‘Nobody knows the trouble I’ve seen’

This innovative capacity in management terms is likely to be sorely tested in the immediate future as the entire public sector is facing deep cuts in their planned expenditure. While some of these cuts are intended to be met by management changes (and, as usual with all British governments, the amount that this is meant to save is unlikely to be anything remotely close to the reality), the vast majority will have to be met by cuts in service provision. The chances of the arts and culture receiving preferential treatment in a climate like this are likely to be extremely poor. In the case of local government, if the choice is between keeping day-care centres for elderly or disabled people open and continuing to fund local arts providers, it comes as no surprise to see the former being given more support by both the general public and elected politicians than the latter. Many local authorities have already announced cuts in grants to organizations providing arts. The fact that support for the arts and cultural services is a discretionary function of local authorities leaves them particularly susceptible to reductions when cuts of up to 25% of revenue budgets are due to take place over the next four years. Such a scale of cuts will have to have an effect on statutory services as well as discretionary ones, but the legal obligations on local authorities to continue to provide the former offer only a bleak outlook for the latter.

The consequences of this for arts organizations themselves are likely to mean an even further diversification of their fund-raising efforts to replace the withdrawal of public subsidy for their activities. Given that there will be many other organizations from diverse policy sectors, such as health and social welfare, attempting to access the same sources of income it is likely that the struggle to find funding will become even more difficult for many organizations, particularly as the support that is to be made available from the ‘Big Society’ initiative of the coalition government will be in the form of loans — at competitive rates of interest — rather than the grants that many organizations have relied on in the past to keep themselves afloat. In circumstances such as these it is difficult to see how changes in the management of many small and medium-sized arts and cultural organizations are likely to make much difference to their continued survival.

In order to assess their actual financial resilience, Mission Models Money (MMM) and the Cultural Leadership Programme (CLP), commissioned a report in 2010. The result, the Capital Matters report, concludes that they lack financial reserves, do not exploit their intellectual property (IP) sufficiently as an asset to access loan finance and are reluctant to borrow money, probably as a result of a gap in financial expertise within the sector as a whole. So, what are their options if the public sector is no longer willing or able to support them? First, let us take another turn and consider the underlying policy drift towards industrialization in greater detail, before looking at the potential new sources of income and business models that are being suggested in the public debate.

Cultural policies and charity disconnected

Policymakers of all political shades have been considering the role and structure of the not-for-profit

sector for a decade now. In 2002, the Labour government created the Social Enterprise Unit (SEnu) in the Department of Trade and Industry (DTI) to develop greater financial resilience and lower grant dependency in the charity sector. The social enterprise strategy emerged from that,11 which in turn influenced the creation of new legal structures such as the Community Interest Company (CIC). This not-for-profit structure allows trading and ensures that the assets of a company are ‘locked’ so they effectively belong to the community that the CIC serves. New legal structures extend to the Small Firms Loan Guarantee Scheme, to be able to include social enterprises as well.

In 2004 social enterprises had a combined annual turnover of £18 billion with trading revenue accounting for over 4/5 of income in the sector.12 By 2006 the DTI estimated that social enterprises accounted for 5% of all businesses in the UK.13 It is no surprise that the Treasury saw and sees this as a potential cost-saving approach. In this context it is also possible to see the coalition government’s approach to funding the not-for-profit sector more as a change in degree than as a complete change of direction; the sheer scale and speed of disinvestment, rather than the fact that it is happening, are the greater cause of the shock.

Whilst large numbers of cultural organizations are not-for-profit companies or charities and depend heavily on grants from or contracts with government or local authorities, the arts sector in the UK has not traditionally seen itself as part of the broader charitable sector. Many are not part of their local infrastructure networks and they do not necessarily subscribe to national support bodies such as the National Council of Voluntary Organisations (NCVO). There are sub-sectoral exceptions; arts organizations which are involved with instrumental agendas, such as working with disadvantaged young people, are more likely to be involved with this provision. Since cultural organizations tend to respond to governmental agendas, relayed to them through the DCMS, their local council or ACE, the drive for a move to a social enterprise model has been slower than in other sectors.

Creative Britain: new talents for the new economy, published in February 2008, just before the
credit crunch really hit, is the most important document in this vein. Andy Burnham, then Culture Secretary, argued in the introduction that "The creative industries must move from the margins to the mainstream of economic and policy thinking, as we look to create the jobs of the future. The bedrock on which the strategy is built is the government’s fundamental belief in the role of public funding to stimulate creativity and sharpen Britain’s creative edge." However, the thrust of the overall document is to develop an infrastructure to support the commercial creative industries which the Labour government had defined a decade ago in 2001, including advertising, architecture, the art and antiques market, crafts, design, designer fashion, film, interactive leisure software, music, the performing arts, publishing, software and computer services, and television and radio. The argument throughout *Creative Britain* is that government support should be seen as an investment in talent development, and support for exports and business skills that will eventually lead to greater exports through commercial channels.

At the same time, ACE published its *Great arts for everyone* strategy 2008-2011. (This followed ACE’s badly handled review of RFOs which led to an outcry by the 200 or so arts organizations, whose funding was cut at short notice on, they claimed, shaky evidence, and the subsequent McMaster Review.)* Great arts for everyone* stated: ‘Our ambitious vision for the arts in England is now designed to offer excellent art to the widest range of people and to shape an arts sector that has the confidence to take artistic risk and to innovate.’ The priority areas were digital opportunity, visual arts, children and young people and the London 2012 Olympics. The organizations funded through ACE were asked to focus on:

- **Excellence** – the quality of art itself
- **Reach** – more people attending or participating
- **Engagement** – more people with a deeper relationship with the arts
- **Diversity** – support for artists and arts organizations reflecting the cultural diversity of the UK
- **Innovation** – giving artists the confidence and freedom to try new things.

The focus of the strategy appears to be on developing long-term demand through work with young people, schools and audience development projects, and on supporting the quality of the art work itself. Another focus lies on developing management skills. Access to new markets or new business models is limited to thinking about how to maximize digital opportunities. Given this disconnection between ACE, cultural policies and charitable sectors, it is not surprising that the

---

14 Department for Culture, Media and Sport (2008), p. 4.
15 Department for Culture, Media and Sport (2001).
16 Department for Culture, Media and Sport (2008).
arrival of the coalition government came as a shock to many if not all cultural organizations. It is likely that some will not survive the transition that is required.

Arts organizations are being encouraged to think about a wider range of financing options

Possible new approaches

How can art organizations diversify their fund-raising efforts, one might ask? Four distinct approaches are emerging: the idea of cultural value, philanthropy, new types of financing and business models like cultural entrepreneurship.

Cultural value

Ever since Myerscough published The economic importance of the arts in Britain in 1988, cultural organizations have been striving to convince government that they are worth investing in because of their value to the economy. At the present time though, political lobbying focuses on cultural value as a concept that considers the value that communities place on cultural activity. This approach differs from the earlier narrower concepts of economic or social impacts. The problem is that officials in the Treasury have not been won over. O’Brien in Measuring the value of culture (2011) argues that cultural institutions will need to use economic tools that policymakers more widely accept, owing to their use in other sectors that are hard to value, such as health or the environment, particularly in a difficult funding climate. However, this requires clear, consistent guidance from DCMS, supported by other bodies such as ACE, on the methods cultural organizations should use and training in how to apply them. No indication has been published yet that DCMS will be providing this guidance.

Philanthropy

Government ministers have made it clear in their arts strategy that they see individual and corporate philanthropy, after the American model, as having a major part to play in the future funding of not-for-profit arts organizations. In December 2010 Secretary of State for Culture Jeremy Hunt unveiled his new philanthropy strategy which includes an £80 million matching fund scheme for donations, fundraising skills development, supporting legacy giving and the development of endowments. The jury is still out on whether large donors will be found to support small organizations, away from the major cities, which do not have galleries or theatres and concert halls that can be named after the benefactor. Ideas and schemes are emerging on how these organizations can exploit their relationships with their audiences to develop small-scale individual giving schemes. An example is the innovative crowd-funding model, launched by WeDidThis.org.uk at the Culture Change conference at the National Theatre (January 2011). The scheme involves arts organizations setting a funding target and offering rewards to donors, such as free tickets or access to exclusive events. The project is then promoted on the website for a certain length of time. If the target is reached by the deadline, the donors receive their rewards; if it is not reached, their donations are refunded and the project does not go ahead. At the time of writing there were four projects being promoted, with rewards ranging from sponsoring one bar of a recording of a rare opera for £5, to paying £3000 for 600 bars and access to one of the recording sessions. The target deadline of the earliest projects is around 1 April 2011.

Financing options

Arts organizations are being encouraged to think about a wider range of financing options. Cultural organizations and their funders will therefore need to rethink their ideas about budgets; generating a surplus must not be perceived as a reason to cut grants, but must be encouraged instead. This would allow...
art organizations to reinvest their own surpluses, or build sufficient reserves to see them through any dips in their cash flow. Bolton and Cooper also recommend the creation of new types of financing, such as preferential-rate loans, or funding the development of a company’s new business model. Local authorities are praised for being more flexible in their funding than others, with ideas such as supporting new marketing collaborations between arts organizations that lead to a reduction in costs and an increase in ticket sales. Within the film and media world, the regional screen commissions have development investment models that expect a return on investment that can then be reinvested in another project. EM Media, for example, has used the surpluses generated by projects initially supported by the European Regional Development Fund (ERDF) to create an ‘evergreen’ pot of funds that can be recycled in this way.25 There is a danger in this though, as the withdrawal of funding from the UK Film Council illustrates. Why, some politicians wondered, if every £1 of investment creates a £5 return as the Film Council asserts, are commercial investors not expected – nor willing – to take this risk? 26

Cultural entrepreneurship

Based on an idea borrowed from the wider not-for-profit sector where social entrepreneurship has been developing for well over a decade, cultural institutions in the UK are starting to think about trading as an additional source of revenue. This might include contracting with sections of the public sector, as the Museum of East Anglian Life (MEAL) is doing with its programme of work-based accredited training for disadvantaged individuals,27 or by selling a product, whether cultural, or as in MEAL’s case, the plants and produce trainees grow in the museum’s greenhouses. Profits can be reinvested in the core activity. Many building-based arts organizations have been using the revenues from their bars and cafes in this way for years, but others are now being encouraged to think this way too.

Conclusion

It is clear that the climate in the UK for the not-for-profit cultural organizations is going to be difficult for some time to come. The new National portfolio funding programme28 of the Arts Council England, which will be introduced in 2012 and which replaces the old system of regular funding, may provide some organizations with the security to plan and develop. It has been suggested (off the record) that those organizations which receive long-term funding agreements under the new scheme will also be expected to offer support and development opportunities to other arts organizations in their region or art form. For those which do not receive portfolio funding, the picture is likely to be one of a mixed economy of project funding, contracts with public bodies or private individuals, sales of tickets, artwork or merchandise, teaching, philanthropic donations and sponsorship. It will be very difficult for some, particularly those starting out on their careers who have no track record or networks to turn to. Nevertheless, arts and artistic organizations will continue to function. What they will be producing, however, is likely to be in a somewhat different form, and almost certainly a different quantity, than what has been produced in the past.

........................................

NOTE ON THE AUTHORS

Clive Gray is Associate Professor in Cultural Policy at the University of Warwick. He has published widely on the politics of the arts and cultural policy, and has recently commenced work on the politics of the museums and galleries sector.

Contact: C.J.Gray@Warwick.ac.uk

Jennie Jordan, MBA, is a Senior Lecturer in Arts and Festivals Management at De Montfort University and an independent cultural sector consultant. Jennie has worked in the cultural and voluntary sectors in a range of roles, including policy adviser to the Department of Culture, Media and Sport (DCMS) and the Department for Rural Affairs (Defra) and was Head of Marketing at Leices-

ter’s contemporary arts centre. She worked in the voluntary sector for a number of years as a Regional Development Manager, supporting the development of social enterprises and helping small charities to become more resilient. Jennie’s current interests are in leadership, marketing and impact evaluation and she is currently writing a monograph on the growth and development of Buxton Festival.

Contact: JJordan@dmu.ac.uk, tel: +44 116 257 7697

BIBLIOGRAPHY


Beyond the glitz: the film business in India

India’s film industry is a complex and dynamic industry. It is dominated by the Hindi film industry and consists of a number of other regional language industries. Film and television industries comprise the largest segment of the Indian culture industries and other segments are much smaller in size. The film business is in the throes of a major change that includes the rise of the multiplexes and growing corporatization, including the entry of Hollywood studios into the production space, as well as the exponential growth of the direct-to-home television. India’s film industry falls under the purview of the federal and the regional governments. It is less regulated than other industries. Films are subject to various taxes and also benefit from implicit subsidies, especially through various tax concessions.

S. Ananth

Beyond the glitz: the film business in India

The film industry in India is one of the most dynamic industries and probably India’s best known industry, after the information technology sector, with an audience spread across most continents. It is also highly fragmented and essentially a sum of the different parts. It consists of various language film industries, the largest of which is the Hindi film industry, based in Mumbai and popularly referred to as ‘Bollywood.’ The diversity of the country makes it not only interesting but also extremely difficult to track. After Hindi, the largest numbers of films are made in the three South Indian languages, Telugu (spoken largely in Andhra Pradesh), Tamil (Tamil Nadu) and Malayalam (Kerala), which account for nearly half of the films produced in the country. Kannada, Bengali and Marathi are the other prominent industries. In terms of box office revenues, the Hindi film industry is far larger than the ‘regional’ industries whose markets tend to be limited to the states where the languages of the films they produce are spoken. Interestingly, although India is the largest producer of films globally, in terms of revenues, it only accounts for about 1% of the global film industry’s income.¹ The films (and film stars) are extremely popular in most parts of the country, with each regional industry having its own icons. A number of film stars have joined politics, especially in Southern India.

The culture industry’s complexity stems from the diversity of the country and the federal set up. The film industry is regulated by the federal government (popularly referred to as the central government) in matters relating to certification, central taxes, imports and exports, as well as the regional governments (popularly referred to as the state governments) in matters relating to local taxes. In contrast, the television industry is the exclusive purview of the federal government (excluding distribution). The film industry is subject to the Cinematograph Act and requires the mandatory clearance of the Central Board of Film Certification. The Ministry of Information and Broadcasting, Government of India, is the apex authority that frames the policies for the culture industries. However, the Government of India has a Ministry of Culture that has the mandate to preserve, promote and disseminate all forms of art and culture. The scope of this ministry includes maintenance and conservation of heritage and any monuments of historic significance. The ministry also promotes literature, visual and performing arts and is mandated with creating awareness of Indian culture and organizing various programmes that facilitate international cultural exchanges. The Ministry of Culture has an annual outlay that is the equivalent of US$ 170 million, most of which is spent on the maintenance of various museums, libraries and other institutions, and funding various historical anniversaries and events. The Ministry of Information and Broadcasting largely restricts itself to granting licences to television channels, cable and radio stations and encouraging the growth of culture industries.

Size of the film business

A recent study by Pricewaterhouse-Coopers (PwC) for the Motion Picture Distributors Association of India pointed out that the total contribution of the Indian film and television industry (direct and indirect) was about US$ 6.2 billion for the year 2008-2009, or about 0.532% of India’s GDP. The advertis-
The exponential growth of the direct-to-home (DTH) segment over the past five years has altered the dynamics of the film and television industry in India. The DTH industry has its origins in 2005-2006 when the first company, Dish TV (part of Zee Entertainment Limited), started its operations. There are now six DTH service providers and by the end of 2010, the number of subscribers had surpassed 30 million. The rise of DTH has led to the increased importance of Cable and Satellite (C&S) rights for producers. In 2010, Cable and Satellite rights were expected to contribute about 7% of the film industry’s revenues, against 5% in 2006. The rise of DTH has changed the business model of the film industry. The competition among the DTH service providers, most of which are private, has led to a number of feature films premiering on DTH (for those who are willing to pay extra). Competition has also led to a reduced time gap for television premiers, sometimes to just a few weeks. Television rights are now a major source of income for the producers, unlike in the past.

**New trends in the Indian film industry**

The rise of the multiplex phenomenon

India has one of the lowest densities of cinemas (12 screens per one million population, compared to 117 in the US, 77 in France and 52 in Italy), but the growth of the multiplex industry over the past decade is an important trend in the Indian film industry. Multi-screen multiplexes are now common features of the shopping malls as part of growing consumer culture. While this has not changed the interest in

---

5 PriceWaterhouseCoopers (2010), p. 56.
6 The Television channels are privately owned, except for a group of state-owned channels under the brand 'Doordarshan'. These channels are the legacy of the pre-1991 era when only one Doordarshan Channel existed in India.
9 The state-owned television channels, Doordarshan, operate a number of regional channels and a ‘national’ channel (in Hindi and English). Interestingly, the federal government directs all the DTH providers to beam Doordarshan Channels.
10 India Brand Equity Foundation (2006).
11 PVR Cinemas (now PVR Limited) established the first multiplex, PVR Saket, in Delhi in 1997.
feature films, which has always been high in India, it has altered the business dynamics of the film industry. Young people and the upwardly mobile middle classes in urban India are the major patrons of these multiplexes. These are emerging as a major challenge to the single-screen cinemas that traditionally dominated the film screening business. It is estimated that there are now nearly 900 multiplexes in India,\(^{12}\) or about 10% of the total screens. They provide, however, nearly half of the film industry’s revenues. The economic importance of the multiplexes lies in the high cost of tickets, which are on average about 5-10 times more than for the single screens. The expansion of the multiplex sector has come at the cost of single-screen exhibitors. The number of single-screen cinemas has declined from about 13,500 in the mid-1980s to about 10,160 in 2009.\(^{13}\) Single-screen cinemas have been subjected to high rates of taxation since India’s independence in 1947.

Attention of Hollywood

The growing importance of the Indian film industry has attracted the attention of Hollywood. This is because of the growth in the Indian film industry, which is expected to be at a compounded annual rate of about 10% till 2014. In the USA and Canada, revenues have stagnated, while admissions have fallen from 1.57 billion in 2002 to about 1.41 billion in 2009.\(^ {14}\) There is also a large attempt to localize English movies by dubbing them into local languages. Hollywood studios have also started producing Indian language movies or have entered into co-production and distribution agreements in India. Indian media companies have attempted to expand their operations. In September 2008, BIG Entertainment announced a US$1.2 billion infusion into Dreamworks SKG to form a new media company that would jointly produce films.

Private to institutional credit: funding the film business

The modes of film financing currently in vogue in India include: (1) advances from distributors

\(^{13}\) Businessline (2010a), p. 5.
\(^{14}\) Chatterjee (2010).
Historically, film financing has been a function of the non-formal financiers (commonly referred to in India as ‘private financiers’). It was only after acquiring industry status that production companies became eligible for loans from banks and other formal funding agencies. Funding was at times provided by businessmen with underworld links. The Industrial Development Bank of India (IDBI), a government-owned development financial institution, was the first formal banking institution that started funding films. In general, the interest rates charged by private financiers is about 36% per annum, but it can exceed 60% per annum in some cases, while the banks lend at about 15% interest. This has resulted in a substantial reduction in the cost of producing a feature film.

India is the largest producer of feature films in the world. In 2001, the industry produced 1,013 films. The annual average is about a thousand. This excludes short films and documentaries, which exceed another 1300 every year. The year 2010 saw a rise in the number of films produced, with Hindi film releases reaching 238.

The Indian film industry has historically been a loss-making industry, growing on the strength of fresh infusions of capital. In any given year, as film historians point out, a majority of films produced fail to recover their costs. In 2010, 200 Hindi films lost nearly US$450 million, clearly indicating that the profitability of the industry was largely due to a small number of films scoring impressive profits, which could be as high as 10 times the investment.

India also faces the problem of piracy with the Internet being the major source. In 2008, it was thought that piracy and counterfeiting cost the Indian entertainment industry some $4 billion or almost 40% of potential annual revenues. Other estimates placed the losses at US$959 million, costing about 571,000 jobs.

The interesting feature of the film industry in India is that despite the fact that most of the films do not make money, there is a perpetual supply of new money, with the industry seeming to be the tendency of a small number of box-office successes earning outsized returns. These new sources of capital are often from those who have access to large amounts of unaccounted money. This may include those who are involved in criminal activities, political fixers (cronies), real estate, liquor and other business which generate huge amounts of unaccounted money. Since some of the above activities generate huge amounts of unaccounted cash, the film industry (along with investment in land) is usually an important source of investment.
In the past decade, there has been an increased corporatization of the Indian film industry with the listing of media companies on stock exchanges. This is the fallout of the granting of industry status to the film industry in 2000. The corporatization of the film industry has led to the reduction in costs of film financing and enabled the industry to tap stock markets and other institutionalized money markets. Indian film budgets have been growing on the strength of infusions of corporate capital. In 2010 the film Enthiran (Tamil, also released in Hindi and Telugu versions as Robot) was reported to have been made with the record budget of US$ 35 million\(^ {26}\) – a record in India. It was produced by a public limited stock exchange listed media company based in Chennai.

Tax concessions often make a material difference to the well-being of the industry

Almost all these financiers and new generation of film producers are resident Indians. Film production has also gained substantially from funding by industry insiders who in the past were mostly involved in film distribution. The case of Eros International is instructive. The company, which was into distributing Indian, predominantly Hindi films in countries with a large presence of overseas Indians, is now an important producer of Indian films. Foreign studios have over the past two years made a foray into Indian film production. Some of these are in the form of co-production agreements with Indian film production houses. The foreign studios that have commenced production in India include Sony, Fox Studios, Warner Brother and Disney.

Public and private support for the Indian film

It is pertinent to note that tax concessions often make a material difference to the well-being of the industry since it is a form of support. The important concessions that the culture industries receive are often in the form of tax concessions or low interest rates (and grants).

However, in India a number of industries receive subsidies, either implicitly or otherwise. Andhra Pradesh was the first state government to grant concessions in order to encourage the film industry. In 1964, it introduced a new film policy that offered loans for the creation of production infrastructure and the construction of cinemas. It also began to give cash subsidies for films produced in the state.\(^ {26}\) This was followed by Karnataka and other states which introduced similar film policies too. The exhibition sector was subjected to flat rates of entertainment tax, regardless of gate collections from the 1980s. Rates of taxation vary from state to state. They are as low as 15% in Tamil Nadu and 20% in Andhra Pradesh but as high as 60% in Madhya Pradesh. In Mumbai they average about 40%. A major demand by the film industry has been the rationalization of the entertainment tax regime.\(^ {27}\) Multiplexes on the other hand have a different tax structure, which also varies from state to state but in most parts of India they are exempted from entertainment tax for the first three years and the tax exemption varies from 50-75% over the next two years.\(^ {28}\)

The nearly 20 million strong Indian diaspora is an important patron of Indian films. A FICCI-KPMG study points out that overseas cinema releases are expected to rise from 5.7% of the total revenues in 2006 to 10.1% in 2014, while the revenues from domestic cinema releases are expected to decline from 77% in 2009 to about 74% by 2014.\(^ {29}\)

While censorship remains in the hands of the federal government, entertainment tax is controlled by the state governments. With the gradual integration of the film industry into a much larger and diffuse entertainment industrial structure, state governments and their film policies have a reduced

---

26 Srinivas (2009).
27 Pandey (2010).
28 Entertainment tax is under the purview of the state governments as per the Indian Constitution and hence varies. To cite an example in the case of Madhya Pradesh, multiplexes are exempt from entertainment tax for the first three years, in the fourth year they are entitled to 75% exemption and in the fifth year they are granted a 50% tax concession, see Government of Madhya Pradesh (2007). In most states, multiplexes are 100% exempt from taxes for the first three years and 75% and 50% in subsequent years.
Philanthropic organizations have emerged as the major funding agencies for various art forms role in determining the course of the cinema. The federal government of India has been criticized for announcing a number of new policy initiatives encompassing broadcasting, cable, radio and other media platforms. This is said to have been necessitated by the rise and growth of various new media formats that deploy new technologies. These policy guidelines are also expected to regulate the functioning of the television ratings industry, which influences the advertising industry (estimated at nearly US$1.9 billion). There are a number of approvals required for importing equipment or for foreign units to produce films in the country. However, 100% foreign direct investment in film production is allowed without any prior approvals (referred to as 'automatic route'). Investors are expected to comply with various regulations related to foreign exchange remittances, dividend distribution and other rules as applicable under various other laws. Tax concessions of various kinds have enabled the film industry to increase their profit margins while concurrently reducing their operational costs. These concessions have also helped draw institutionalized credit to the sector.

Conclusion

The Indian film industry continues to grow rapidly while retaining popular interest, despite the transformation in its operational dynamics. The rise of television and the growing importance of overseas rights are now an important source of income for the film producers. Interestingly, the rise of television has reduced the interval between a new film release and its broadcast on television. In the past this interval was often more than a year. It has now been reduced to a few weeks. While the film and television industry has flourished, government support for other art forms is lukewarm. Philanthropic organizations have emerged as the major funding agencies for various art forms. Government largesse for the film industry has mostly been in the form of either tax concessions or low interest loans and has very rarely been in the form of direct cash funding. Nevertheless, government support often makes the difference between prosperity or survival and gradual death. It is pertinent to note that in most of those segments of the culture industries that can boast of sizeable profits and audiences, the private sector is very active. Unlike in the past, there is an urgent need for the film industry to look beyond the shores of India and its large expatriate Indian community. If the industry is to grow further in size and profitability, the time may have come for it to look at other large emerging markets, especially in China and Latin America.

........................................

NOTE ON THE AUTHOR

Dr Ananth is currently the Head of Research in Krisani Wealth Management, a venture-capital firm based in Hyderabad, Andhra Pradesh, India. He worked as a Senior Lecturer at the Department of History, Andhra Loyola College, Vijayawada, Andhra Pradesh for 15 years. His research interests span business history and economic sociology with special reference to the markets and business dynamics, market access and contemporary socio-economic change.

Contact: sananth99@gmail.com

........................................

BIBLIOGRAPHY

Businessline (2010a) 'Cinema exhibitors say future looks bleak with multiplex entry.', 3 December, p. 5.

Businessline (2010b) 'FICCI, film industry rue stoppage of bank funding'; 2 December, p. 6.


India Brand Equity Foundation (2006) Entertainment and media: a report by PriceWaterhouseCoopers for IBF. Gurgaon, Haryana. Available at: http://www.arc.unig.ch/org/archwebnfl/n79a0d0fd3b0f9b31526f4004f2294335c0a4de661bbae157d30061daac/FLIE/India%20Symposium_IBF_Sectoral%20Reports_Entertainment-Media.pdf


Ministry of Information and Broadcasting, see mmb.nic.in/governmentpolicy/Multiplex/policy booster’, 4 January, p. 3.


The Times of India, Hyderabad Times (2011b) ‘2000 cr lost to promos’, 2 January, p. 3.

Ivana Jirasek

Activating philanthropy: the Artsupport Australia model for cultural funding

Artsupport Australia, an initiative of the Australia Council for the Arts, forms strategic alliances between artists, arts organizations, government, philanthropists, and private and corporate foundations to facilitate lasting positive change. These activities are entrepreneurial, discerning and responsive to sector needs. They provide the arts and cultural sector with skills and resources to engage with the philanthropic sector and vice versa, and have diversified cultural funding sources for greater sustainability. A funding model that looks beyond boundaries and outside the comfort zone.

To increase support for the growing arts and cultural sector, the Australian Government has developed partnerships with the private sector through a number of strategies for over the last two decades. The blueprint for the role of the private sector in cultural investment was articulated in *Creative Nation* the Australian Government’s cultural policy of 1994 that recognized the value of cultural development and the economic potential of culture. Cultural economist David Throsby observes that *Creative Nation* was launched in a decade marked by moderate expansion of the sector combined with the articulation of a broad cultural policy framework and growing interest in cultural statistics and trends. Since the late 1990s, a number of formal government reviews of specific art form areas such as the 1999 *Major Performing Arts Inquiry* or the 2002 *Contemporary Visual Arts and Craft Inquiry*, major sector reports and the *Australia 2020 Summit* have informed cultural funding and policy. It is interesting to note that private sector support and tax incentives are a constant feature in the discussions.

Three levels of Australian Government – federal, state and local – support arts development, arts institutions, artistic diversity and innovation. Some differentiation in support is evident, with states pro-

---

1 Commonwealth of Australia (1994).
2 Throsby (2001).
3 Nugent et al. (1999).
4 Myer (2002).
5 Costantoura (2001).
6 Davis (2008), Chapter 8.
Government reforms to build greater community and business engagement, philanthropy and corporate social responsibility were the hallmark of the 1990s – early 2000s, and included the Prime Minister’s Community Business Partnership. They led a new wave of Australian philanthropy which was underpinned by a strong Australian economy and the rise of private and corporate wealth which continues today, despite the downturn of 2008.

A new government initiative, Artsupport Australia, was launched in 2003 by the former Prime Minister, John Howard, for the sole purpose of growing cultural philanthropy. It began as a three-year joint pilot between the federal arts funding and advisory body, Australia Council for the Arts, and the Australia Business Arts Foundation (AbAF), each of which provided two staff members. Since July 2006, Artsupport Australia has continued solely under the auspices of the Australia Council and now has two staff members at the Sydney headquarters and state managers in Darwin, Brisbane, Perth, Melbourne and Western Sydney. This has provided greater national reach and enables more local relationships to be built.

To maximize the philanthropic exchange, Artsupport Australia’s work focuses on two key groups:
1. Individual artists and arts/cultural organizations (the cultural sector), and
2. Individual philanthropists, and private and corporate foundations.

The exchange is further strengthened by relationships with strategic bodies in both government and business, including the arts ministries in states and territories where the managers are based.

Artsupport Australia defines philanthropy or giving as: individual gifts or donations (including major gifts, bequests, workplace giving, direct-mail appeals and crowd funding), philanthropic grants by private and corporate foundations and corporate philanthropy – as distinct from corporate partnerships or sponsorships, where the exchange is strictly commercial.

Programmes and services for the cultural sector

About 70% of Artsupport Australia’s clients are small-to-medium organizations with an annual turnover of $500,000 or less and limited staff and resources for development. For many of these organizations, fundraising is not a core activity, although a welcome strategy for increasing income. That is not to say that Artsupport Australia does not work with the larger organizations – there are fewer of them and they are better resourced. See figure 1 on the next page.

Artsupport Australia provides mentoring and annual masterclasses to build the capacity of organizations to secure philanthropic income successfully themselves. In this respect, Artsupport Australia provides ongoing one-on-one coaching to assist with strategic advice and practical tips. It also makes presentations to boards, in order to educate and inspire them to be more actively engaged in philanthropic fundraising. Experience has shown that the greatest outcomes in philanthropic fundraising are achieved when fundraising principles are adopted at board level, and in the longer term, across a whole organization. This advocacy with boards of arts organizations has persuaded some of them to donate funds specifically to employ fundraising staff.

8 For reports and fact sheets of the Prime Minister’s Community Business Partnership, see http://www.fahcsia.gov.au/sa/communities/pubs/Community/Pages/default.aspx
In addition to these activities, Artsupport Australia advises which trusts and foundations are relevant to an organization’s programmes and activities, provides guidance for building relationships with them and gives advice on the preparation of written grant applications.

To address specific needs of arts organizations with similar fundraising challenges, three special mentoring programmes have been developed. The first one is a philanthropy training programme for the Australia Council’s 28 Major Performing Arts Board (MPAB) companies – comprising national and state theatre companies, orchestras and ballet companies – to build skills and grow their philanthropic funding sources, especially via individual gifts or donor programmes. The programme engages a mentoring consultant to assist with sourcing a suitable mentor for each company and to monitor and evaluate the programme’s progress. Mentors are paid by the Australia Council to spend two hours a month face-to-face with their mentee. The ninth Australian Major Performing Arts Group survey on corporate sponsorship and philanthropic support showed that the latter increased 157% between 2001 and 2009.10

The second programme concerns Indigenous arts which were identified from the outset as a major opportunity for significant philanthropy. A specialist manager was appointed in Darwin, the capital of a region with the highest proportion of Indigenous people, to mentor artists and organizations, many of them in remote locations throughout the Northern Territory, and help them to diversify their funding sources to include philanthropy and to cultivate long-term philanthropic partnerships. This has also helped leverage funding from a wider range of government agencies, particularly where arts programmes are integral to health, education or social services. A special national Indigenous philanthropy mentoring programme was also run for ten selected Indigenous arts organizations over three years. It had a similar structure to the MPAB programme and culminated with an Indigenous philanthropy expo featuring the participants in Melbourne.11

The third special mentoring programme was developed for the Australia Council’s Key Organisations division, which serves small-medium triennially-funded arts clients. The two-year programme commenced in 2008 with 15 Key Organisations, and another 15 starting in 2010. Each was provided with 50% of the salary costs of a part-time philanthropy manager for two years, after which time they were expected to be self-funding. Artsupport Australia mentor the manager.

Figure 1
Demographics of Australia’s states and territories (2010)

<table>
<thead>
<tr>
<th>State/Territory</th>
<th>Capital</th>
<th>Number of inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Capital Territory</td>
<td>Canberra</td>
<td>358,900</td>
</tr>
<tr>
<td>New South Wales</td>
<td>Sydney</td>
<td>7,238,800</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>Darwin</td>
<td>229,700</td>
</tr>
<tr>
<td>Queensland</td>
<td>Brisbane</td>
<td>4,516,400</td>
</tr>
<tr>
<td>South Australia</td>
<td>Adelaide</td>
<td>1,644,600</td>
</tr>
<tr>
<td>Tasmania</td>
<td>Hobart</td>
<td>507,600</td>
</tr>
<tr>
<td>Victoria</td>
<td>Melbourne</td>
<td>5,547,500</td>
</tr>
<tr>
<td>Western Australia</td>
<td>Perth</td>
<td>2,296,400</td>
</tr>
</tbody>
</table>


11 A video from the exposition can be viewed at http://vimeo.com/7930958.
and organizations for the duration of the programme and beyond.

Artsupport Australia encourages ‘high net worth’ Australians to become more strategic and structured in their philanthropy

Since 2005, Artsupport Australia has presented an annual lecture and masterclass in Sydney and Melbourne featuring international and local experts to address specific sector needs and build the skills of individual fundraisers.\(^1\) It has also published An Arts Guide to Philanthropic Gifts and Tax,\(^2\) an online resource to help arts organizations understand the tax and legal requirements associated with receiving gifts. To date, two strategic projects have been commissioned. The first, managed by Pareto Fundraising, evaluated how well 25 large arts organizations managed new enquiries for membership, major gifts and bequests – as an indicator of prospective donor ‘stewardship.’ The second, was a social return on investment (sROI) analysis, by Social Ventures Australia, of two arts companies, according to a model pioneered by the Roberts Enterprise Development Fund (REDF) in the US and further developed by New Philanthropy Capital (NPC) in the UK.

**Programmes and services for philanthropists, trusts and foundations**

Artsupport Australia’s role regarding prospective donors resembles its role in the cultural sector – as advisor, information source and broker. Being an intermediary between the arts and philanthropic sectors, and an advisor to both, means that it does not seek donations or philanthropic grants for itself. This makes approaching new philanthropists less difficult than it may be for arts organizations.

Artsupport Australia has developed working relationships with the financial sector including private banks and wealth management arms of investment banks, financial advisors and planners, trustee companies and tax lawyers as a conduit to prospective donors. Converting financial planners to the value of philanthropy and promoting it as an option to their clients continues to be a challenge in that industry. One of the success stories is the Westpac Foundation, a corporate foundation which had not supported arts-based projects until it had contact with Artsupport Australia.

Since 2005, Artsupport Australia has facilitated 16 successful proposals with the Westpac Foundation, providing $3.1 million in multi-year grants to a wide spectrum of small-medium arts organizations for projects that enable sustainable activities for disadvantaged communities.

Artsupport Australia also encourages ‘high net worth’ (HNW) Australians to become more strategic and structured in their philanthropy. If they are not already interested in the arts, it also introduces them to the arts as a possible ‘cause area,’ capable of addressing a vast number of social and community needs. This is an aspect of the arts of which many philanthropists are not aware. There are many wealthy cultural devotees whose philanthropic capacity has not yet been realized. They are typically people who are protective of their privacy, so strategies have been devised to reach them via professional networks or service providers.

Artsupport Australia coordinates strategic events of interest for HNWs, including seminars promoting the tax benefits and other advantages of philanthropic trusts, such as private ancillary funds (PAFs)\(^3\) for those considering philanthropy. Presented by high-profile experts covering charity law and the practical aspects of running PAFs, these events have encouraged many to establish their own PAF. Other exclusive events for existing and potential philanthropists use high-profile speakers such as leading arts...
duo Cate Blanchett and Andrew Upton (Sydney Theatre Company) or businessman, art collector and philanthropist Kerry Stokes and networking events for PAF founders and trustees to discuss ideas and experiences and forge a community of arts philanthropists.

**Philanthropist and philanthropic trusts and foundations are typically not afraid to take risks**

Some events have been co-hosted with Philanthropy Australia (PA), the national peak body for the sector, to enable maximum reach. Artsupport Australia’s Director, Louise Walsh, is also chair of PA’s Arts Affinity Group which brings together philanthropists with an interest in the arts three to four times a year to hear guest speakers and stimulate exchange. This has included thought leaders of The Balnaves Foundation, Nelson Meers Foundation and Harold Mitchell Foundation, as well as US presenters from the Andrew W. Mellon Foundation (Diane Ragsdale, 2008), Doris Duke Charitable Foundation (Ben Cameron, 2009) and Changing Our World (Dr Susan Raymond, 2010).

Artsupport Australia provides a free one-on-one advisory service for donors and foundations which provides insight into the wishes and needs of these clients. It provides customized advice and resources and finds arts projects that meet their criteria, which may be a specific art form, or health, education or a location-based project. Artsupport Australia can help clarify these requirements, specifications and assessment processes for cultural recipients. Being closely allied to the Australia Council, arts ministries and peak bodies, it has direct access to a vast expertise to inform this process.

Philanthropists and philanthropic trusts and foundations are typically not afraid to take risks in areas they are passionate about and many have opted to support small organizations where their gifts can make a greater impact.

**State of the art in giving**

While national comparisons of philanthropy are fraught with inconsistencies, the Australian arts and cultural sector has done well by any measure, both in real and relative terms, even despite the downturn. For example:

Grants distributed to cultural organizations from prescribed private funds (PAFs) grew from $761,000 in 2001-2002 to $9.58 million in 2007-2008, becoming the second most supported sector overall after welfare. Donations to over 1300 registered arts and cultural organizations increased 59%, from $46.6 million in 2005-2006 to $74.4 million in 2009-2010.

The AbaF survey of private sector support for the arts for 2008-2009 reported that giving increased 6% on the previous year, despite the downturn.

In seven years, Artsupport Australia has facilitated around $50 million of new philanthropic income to approximately 200 Australian artists and 600 Australian arts organizations. It is a strong outcome for a government investment of nearly $5.2 million, providing a return of nearly 1000%.

This success has generated international interest in Artsupport Australia’s business model, not just from arts bodies but from other sectors as well, including the environmental and medical research sectors. It is an innovative model of public-private partnership, helping to mobilize resources to a defined sector, which could easily translate to other sectors and be replicated internationally. In this respect, the model has been presented, by invitation, at the *Grantmakers in the Arts 2009* conference (USA) and to New Zealand’s Cultural Philanthropy Taskforce in 2010.

In general, Artsupport Australia attributes its success in growing philanthropic support for the arts.

---

to a number of organizational and external factors. These include:
– providing a free advisory service;
– having quick direct access to specialist knowledge;
– providing customized advice/mentoring to both arts organizations and philanthropic individuals/entities;
– having national reach;
– having a small and flexible team able to respond to opportunities quickly;
– staff salaries and expenses are covered by the Australia Council, the government’s arms-length funding body;
– access to the resources of a parent organization, the Australia Council for the Arts, (venues, systems, communications, IT, HR and other services);
– the strategic marketing of events to build the brand, networks and business;
– access to high-profile champions with industry expertise who publicly campaign for the cause, and who facilitate strategic introductions;
– having important relationships with key bodies in government and business, in particular the financial and legal sectors;
– the rise of private and corporate wealth in the 1990s;
– government reforms to grow philanthropy that included making the establishment of family foundations easier, especially through the structure of PAFs.

Challenges
There are many misconceptions about the arts that present a challenge in terms of fundraising. Typically the arts are deemed elitist, attracting philanthropic income becomes easier. Consider, for instance, Silver Memories, a programme run by 4MBS FM – a community-run classical music radio station that provides radio sets to isolated and disadvantaged elderly in aged-care centres in south-east Queensland. Or Milk Crate Theatre which runs transformative workshops and performances with Sydney’s inner-city homeless. Helping arts organizations to measure and demonstrate the community benefits of their work makes them stronger candidates for philanthropic support.

The arts share all the challenges that fundraising in Australia engenders. The most significant of these are:
– the private nature of many philanthropists;
– a philanthropic culture that is relatively new and not as generous as international counterparts;
– the reluctance of financial advisors to embrace philanthropic options;
– legal complexities that prevent specific philanthropic entities from giving to preferred recipients;
– the different cultures of philanthropy between Australian states, territories and capital cities which require different strategies;
– lack of experienced fundraisers and of resources to employ them, and their migration to other sectors (which especially applies to the arts, in comparison to sports, health, and welfare).

A new Australian national cultural policy is in development. It will include new models for stronger engagement between arts organizations and the philanthropic and business communities. As building stronger communities is a current priority for the Australian Government, it presents the arts and cultural sector with a natural entrée. In the words of Louise Walsh, Director of Artsupport Australia: ‘It is very rewarding to see inspired arts and cultural projects take flight with successful donation programmes or new philanthropic partners. It is even more rewarding to see these grow into multi-year funded partnerships that leverage other support. This is what propels Artsupport Australia to continue its work and if that inspires others to do the same, that will be the ultimate measure of its success.’

Artsupport Australia’s work over the last seven years has accelerated the arts/cultural sector’s engagement with philanthropy and stimulated many sophisticated and positive partnerships. The challenge for the arts will be to continue to stay ahead of the pack.

........................................

**NOTE ON THE AUTHOR**

Ivana Jirasek holds degrees in Science (UNSW) and a Master of Art Administration (College of Fine Arts/UNSW). She has worked in galleries and museums since 1987, mostly as a curator and writer about contemporary craft and design, specializing in contemporary glass. In 2002 she commenced work in craft policy for the Australia Council for the Arts, moving to Artsupport Australia in 2003. There her work has focused on research on the philanthropic and cultural sectors, with contributions to government reviews and coordination of strategic events.


---

18 A range of international and domestic references covering social, health and well-being benefits of active participation in the arts include: Australia Council for the Arts (2009); Goldhard (2006); Hawkes (2001); Holden (2004); Matarasso (1997).

19 Announced in the speech the Hon. Simon Crean MP, Minister for Regional Australia, Regional Development and Local Government, Minister for the Arts, held 29 September 2010 for the National Press Club. See Crean (2010).
BIBLIOGRAPHY


Epilogue

Interview with Andreas Johannes Wiesand by Ineke van Hamersveld

It seems as if the global financial crisis will, at least in Europe, change the present system of cultural policy and public financing, simply because the governmental budgets run dry. In the current Cultural Policy Update several possibilities are discussed, one of them being the diversification of resources.

My first reaction is that reductions in state or local public funding in some countries could turn out to be just a temporary phenomenon, if we may rely on past experiences. They should not be confused with a massive alteration of the present European systems of public responsibility in the cultural sphere, like privatization. I feel supported in this point of view by the outcomes of a recent user survey of the Compendium of Cultural Policies and Trends in Europe.\(^1\)

The survey was put on the website of the Compendium in December 2010. During the first weeks around 66% of the respondents stated that the crisis will lead to a complete change of the cultural field. This number has since gradually been decreasing, and now (March 2011) comes closer to 50%. At the same time, we note that in a number of countries public budgets for culture are still rising.\(^2\) Among the reasons for these differences may be the comforting fact that there is not ‘one system’ for cultural policies in Europe.

In addition, changes or persistence do not affect all cultural activities in all countries in the same manner. For example, Denmark can be considered as one of the ‘library paradises’, both in Europe and in the world.

\(^1\) See www.culturalpolicies.net
\(^2\) See Wiesand (2010).
Consequently, that sub-system is permanently modernized and very well financed; the same could be said about music theatre (opera etc.) in Germany, Austria and parts of Switzerland, which together account for about half of the world’s permanent professional staff, resources and regular performances in that domain, based on public demands. Efforts to cut expenses in these sub-systems usually meet with firm opposition by larger parts of the population. Financial threats to heritage and sites in Italy and Greece, dance in the Netherlands and Belgium, arts education in Scotland or arts centres and cultural houses in some parts of Central and Eastern Europe, would probably lead to similar protests. Obviously and luckily, the arts and culture in Europe are not, yet, standardized.

Nevertheless, there is no doubt that reforms and diversification strategies are needed, be it to secure the freedom and diversity of cultural expressions or because during the past three decades there has been a massive growth in fund-seeking organizations and professionals in many parts of Europe. However, such changes should primarily be based on specific conditions ‘on the ground’ and, particularly, on local demands. In addition, these strategies should be supported by other policies, like investing in transparent selection processes and eligibility criteria. The latter should stress particular qualities and innovative outcomes, such as passion, empathy and public debate, or the advancement of creative thought and practice, rather than economic and other side effects. Today, we no longer have an excuse to avoid this kind of serious, arts-specific scrutiny of what to fund with public money and what not. After all, selection processes, intelligent surveys and other instruments have really progressed over the last 30 years, particularly in the USA, but also in some European countries.

A shift from public to private funding

IvH Could or should governments play a role in this ‘diversification’ of funding sources, like for instance in Australia, where the federal government took the lead in growing private support, or should they leave it to the institutions to find their own funding resources?

AJW The Artsupport Australia model is inspiring, and services like this that provide transparency and advice, or motivate good practice, whether led by the government, by patrons’ associations and foundations, or by professional arts organizations, should indeed exist everywhere in Europe. Since 1978, I’ve been involved in this kind of work as the responsible editor of the *Handbuch der Kulturpreise (Handbook of cultural awards)*, now online. This interactive information system, which covers over 2,500 public and private arts and media awards, bursaries and regular grant measures in Germany, has also been initiated and funded by our federal government. This shows that the issue of a diversification in arts funding is not really new and the first answers had already been found over 30 years ago.

3 See [www.kulturpreise.de](http://www.kulturpreise.de)
There seems to be a general feeling that a shift from public funding to a more privately driven service is unavoidable. Do you agree with that point of view?

I am well aware that private donors or foundations can play a crucial role in the arts and heritage. For instance, they can make the purchase of complementary objects for museum collections possible, or secure meaningful artistic projects, some of which otherwise would encounter difficulties in state or local administrations for financial, political and other reasons. There is also no doubt that sponsoring helps to organize festivals and similar events, provided that publicity is guaranteed.

However, let us not overestimate what can be achieved by private support in the arts, especially for the running expenses of large and medium-sized institutions! In most parts of the Europe contributions from donors and sponsors reach only around 5% of the sums invested by governments including cities, often even less. To my knowledge, only Switzerland is an exception to this general picture with probably about 15%. The forthcoming Compendium-type country profile of Australia shows a similar picture. The annual public budget for culture stands at circa AUS $ 6.8 billion while Artsupport Australia, between 2003 and 2010, directly facilitated an additional amount of not more than AUS $45 million from private sources. That’s fine, but it also shows that we should be honest to the arts community and not insinuate that much or most of the public arts budget money, lost during the financial crisis, may be compensated for by philanthropists or commercial sponsors. Most of them do not want to be used as makeshifts and while some of them are generous in booming times, they will be more modest in a recession.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.

Let us not overestimate what can be achieved by private support in the arts

I am well aware that private donors or foundations can play a crucial role in the arts and heritage. For instance, they can make the purchase of complementary objects for museum collections possible, or secure meaningful artistic projects, some of which otherwise would encounter difficulties in state or local administrations for financial, political and other reasons. There is also no doubt that sponsoring helps to organize festivals and similar events, provided that publicity is guaranteed.

However, let us not overestimate what can be achieved by private support in the arts, especially for the running expenses of large and medium-sized institutions! In most parts of the Europe contributions from donors and sponsors reach only around 5% of the sums invested by governments including cities, often even less. To my knowledge, only Switzerland is an exception to this general picture with probably about 15%. The forthcoming Compendium-type country profile of Australia shows a similar picture. The annual public budget for culture stands at circa AUS $ 6.8 billion while Artsupport Australia, between 2003 and 2010, directly facilitated an additional amount of not more than AUS $45 million from private sources. That’s fine, but it also shows that we should be honest to the arts community and not insinuate that much or most of the public arts budget money, lost during the financial crisis, may be compensated for by philanthropists or commercial sponsors. Most of them do not want to be used as makeshifts and while some of them are generous in booming times, they will be more modest in a recession.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.

I am familiar with most of the arguments in favour of what is sometimes called ‘desetatization’, including, but not limited to, a perceived greater independence in the face of political changes, e.g. after elections. However, priority changes are by no means confined to governments or political parties. A recent example of private support that is re-directed away from advanced or meaningful artistic activities can be found in Germany. Here, the once very influential Siemens Arts Program, one of the cornerstone of Siemens’ cultural sponsorship activities, is now being downgraded, or even sacrificed, to make room for more projects in the field of development aid.
ally not have to fear for a complete ‘abandonment’. Since privatization is hardly conceivable in those cases, this would generally implicate closure. On the other hand, the present times of crisis do not rule out that cultural institutions may have to adjust services to comply with budgetary restraints.

Building financial resilience through cultural entrepreneurialism

IvH Clive Gray and Jennie Jordan point out a trend towards more entrepreneurialism among cultural (not-for-profit) institutions, in order to build financial resilience. This could also require a change of mindset from public and private funders. They should be prepared to transform their policies and practices and no longer just fund artistic programmes, but also the transformation to more resilient organizations as well. What is your opinion about this requirement?

Organizers and mediators are often given greater credit and attention than the individual artist

AJW I understand their viewpoint – maybe I would argue the same way if I was to direct an arts body in the UK, a country that already lost many of its ‘resilient’ cultural institutions some 25 years ago. In larger parts of Europe and elsewhere the task is probably more to motivate city councils and other responsible bodies to defend existing infrastructures and sustainable creative processes.

In all, I’m not particularly fond of that general ‘entrepreneurialism’ talk in the arts, since I have met more artists and executives of arts institutions who live up to such a concept, than managers of large business companies. Surely, not many would survive without bringing their entrepreneurial talent to fruition. On the opposite side, though, there is another group in which ‘research artists’ and art educators can be found who are not even able to provide a decent tax return, or to make themselves heard in public. I do not believe we should force people to adapt to models that are contrary to their personality. This reminds me of the frustration among planners of a new British library system in the 1980s when they encountered resistance among librarians who did not want to be redefined as ‘information managers’. The planners had simply overlooked the fact that some of these people had actually chosen their profession to avoid the stress and setbacks of the managerial world.

Managerialization

IvH Vesna Čopič, Clive Gray and Jennie Jordan refer in this Cultural Policy Update to the road of managerialization that arts and cultural organizations feel, or are, forced to walk, in order to solve crises of all sorts. What is your point of view about this panacea?

AJW After working over 20 years as a professor of ‘cultural management’ courses, I should of course join in this choir. I am happy to agree to the importance of management, provided it results in more transparent structures, intelligent marketing or educational programmes and interactive working processes. However, I have to confess that I never felt comfortable with the term ‘cultural manager’ – and always told this to my students – since I find it to be an artificial, not very precise phrase.

There can be, and in fact are, worlds between the work of e.g. a museum curator, the head of a popular radio station, the manager of a rock band, the arts administrator of a medium-sized city or the responsible owner-editor of a literary magazine. In order to perform these and other professional tasks properly, students should receive more specific and qualified training and not simply the construction kit of mainstream economics, as is frequently the case.

Let me add another thought: today we are in the midst of a situation where organizers or mediators are often
Art and culture organizations should be very careful about the precise nature of their cooperation.

Creatively connecting with communities

IvH Kees Vuyk and Vesna Čopič in this Cultural Policy Update point out that the arts have become self-referential. According to Vuyk and Dirk De Wit they should creatively connect with all sorts of communities. Is that an adequate answer to an underlying crisis?

AJW What we should avoid is some sort of ‘forced connectivity’. Most professional communities are more or less ‘self-referential’, whether they are composed of scientists or managers, politicians or judges, journalists or engine-drivers. Let’s face it, Einstein on the Beach is a dream, the dream of an artist. And ‘Mozart, music notation software makes you Mozart’ is just a company slogan. In some cases, I sense a utilitarian desire behind such ideas: the arts and their protagonists are supposed to get more support if they are more education or integration-minded, if they live up to the promises of the new wonderland of creative economics, if their value can be tested in transnational relations or if they actively engage in social cohesion work in local neighbourhoods. Well, artists and cultural institutions do all of this and more, if they feel that this will further their own objectives (or fill the cash box), but let them, please, decide this on their own.

Cooperation between cultural organizations

IvH What advice can you give to cultural institutions that have to position themselves in the funding jungle? Is cooperation like Mission Models Money (London, UK) advocates, for instance in the field of administration, marketing, or programming, an advisable option?

AJW As an empirical researcher, I do not believe in magic bullets. Therefore, I prefer not to give any advice to individual arts associations which is not based on an assessment of the respective national or local conditions. However, during more than 40 years of research in the very diverse fields of the arts, media and cultural policy, I learned that cooperation or a sound division of labour is indispensable. I would like to differentiate, though, with regard to joint marketing efforts. What may be good for general campaigns or city marketing, is not necessarily fitting for an individual arts institution and its services. A museum or a rock band, a theatre or a literary magazine, to mention but a few examples, will now, more than ever, need a clear, distinctive profile. This profile helps to convince policymakers, potential patrons and their target groups about the legitimacy of their existence, and about the particular experience or enjoyment they provide.

4 Einstein on the Beach (1976) is an opera, or better, a hearing event, ear candy, by Philip Glass (music and lyrics) and Robert Wilson (design and direction), breaking all the regular opera rules.

5 See www.mozart.co.uk/
Arts and culture organizations should be very careful about the precise nature of their cooperation with others. They should, when it comes to marketing, single out which part of the marketing strategy could be shared and executed in cooperation with other initiatives.

Besides, I do believe that appropriate techniques are at the moment often better developed in the virtual reality than in the real world. This calls for more and intelligent combinations between these spheres, as exemplified by some independent music groups, like Radiohead, who are simultaneously creators, performers, distributors and their own best promoters on all available communication channels.

Engaging with a wider public

*IvH* Engaging a wider public is often mentioned, when it comes to raising awareness of the values of arts and culture. For a long time we have been familiar with civic support, such as volunteering. Volunteers play a crucial role in the cultural field. Is a revaluation of their work in place?

*AJW* This is indeed a hot issue, since volunteers are sometimes suspected to replace quality and professionalism with merely good will, e.g. when they are entering museums or libraries. I do not believe this is necessarily so, since in most cases volunteers engage in activities the regular professional has not the time or appetite to perform. In addition, they can form a bridge to potential audiences that have not yet been reached or explored. Let’s not forget, however: the gap between idealism and its exploitation for merely financial objectives is small. In my hometown Cologne (Germany), most museums could not survive without volunteers, especially from the many advocacy or ‘Friends of…’ societies that exist in the city. In such cases, it is important that managers feel also responsible towards these people, give their work a meaning and reward it in one way or another through material or immaterial benefits. Then, that’s an issue that deserves a close view at another time.

BIBLIOGRAPHY


Kulturpreise online, www.kulturpreise.de

Dossier
by Martine Meddens and Jack van der Leden

Advocating the arts

Since 1963 the library of the Boekman Foundation has collected books, reports, newspaper cuttings, electronic documents, dissertations and other items on the social aspects of the arts and culture. The collection contains around 65,000 titles, including approximately 150 periodical subscriptions. The collection focuses on Europe and the Netherlands, but is not restricted to this area. New acquisitions, including digital documents, are posted on the website of the Boekman Foundation every month, and the online catalogue can be searched on fields such as author, title, topic or year.

This dossier contains a small selection of relevant documents from the digitized catalogue of the library of the Boekman Foundation on the subject of advocacy, arranged according to year of publication. The reports date from 2007 onwards and are in English. All the documents can be found on the Internet. Much more information is available in the library. We invite you to visit the library catalogue at www.boekman.nl.

Washington: Americans for the Arts, 5,3 mb.
http://www.americansforthearts.org/pdf/information_services/art_index/NAI_report_w_cover_opt.pdf
The National Arts Index, created by Americans for the Arts, is a highly-distilled measure of the health and vitality of arts in the United States. It is composed of 81 equally weighted, national-level indicators of arts and culture activity that covers a 12-year period, from 1998 to 2009. According to the Index, the vitality of America's arts sector reached a 12-year low in 2009, dropping a record 3.6 points to 97.7. Since the onset of the Great Recession, the Index has plummeted 6.2 points. In fact, the losses sustained from 2007-2009 were nearly double the gains made from 2003-2007 (3.9%). Defying this fall was a continued growth in the number of arts organizations. As a result, the arts sector is now composed of 109,000 non-profit arts organizations and 550,000 for-profit arts businesses, and 2.2 million artists in the US workforce. However, an increasing number of organizations and individuals are struggling to make ends meet. First annual update.
Arts (2010)  
**THE ARTS RIPPLE EFFECT: A RESEARCH-BASED STRATEGY TO BUILD SHARED RESPONSIBILITY FOR THE ARTS.**  
Cincinnati: Fine Arts Fund, 4 mb.  
http://www.fineartsfund.org/arts_ripple_effect  
In late 2008, leaders of the Fine Arts Fund in Cincinnati embarked on a research initiative designed to develop an inclusive community dialogue leading to broadly shared public responsibility for arts and culture in the region. They determined that more analysis and knowledge of public views and assumptions about arts and culture was needed to develop the necessary foundation for a dialogue that will lead to increased shared responsibility and public support. This research was designed to develop the communication tools necessary to motivate action by the public for the arts.

Hewison, R. (2010)  
**IN AN ERA OF AUSTERITY, REASONS TO FUND THE ARTS: CULTURE IS A SOCIAL LANGUAGE THAT WE WOULD BE DUMB WITHOUT.**  
In: The Art Newspaper, no.125, Jul/Aug., 238 kb.  
http://www.theartnewspaper.com/articles/In-an-era-of-austerity-reasons-to-fund-the-arts/21121  
In the UK the Department for Culture, Media and Sport (DCMS) has to cut £88 million. Deeper cuts are expected after the comprehensive spending review in the autumn. No wonder the Arts Council England (Ace) is desperate for help in making its case. After decades of public and private initiatives, reports, conference and consultations, people are still looking for a ‘rational’ argument for funding the arts. Hewison goes back to the time of 1940, the time of the first chairman of the post-war Arts Council the economist John Maynard Keynes. He believed that in a recession, governments should stimulate the economy. He also understood the use value of the arts. The decision taken in 1940 that led to long-term funding of the arts was not taken on economic grounds, or for reasons of health, social inclusion or the prevention of crime. But it was a rational decision, based on a rational argument: that we are supposed to be fighting for civilisation.

**THE PEOPLE THEME.**  
Mission Models Money, 12,6 mb.  
Mission Models Money is a network of thinkers and doers whose vision is to transform the way the arts use their resources to support the creation and experience of great art. The publication is an overview and response to Mission Models Money’s investigation into the competencies, qualities and attributes which will enable creative practitioners and organizations to thrive in the challenging environment of the 21st Century. The analysis is intended both to summarize the findings and suggest ways in which they may be useful to arts leaders, policymakers and funders in directing resources toward strengthening the management capacity of individuals and the field as a whole. See also R. Dods (2008), **Inside the edge 21st century people: why we need them and where we can find them** (Mission Models Money, 116 kb). We urgently need to articulate, judge and value leadership from a new perspective, one which recognizes the qualities and attitudes required to navigate the complexities of the 21st Century. Producers in the arts are a special and particular group of those kind of people, artists are another. We need to find, nurture and support more of them, both as individuals, and within different kinds of organizational frameworks. http://www.missionmodelsmoney.org.uk/papers/inside-the-edge/  

Madden, Chr. (2010)  
**NATIONAL ARTS ADVOCACY CAMPAIGNS: OVERVIEW OF CASE STUDIES AND GOOD PRACTICE.**  
Strawberry Hills: International Federation of Arts Councils and Culture Agencies, 1 mb.  
The report looks at advocacy campaigns that promote
appreciation and engagement in the arts. It describes a range of campaigns currently being undertaken or planned by key national arts funding agencies. It brings together online communication resources used by these campaigns, and explores views on how to ensure a campaign's success. The information contained in the report is drawn from desk research, responses to a survey and selected case studies of actual campaigns. Eight case studies of campaigns from national arts funding agencies are included.

**FUELLED 'THE NECESSARY REVOLUTION': SUPPORTING BEST PRACTICE IN COLLABORATIVE WORKING AMONGST CREATIVE PRACTITIONERS AND ORGANISATIONS: A GUIDE FOR PUBLIC AND PRIVATE FUNDERNS: AN MMM GUIDE.**
Mission Models Money, 628 kb.
This guide focuses on collaboration and the increasingly important role that collaborative working is playing and will need to play in enabling creative practitioners and organizations to ‘rise to the occasion’ and fulfill their potential of becoming one of the driving forces of our future post-industrial, ecologically literate age. If innovations are created from new connections in our minds, then a greater number of successful collaborations in the arts will help fertilize those new connections and enable alternative ways of seeing and being, leading to the co-creation of a different kind of growth, the kind that will increase the cultural and creative vitality of our communities. The author explores nine different models for collaboration, and the competencies, qualities and attributes (CQAs) required for collaborative working.

Szántó, A. (2010)
**FUNDING: THE STATE OF THE ART IN A WORLD MIRED IN ECONOMIC UNCERTAINTY AND WITH CASH FOR THE ARTS DISAPPEARING, HOW DO WE ARGUE FOR CULTURE?**
164 kb.
In: *The Art Newspaper*, 8 Jun. 2010
A vast pool of private, public, and philanthropic capitals has gone down the drain in the US, and elsewhere, in the big recession, with predictable consequences. Arguments that used to work on behalf of the arts no longer always do. And the arguments advocates are using instead all too often miss the point, by making roundabout claims that ignore what makes art appealing on a gut level. Szántó argues that the systems and rhetoric of cultural support will need to be adapted to a more disruptive technology. By taking a step in that direction, advocates can tap into powerful emotional tropes, especially in the US, a country that celebrates and rewards innovation and experimentation.

State (2010)
**[STATE OF THE ARTS CONFERENCE: CREATIVE THINKING FOR A STRONG FUTURE].**
London: Royal Society for the encouragement of Arts, manufactures and commerce, 87 + 78 kb.
http://www.thersa.org/events/state-of-the-arts-conference
The State of the Arts Conference on 14 January 2010 in London, organized by the RSA and Arts Council England, brought together a wide range of creative voices to debate the value and purpose of the arts at a time of significant change. Transcript of the speech by Jeremy Hunt MP, Shadow Secretary of State for Culture, Media & Sport, ‘21st century culture: making art matter in the 21st century’, transcript of the speech by Ben Bradshaw MP, Secretary of State for Culture, Media and Sports, ‘21st century settlement for arts and culture’.

Why (2010)
**WHY SHOULD GOVERNMENT SUPPORT THE ARTS?**
State governments today face monumental challenges: record-breaking budget shortfalls, rising unemployment, widespread home foreclosures and escalating needs for public assistance. In this environment, all areas of spending, including the arts, are under increased scrutiny. Lawmakers may question whether government has a legitimate role to play in the arts or may ask why the arts should receive funds when so many other needs are pressing. The state policy brief formulates answers to the following questions: Why are the arts a good public sector? How can we afford to support the arts in hard times? What do states currently invest in the arts? Can’t we just use federal funds? Why can’t the private sector do this job? Why are state arts agencies essential? Why fund artists and arts organizations? Does state funding for the arts cause dependence on public dollars? What do voters think? What does research tell us?


Outlining their radical new roadmap for cultural R&D, the authors’ proposals challenge two entrenched prejudices, which block arts and cultural organizations from playing their full role in society and the economy. First, arts and culture are largely excluded from R&D by definitions based on its Science and Technology (S&T) origins. Second, the arts and cultural sector relies on a conception of creativity that mystifies too much of its work, preventing it from accessing valuable public resources. Not confined to novel products or processes, arts and cultural innovation will yield altogether new ways in which arts and culture are embedded in the knowledge society and economy. So, for example, experimental development will trial new ways of engaging audiences, or explore new forms of collaboration between producers, and between them and consumers, through digital technologies. It will investigate how arts and cultural organizations can re-imagine their relationship with private sector businesses, social enterprise and public service delivery. In short, arts and cultural R&D will expand the sources of cultural, commercial and public value.


Creativity and design are important features of a well-developed knowledge economy. Design transforms creative ideas into new products, services and systems. Design links creativity to innovation and has the potential to substantially improve the brand image, sales and profitability of a company. The measurement of creativity and design is hampered by a lack of quantitative indicators which directly measure performance and we have to rely on proxy indicators, which only indirectly measure performance in creativity and design. Following the European Innovation Scoreboard (eis), authors adopt a ‘scoreboard approach’ to measure performance in creativity and design using 35 indicators which are classified in seven different dimensions, of which three capture the creative climate and four capture creativity and design. The quality of the educational system, the desire of people to express themselves artistically and the openness of a society towards different cultures determine the creative climate in a country. The analysis confirms that a favorable creative climate has a positive effect on the creativity of a country. A more favorable creative climate results in more ideas and more creativity, which in turn increases research and development and design activities.

The paper sets out ten arguments ministers of culture can use in discussions with their colleagues when annual budgets come under scrutiny. It suggests reasons why cultural investment can be an important tool in combating the effects of recession and leading the way back to prosperity.

Arts (2008)

Washington: Americans for the Arts, 1 mb.
http://www.artsusa.org/information_services/research/policy_roundtable/003.asp

The Americans for the Arts national arts policy roundtable is an annual forum of national leaders who serve at the highest levels of business, government, philanthropy, education, and the arts, and who share a willingness to meet and recommend policies critical to the advancement of American culture. On September 25-27, 2008, 29 leaders gathered at the third annual roundtable to consider the topic of the arts and civic engagement. Goal of the meeting was to articulate better how the arts can help catalyze a more vital and participatory civic culture in the communities, workplaces and nation. Report of the roundtable.


MISSION 2.0 ADVICE FOR ARTS & CULTURAL ORGANISATIONS FROM THE SOCIAL WEB.
Mission Models Money, 81 kb.
http://www.missionmodelsmoney.org.uk/papers/mission-2-0/

Today's web is really radically different to that of even just three or four years ago. What we have seen is that the web's centre of gravity has shifted from being a source of broadcast information to a platform for dynamic conversations. This essay explores how this new social culture of the web is changing our behaviours and our expectations and considers how, by paying fresh attention to the three qualities of participation, conversation and collaboration, arts and cultural organizations can harness its potential.


STATE ARTS POLICY: TRENDS AND FUTURE PROSPECTS.
Santa Monica [CA]: RAND, 703 kb.

State arts agencies - key players within the United States system of public support for the arts - face growing economic, political, and demographic challenges to the roles and missions they adopted when founded in the mid-1960s. This report looks at state arts agencies' efforts to rethink their roles and missions, reflecting on what the changes may mean for the direction of state arts policy. The author concludes that if current trends and strategies continue, future state arts policy is likely to focus more on developing the creative economy, improving arts education, and encouraging a broader spectrum of state residents to participate in the arts.


CULTIVATING DEMAND FOR THE ARTS: ARTS LEARNING, ARTS ENGAGEMENT AND STATE ARTS POLICY.
Santa Monica [CA]: RAND, 1,3 mb.
http://www.wallacefoundation.org/NR/rdonlyres/26F2BAD4-70B3-41FE-82B5-EA08BF970A99/0/CultivatingDemandfortheArts.pdf

Audiences for classical music, jazz, theatre, visual arts and other art forms have all declined as a percentage of the population in recent years, and as this new RAND report argues, reversing that trend will require more than simply expanding the supply of art and people's access to it. It will also require cultivating more demand through arts
education and other means to ensure that there are more people sufficiently knowledgeable about the arts to want to engage with them. This study, the third in a series by RAND on the evolving role of state arts agencies in building arts participation, examines what it means to cultivate demand for the arts, why it is important to do so and what state arts agencies and other policymakers in both the arts and education can do to make it happen. The authors argue that enabling persons to enter the aesthetic experience is the key to increasing demand for the arts.

What (2008)
WHAT PEOPLE WANT FROM THE ARTS: FINDINGS FROM THE ARTS DEBATE.
http://www.artscouncil.org.uk/publication_archive/what-people-want-from-the-arts/

In October 2006 Arts Council England launched one of the largest pieces of qualitative research into the arts and their funding ever undertaken. Overseen by an independent panel of experts, the arts debate gathered the views of over 1,500 individuals and organizations using cutting edge research techniques. Its aim was to find out whether, and how, people in England value the arts and to help the Arts Council focus on the things that really matter to people.

Briefing (2007)
BRIEFING BOOK: EXECUTIVE SUMMARY.
Washington: Americans for the Arts, 460 kb.

The Americans for the Arts national arts policy roundtable is an annual forum of national leaders who serve at the highest levels of business, government, philanthropy, education, and the arts, and who share a willingness to meet and recommend policies critical to the advancement of American culture. On 4-6 October 2007 the second annual roundtable ‘Thinking creatively and competing globally: the role of the arts in building the 21st American workforce’ was held at Sundance Preserve. Topic of the discussion was the role of the arts in developing the creativity and innovation skills necessary to succeed in a global workplace. Briefing book prepared for the roundtable summaries, reports and studies from a variety of sources both domestic and international.

Gordon, Chr. & Adams, Th. (2007)
THE EUROPEAN UNION AND CULTURAL POLICY - CHIMERA, CAMEL OR CHRYSALIS?
Amsterdam: European Cultural Foundation, 104 kb.

The ECF has commissioned an external consultative paper assessing the position of, and advocacy for cultural policies for Europe so far. Background document for ‘Culture powers Europe - Kultur macht Europa’, the Fourth Federal Congress on Cultural Policy, Berlin, 7-8 June 2007.

Leicester, G. (2007)
RIISING TO THE OCCASION: CULTURAL LEADERSHIP IN POWERFUL TIMES.
Mission Models Money, 702 kb.
http://www.missionmodelsmoney.org.uk/papers/risings-to-the-occasion/

Leicester, Director of the International Futures Forum, argues that the competencies needed for growth in the 21st century are latent in the arts and culture sector. The challenge therefore for today's cultural leaders is to support transformation in a way that looks forward rather than back.

ARTS ADVOCACY ARGUMENTS: FRIENDS OR FOE?
Eugene: University of Oregon, 263 kb.

In pursuit of increased public financial support, advocates of the arts strategically align arts and culture with larger policy issues like economic and community development,
and academic achievement and social development for youth. Through a comprehensive literature review, this paper examines two major arts advocacy arguments that rely heavily on research that supports the largely instrumental benefits of the arts: the arts and academic achievement, and economic impact studies.

Towards (2007)

TOWARDS A HEALTHY ECOLOGY OF ARTS AND CULTURE
Mission Models Money, 146 kb.

This document contains concise recommendations from the third phase of Mission Models Money in 2006/7 and outlines the key findings and learnings across the extensive programme of activities this organization delivered.

NOTE ON THE COMPILERS

Martine Meddens is librarian at the Boekman Foundation
Jack van Leden is librarian at the Boekman Foundation and editor of the Journal Boekman
Cultural Policy Update is an international e-journal of the Boekman Foundation in Amsterdam, the Netherlands. Starting point for the journal is the idea that worldwide cultural policies are changing. As a result of globalization, a lack of social cohesion, cultural and ethnic conflicts, the lack of sustainability and other relevant trends, a whole series of crises have emerged – existing alongside each other, but also influencing one another.

The challenges are enormous, especially for cultural policymakers who need to think about new, integrative and inclusive policies and ways of achieving them. A debate about essentials is difficult though, since the economic crisis overshadows everything. This situation does stress the need for new points of view and arguments. Human rights and democracy are important elements, as is the establishment of a certain cultural awareness leading to the realization of networks and advocacy platforms. Cultural Policy Update aims to contribute to this worldwide debate.