

## Cultural Darwinsim and the Limits of Privatization

By  
Kevin V. Mulcahy  
Louisiana State University

The Oxford English Dictionary tells us that “entrepreneur” is from the French *entreprendre*: to undertake. The OED’s first definition of the word is “a director of a musical institution;” secondly, “a person who undertakes or controls a business or enterprise and bears the risk of profit or loss;” then, “a contractor who acts as an intermediary.” While the meaning of entrepreneur is most familiar in the sense of an innovative, risk-taking business owner, it is noteworthy that the first meaning has a distinct cultural association. Most interesting is the even less well known sense of entrepreneur as a contractor acting to bring together various interested parties. It is this sense of entrepreneur—an arts administrator who serves as a contractual intermediary (“a person who acts between others, a mediator, a go-between”) that brings together government, the private sector and the public to best realize a general cultural good—that will be employed herein. This is not to belie the more familiar connotation of entrepreneurship as profit maximization, but to broaden our understanding of this aspect of cultural management to include leadership activities that go beyond a reductionist obsession with the “bottom line.”

In the American system of cultural patronage, the arts administrator, whether in a public agency or a private, not-for-profit enterprise, has always had to be an entrepreneur, mediating the funding triad of earned income, philanthropic giving and governmental subvention. These matters will be described and discussed in the first two sections of this essay which deal with national and local modes of supporting the arts. Particular emphasis will be placed on the role of private philanthropy in the American system and the associated perils of privatization in the third section. The penultimate section will suggest a conceptual framework for relating the activities of a cultural entrepreneur to broad issues of cultural policymaking. Finally, some rhetoric will be proposed to better communicate the value of the arts and how the cultural sector promotes general societal values. To anticipate a concluding argument: one of the key elements in a new wave of cultural entrepreneurship is to move off a defensive/reactive leadership style to one that is confident and positive in communicating the incontestable value of the arts and culture for society as a whole.

### **1. American “Exceptionalism” in Cultural Patronage**

The use of the term exceptionalism in the title of this section is certainly not to suggest that the US has achieved the highest marks as a cultural patron. Rather, it denotes that American cultural patronage is decidedly different than that employed in other nations. Typically, the American government is viewed as a reluctant patron of culture with a parsimonious and puritanical bent. In contrast, the conventional wisdom presents European national governments as longtime, generous and unstinting benefactors of culture. Analysts of public culture have traditionally contrasted the supposedly deplorable condition of public support for cultural activities in the United States with an idealized conception of the European cultural condition. Federal support for the arts in the United States has certainly declined dramatically in the past decade. However, state and local arts councils have increased their financial support

and demonstrated their institutional and political resilience in sustaining the nation's cultural infrastructure. Furthermore, the role of the not-for-profit sector distinguishes the American case from that of other nations. To an extent unknown elsewhere, the American government, through its tax code, has delegated broad policymaking powers to private institutions that pursue a variety of eleemosynary goals. These charitable institutions involve religion, health, education, social welfare and culture, and the not-for-profit entity is typically classified as a 501(c)(3) by the Internal Revenue Service.

In sum, the economically-mixed and organizationally-pluralistic character of patronage in the United States belies the more dire predictions about the decline and fall of public culture. On the other hand, the role of philanthropy in supporting culture raises questions about the power accorded to private individuals and foundations in determining cultural policy. Similarly, the exigencies of earned income favors support for commercialized and commodified cultural offerings. Both developments present problems for the creation of an accountable and representative public culture.

Figure 1 schematicizes the variety of American cultural institutions. Essentially, there are a variety of national museums and the National Endowments for the Arts and Humanities, but these institutions are very limited in administrative scope and financial resources. More important are the state and local cultural agencies and, particularly, the private, non-profit, cultural sector which comprises all of the non-commercial performing arts (unless commercial) and three-fourths of the museums (the rest being public).

---

**Figure 1: Government and the Arts and Culture in the United States**

---

**Role of Central Government**

		High	Low
Degree of Cultural Hegemony	High	National museums International programs	Private, non-profit arts organizations
	Low	National Endowments for the Arts and Humanities	State and local cultural agencies

---

It is important to remember there is no "ministry of culture" in the United States, that is, a Cabinet-level department responsible for comprehensive cultural policymaking and the administration wide range of cultural activities. With the exception of some limited programs during the New Deal, the United States has eschewed the idea of establishing an official culture in which the national government would act as a public

Medici (Park and Markowitz, 1992: 131). In the United States, government support for cultural affairs is typically associated with the National Endowment for the Arts (NEA) established in 1965. The National Foundation on the Arts and Humanities Act of 1965 outlines the NEA's functions as providing:

Matching grants to States, to non-profit or public groups, and grants to individuals engaged in the creative and performing arts for the whole range of artistic activity...A major objective of this legislation is to stimulate private philanthropy for cultural endeavors and State activities to benefit the arts... The term "the arts" includes, but is not limited to, music (instrumental and vocal), dance, drama, folk art, creative writing, architecture and allied fields, painting, sculpture, photography, graphic and craft arts, industrial design, costume and fashion design, motion pictures, television, craft arts, industrial design, costume and fashion design, motion pictures, television, radio, tape and sound recording, and the arts related to the presentation, performance, execution, and exhibition of such major art forms (Public Law 89-209, 1965: 1).

However, the NEA is only one of a number of federal agencies responsible for the nation's cultural affairs. For example, the NEA's administrative companion, the National Endowment for the Humanities (NEH), provides support for scholarly studies and public programs in the following disciplines: "history, philosophy, languages, linguistics, literature, archeology, jurisprudence, history and criticism of the arts, ethics, comparative, religion, and those aspects of the social sciences employing historical or philosophical approaches." Among the other federal agencies and departments involved in cultural affairs besides the NEA and NEH are the Federal Council on the Arts and Humanities (which has been sporadically active in coordinating federal cultural policies), the National Gallery of Art, the Smithsonian Institution (which includes federal museums such as the Hirshhorn, Sackler Gallery, Freer Gallery, Museum of American History, Air and Space Museum), the Library of Congress, the Corporation for Public Broadcasting, and the Institute of Museum and Library Services. The Department of the Interior supports Native-American arts and crafts as well as overseeing the allocation of historic-preservation funds. The federal government also supports the Kennedy Center for the Performing Arts and several other cultural affairs programs in the District of Columbia.

The United States Information Agency (USIA) traditionally supported various cultural and educational programs abroad (Cherbo, 1992:40). However, it should be noted that the USIA was abolished in 1998 as an autonomous agency and its functions redistributed within various bureaus of the State Department. The Voice of America, which broadcasts news and entertainment programming abroad, remains administratively independent (Mulcahy, 1999:3-6).

Overall, the cultural programs of the federal government are highly diffuse, located in a variety of administrative agencies, overseen by different congressional committees, supported by and responsive to a variety of interests and representative of the policy perspectives of discrete segments of the cultural constituency. Table 1 details the expenditures of the various federal cultural agencies with an estimated total of \$1.3 billion in expenditures for the FY 1999 (It should be noted that this list is not

exhaustive and there is not a separate section for the Federal budget denoting “cultural expenditures.”). Of this, the NEA budget of \$99 Million (\$102 million in 2001) is a very small part and is likely to remain so as part of a political compromise to preclude further attempts by congressional conservatives to abolish the agency. While the symbolic importance of the NEA in the cultural world is clearly greater than its monetary resources, it needs to be underscored that the NEA is not the sum total of the federal government’s cultural activities.

---

**Table 1: Select Federal Support for the Arts and Humanities, Fiscal Year 1998  
(in \$Millions)**

**Select Federal Arts Support**

<u>Program</u>	<u>Appropriated Funds</u>
National Endowment for the Arts	99
Smithsonian Institution	318
National Gallery of Art	54
Institute of Museum and Library Services	22
Kennedy Center for the Performing Arts	12
Institute of American Indian and Alaskan Native Culture	6
National Capital Arts and Cultural Affairs Program	6
<hr/> Total	<hr/> 516

**Select Federal Humanities Support**

<u>Program</u>	<u>Appropriated Funds</u>
National Endowment for the Humanities	110
Corporation for Public Broadcasting	260
Library of Congress	208
United States Information Agency*, Cultural and educational affairs	190
Historic Preservation Fund	37
Advisory Council on Historic Preservation	3
United States Holocaust Council	32
Woodrow Wilson International Center For Scholars	6
<hr/> Total	<hr/> 846

\*The United States Information Agency has been abolished and its responsibilities assumed by the State Department

*Source: The Budget of the United States, Fiscal Year 1999.*

---

Furthermore, the American arts organization is typically a private, not-for-profit entity supported by earned income, individual and foundation philanthropy and government funding; it is neither a public agency, nor one that is largely supported by public funds. The indirect public support provided by tax-exempt charitable deductions is the crucial element in sustaining America's 8,000 museums, 2,000 local preservation commissions, 351 public television stations, 548 public radio stations, 7,000 community theaters, and 1,800 symphony orchestras among other components of the nation's cultural infrastructure. This organizationally pluralist system—supported by mixed funding and largely outside the public sector—is the distinguishing characteristic of the American cultural condition. Indeed, government is a decidedly minority stockholder in the organization of culture (Mulcahy, 1992:9)

## **2. Subnational Governments and Public Culture**

The NEA is buttressed by fifty-six “little NEAs,” the arts agencies of the states and special jurisdictions (SAAs) that receive annual, formula-driven grants amounting to 40 percent of the NEA's budget. Of these SAAs, half are independent agencies and half are located within other departments of state government such as education, economic development, and tourism. Every state arts agency is governed by a part-time, advisory council typically appointed by the governor and approved by the state legislature. These governing bodies review grant recommendations, set agency policy and determine the goals of public support of the arts in their state or territory. The state arts agency staff, with an average of eleven employees, is typically headed by a professional executive director who is accountable to the council. Total state appropriations to their arts councils were \$446.9 million in 2001. Nearly half of the states have some form of decentralization program through which part of their funds are granted to artist and arts organizations by local arts agencies (Mulcahy in Beaulac and Colbert, 1992: 60-63).

It should also be noted that the American states support a range of cultural institutions in a manner similar to the federal government. There are state historical museums and commemorative sites, state-funded television and radio stations and arts and humanities programs in public schools and universities that are line items in addition to SAA appropriations. Each state has a humanities council that is often organized as a not-for-profit organization. States also promote movie production, market cultural tourism and legislate on historic preservation.

A local arts agency (LAA) is defined as a not-for-profit organization or an agency of city or county government which primarily provides programs, services, financial support, and cultural planning for arts organizations, individuals artist, and the community as a whole. In its “Local Programs Guidelines,” the National Endowment for the Arts defines a LAA as either a nonprofit, 501(c)(3) corporation designated to operate on behalf of its local government or an administrative unit of city or county government. Three-fourths of all LAAs are private, not-for-profits; among the largest LAAs, two-thirds are agencies of state or county government. There are approximately 3,800 local arts agencies throughout the United States and territories of

which about 1,000 operate with a professional staff. LAAs serve 80 percent of American communities and are found in 90 percent of the largest cities; overall 49 percent of local arts agencies are urban, 30 percent are rural and 21 percent are suburban. Total spending by local arts agencies in 2001 was estimated at about \$1 billion.

Grantmaking is the most common activity of local arts agency especially if a public entity. In addition, 87 percent of LAAs manage festival and art exhibition; over 70 percent provide services such as advocacy, volunteer referral, arts calendars and newsletters; 57 percent collaborate with convention and visitors bureaus and 33 percent administer programs for art in public places. In addition, other funds are available to the arts from other local agencies such as parks and recreation departments or downtown development districts. In effect, the local arts agency is a catalyst that brings together a range of community organizations (public and not-for profit) to serve a public cultural purpose.

It is difficult to disagree with the observation that before 1965 the arts in the United States enjoyed “no large-scale and continuous tradition of direct subsidy by the government, such as was common in Europe,” (Cummings in Mulcahy and Swaim, 1982: 142). An exception can be noted during the New Deal when the Roosevelt administration sponsored an innovative and comprehensive program of governmental art patronage in American history. The New Deal-era cultural programs were predicated on the belief that art could help people “to weather the Depression by giving them meaningful and hopeful communal (and governmental) symbols” (Park and Markowitz in Senie and Webster, 1992: 131). However, the Roosevelt administration’s efforts were a distinct exception to the American tradition of cultural patronage and reflected the exceptional exigencies of the Great Depression rather than any enduring commitment to a national policy that promotes public culture. As schematized earlier in Figure 1, national museums and the cultural exchange programs would be the administrative activities that would most closely approximate those of a European-style ministry of culture.

### Diversified Funding of Culture

The United States represents a unique model of cultural policymaking with its reliance on pluralism in administration and funding. As noted, responsibility for public culture is spread among a variety of federal agencies; among these the National Endowment for the Arts may be *primus inter pares*, but it is not paramount. Also, in funding for the arts, the NEA’s efforts are dwarfed by those of state and local arts agencies, as will be elaborated in the following section. Most important, American culture is largely composed of commercial enterprises in the cultural industries such as film, recording, television, theatre, and publishing, while not-for-profit organizations typify management of the performing arts and of most museums (Netzer, 1992: 174-175). In sum, public culture is a small part of a much larger cultural world.

Moreover, comparisons between the United States and other nations in cultural spending are notoriously difficult. This reflects a basic structural difference: in the United States support for the arts is a mixed system involving public funding, philanthropy and earned income as sources of revenue. Outside the United States,

cultural activities are typically funded and often produced directly by the government. There is little private philanthropy and very few not-for-profit arts organizations. Also, the United States makes distinctions between the not-for-profit arts and the for-profit entertainment business and deals primarily with the not-for-profit organizations as recipients of public funding. Outside the United States, profitmaking entities are often publicly funded when these cultural industries are deemed important to the nation's cultural policy goals.

---

**Figure 2: Models of Public Funding in the United States**

---

		<b>Role of National Government</b>	
		High	Low
<b>Degree of Cultural Hegemony</b>	High	<i>Public ownership</i> National museums	<i>Philanthropy</i> 501(c)(3) non-profit
	Low	<i>Appropriation</i> NEA and SAAs	<i>Mixed Funding</i> most LAAs

---

The United States federal government promotes cultural philanthropy, that is, support for private and non-profit arts organizations through several tax measures. For example, like all 501(c)(3)—that is, tax-exempt, not-for-profit, autonomous agencies—cultural organizations benefit from provisions allowing corporations, foundations, and individuals to deduct the full amount of charitable contributions made to them. Also, nonprofit arts organizations generally do not pay local property taxes, or federal taxes, or local sales taxes on income that is related to their mission. Nonprofits also receive substantial subsidies through preferential postal rates; for example, nonprofits receive a 60 percent discount off the third-class postage rate (Cummins in Benedict, 1991: 39-41).

Though, there has been little support by the United States government in the European traditions of ecclesiastical, monarchical or aristocratic patronage, some do exist. For example, the United States government is the proprietor of several major museums in the Smithsonian complex. Also, through the commission and decoration of public buildings and commemorative memorials, the government acts as architectural client and art collector. (See Figure 2)

### Rise of Local Funding

The most conventional form of public support for the arts is an annual appropriation to a public cultural agency. As has been noted earlier, total federal government appropriations for cultural agencies amounted to about \$1.3 billion in 1999. As also noted, the NEA appropriation is a very small portion of the intergovernmental total.

Moreover, as Table 2 shows, using 1992, 1997, and 2001 as points of comparison, the states and localities are the major-league players in public funding with total spending on the arts of \$305 million and \$700 million respectively. Indeed, as federal funding has declined from a high point in the early 1990s, state and local arts councils have become increasingly more important public patrons of the arts.

---

**Table 2: Total Arts Spending by Level of Government, Fiscal Year 1992, 1997, and 2001 (in \$Millions)**

	<u>1992</u>	<u>1997</u>	<u>2001</u>
National Endowment For the Arts	175	99	102
State Arts Agencies*	213	272	447
Local Arts Agencies**	600	900	1,000

\*These data are total legislative appropriations only.

\*\*These data are estimations based on reporting from the local arts agencies.

Sources: *Executive Budget of the United States; National Assembly of State Arts Agencies; Americans for the Arts.*

---

The local arts agency in the United States is of particular interest because it is largely a community creation that depends on mixed funding from public, private, and earned-income sources. The average LAA receives 48 percent of its funds from public sources (primarily local governments), 32 percent from earned income, and 20 percent from the private sector as corporate, foundation or individual contributions. However, there are marked differences between the private, not-for-profit agencies, more typically found in small communities, and public agencies, more typical in urban areas. Public LAAs receive 84 percent of their funds as governmental appropriations, 11 percent from earned incomes and 5 percent from philanthropies; private, not-for-profits LAAs have a more diversified revenue stream: 33 percent from the government, 40 percent from earned income and 27 percent from privates sources. As mentioned earlier, it is the last type of LAA, the not-for-profit, 501(c)(3), that is the dominant instrument for arts funding in the United States. (See Table 3)

---



**Table 3: Sources of Support for Local Arts Agencies in the United States (in rounded percent)**

	<u>Government</u>	<u>Philanthropy</u>	<u>Earned Income</u>
Average LAA	48%	20%	32%
Public LAA	84%	5%	11%
Not-for-Profit LAA	33%	27%	40%

*Source: Research Division of Americans for the Arts, 1998.*

---

The average LAA had a budget of \$1,047,181 in 1997 (excepting: the highly atypical City of New York Department of Cultural Affairs, which with a budget of \$93,000,728 is excluded from the calculations). LAA budgets range from an average of \$86,905 in localities with fewer than 30,000 residents to \$2,821,951 in localities of over 1,000,000. Table 4 details the specific sources of revenue by each category for the average local arts agency in 1997 (funding data was not available for the discrete categories of public and private, not-for-profit LAAs). It can be noted again that public arts agencies receive the bulk of their revenue (84.6 percent) from government appropriations, 73 percent from local government. This table provides information about the wide array of revenues that are leveraged by a local arts agency. The local arts agency is clearly shown to be a mediator among many different stockholders in providing public culture at the community level. This is especially true for the not-for-profit LAAs that rely less on governmental subvention and more on earned income and private giving.

**Table 4: Average Local Arts Agency Revenues in the United States, by category (in percent)**

<b><u>Government Support:</u></b>		<b><u>Philanthropic/Sponsored Support:</u></b>	
<u>Source of Revenue</u>	<u>Percent of Total</u>	<u>Source of Revenue</u>	<u>Percent of Total</u>
City	24.2%	Corporate	7.5%
County	8.9%	Foundation	5.0%
State Arts Agency	10.5%	Individual	5.0%
NEA	1.3%	Regional Arts Orgs.	0.7%
Other	3.0%	Other Private	2.0%
<hr/>		<hr/>	
Total	47.9%	Total	20.2%
<b><u>Earned Income:</u></b>			
<u>Source of Revenue</u>	<u>Percent of Total</u>		
Admissions	5.8%		
Membership	5.8%		
Tuition	3.4%		
Sales and Rentals	3.2%		
Contracted Services	3.2%		
Interest	1.2%		
Fundraising	7.0%		
Other Earned	2.3%		
<hr/>			
Total	31.9%	<b><u>Overall Total</u> - 100%</b>	

*Source: Research Division, Americans for the Arts, 1998.*

In any discussion of governmental appropriations for the arts, it should always be kept in mind that the government is a distinctly limited partner as a source of support for arts organizations in the United States. For the performing arts, government support accounts for about 6 percent of their budgets compared to 36 percent from philanthropy and 58 percent from earned income. For museums, government support accounts for about 30 percent, which reflects a greater degree of public ownership and long-standing public-private relationships; philanthropy and earned income account for 23 percent and 47 percent respectively. (See Table 5)

---

**Table 5: Sources of Support for Arts Organizations in the United States (in rounded percent)**

	<u>Government</u>	<u>Philanthropy</u>	<u>Earned Income</u>
Performing Arts	6%	36%	58%
All Museums	30%	23%	47%

*Source: Research Division of Americans for the Arts, 1998.*

---

While the extent of privatization and localization is most fully realized in the American system of cultural patronage, multi-level government support and private philanthropy exists in other countries, notably in Canada. Canadian artistic enterprises can receive subventions from the three levels of government: federal, provincial, and municipal. On average, the performing arts receive 34% of their revenue from governmental sources, while the proportion for museums is 70%. Private philanthropy and corporate sponsorship represent respectively 10% and 15% of the revenues of arts enterprises (See Table 6). These proportions have been relatively stable since the beginning of the 1990s, as philanthropy and sponsorships compensated for a general diminution of public funding for the arts. (It can be noted that Canadian arts companies are small in comparison to those in Europe and the United States; the largest performing-arts companies have budgets on the order of \$15 million Canadian, and the largest museums have operating budgets of between \$30 and \$35 million Canadian.) Given further cutbacks in public spending for the arts (as part of a general budget retrenchment), the Canadian cultural sector must depend increasingly on contributions and sponsorships.

---

**Table 6: Sources of Support for Arts Organizations in Canada (in rounded percent)**

	<u>Government</u>	<u>Philanthropy</u>	<u>Earned Income</u>
Performing Arts	34%	15%	51%
All Museums	70%	10%	20%

*Source: Statistics Canada, catalogue 87-211.*

---

### **3. Tax Exemptions and Private Philanthropy**

It is the United States that represents the great exception in the funding of public culture with its extensive reliance on tax exemptions for charitable deductions and on not-for-profit, 501(c)(3) organizations. There are certainly subsidies for cultural

institutions in Washington like the Smithsonian and as well as grants that are awarded through an arms-length, panel system by the NEA and NEH. However, what makes American culture unique is the extent to which the indirect mechanisms of tax exemptions empower private institutions and individuals to address a public purpose. “To a degree unparalleled elsewhere, the nonprofit sector in the United States is enshrined in constitutional law, instrumental in the delivery of many social services, and inextricably bound up with broad social processes of change and governance” (Clotfelter, 1992: 1).

For example, the Metropolitan Museum of Art is a not-for-profit organization; like other such arts organizations, it can receive tax-deductible donations and may operate profitmaking enterprises that are exempt from sales taxes. In exchange, the Metropolitan Museum maintains and displays a depository of art-historical treasure that is the single most visited site in New York City and is the keystone of the City’s attractiveness for cultural tourists.

In sum, the persistent notion that the United States lacks a significant public commitment to culture must be adjusted to take into account the role of not-for-profit sector. Cultural activities in the United States are not as directly subsidized as in other nations, but the government’s role is hardly negligible given its provision of tax exemptions for cultural organizations and their benefactors. Where such a highly privatized system of patronage best promotes the public interest in cultural affairs is a highly debatable issue. For example, are the often cited merits of philanthropy without any problems for the work of 501(c)(3)s? As not-for-profits, these institutions receive special privileges in order to be able to realize a public good that would otherwise be exclusively a governmental responsibility, or one that would not be provided at all, or one that would be provided in a very reduced fashion. Certainly the financial significance of charitable giving, approximately \$200 billion overall, cannot be underestimated. Table 7 provides a summary of the most recent data on philanthropy by sources, amount given and percentage by source of the total amount of charitable giving.

---

**Table 7: Charitable Giving by Source (in \$Billions and percent)**

<u>Source</u>	<u>\$Billions</u>	<u>% of Total</u>
Individuals	143.71	75.6%
Foundations	19.81	10.4%
Bequests	15.61	8.2%
Corporations	11.02	5.8%
Total	190.15	100.0%

*Source: Chronicle of Philanthropy, January 9, 2001; <http://philanthropy.com/premiumarticles/v12/1216charitable1.htm>.*

---

Contributions by individuals have always accounted for the largest part of philanthropic support for the arts and culture. In 1993, approximately 8% of American households contributed to the arts. On the other hand, this proportion was essentially the same as in 1987. Moreover, this represents a decline from the 9.6% and 9.4% reported in 1989 and 1991 respectively. Simultaneously, the average household contribution to the arts has decreased, almost by half (from \$260 in 1987 to \$139 in 1993), while the number of average household contributions to charities increased considerably (from \$1376 in 1987 to \$2101 in 1993). Clearly, there are grounds for skepticism about any future growth in cultural giving by individuals.

Foundations have been another important philanthropic actor in cultural activities. Among all program areas supported by foundations, arts and cultural projects represented about 14% of the total throughout the 1980s and into the 1990s. However, this proportion fell to 12% in 1995, and to about 10% in 2001.

The performing arts have received about a third of this foundation support; museums have been a close second with about 32% of the total. In contrast to these largely institutionalized art activities, support for the humanities (4.5%), historical preservation (5%) and the visual arts (3%) has been much smaller (Wyszomirski, 1998:2-4).

Philanthropy can support different types of activities, including general operating expenses, capital expenses, programming, professional development, research or technical assistance. Operating support, in particular, has experienced a major decline between 1983 and 1992, falling from 31.3% of the total to 16.4%. This has been a cause for great concern among cultural organizations, since contributions for operating expenses can be problematic to raise from individual donors, given the difficulty of providing concrete recognition, and yet are essential to institutional maintenance. On the other hand, funding for capital support and program support, which provides possibilities for “naming opportunities,” has increased.

Table 8 summarizes the categories of recipients of charitable giving, representing both the amount received and the percentage of the total (\$190.15 billion) represented.

---

**Table 8: Charitable Giving by Category of Recipients, Amount Contributed (in \$Billions and percent)**

<u>Recipient</u>	<u>\$Billions</u>	<u>Percent of Total</u>
Religious Organizations	81.78	43.0%
Education	27.46	14.5%
Health	17.95	9.4%
Human Services	17.36	9.1%
Foundations	14.98	7.9%
Public/Social Benefits	11.07	5.8%
Arts, Culture, Humanities	11.07	5.8%
Environment, Wildlife	5.83	3.1%
International Affairs	2.65	1.4%
<b>Total</b>	<b>190.15</b>	<b>100.0%</b>

Source: *Chronicle of Philanthropy*, January 9, 2001.

---

It might be noted that while the data compiled by the *Chronicle of Philanthropy* showed percentage increases (of about 6%) in charitable giving from 1998-1999 (when adjusted for inflation), the arts, culture and humanities sector showed the smallest increase—only 2.8%. This was the smallest sectoral increase except for the public/social benefit sectors (which actually had a 1.4% decrease when adjusted for inflation). Excluded from this calculation is the international affairs sector that has had an atypically large increase of 20%.

In sum, it would appear that there are a lot of pious people giving to religious institutions; wealthy people making contributions as part of estate planning and personal altruism; and foundations and corporations engaging in philanthropy as an institutional activity. It would appear that American philanthropists appreciate their religion, schooling, health and personal well-being. On the other hand, while the least favored philanthropies overall, the environment and international affairs have shown the greatest increases in giving. This trend may reflect the values of a new generation of benefactors. What would appear to be less favorably placed for the future are public/social activism, seemingly dormant at present and the arts, culture, and humanities. One may wonder if there will ever be another era of princely patrons like

the Guggenheims, Whitneys, Rockefellers, McCormicks, DeYonges, and Gettys. Overall, cultural institutions, like all such 501(c)(3)s, are heavily dependent on the personalities of philanthropists, the vagaries of the stock market and the legislative provisions concerning inheritance taxation.

Of course, another way to judge the effects of philanthropy is to question the concentration of decision making about matters of public consequence in the hands of private individuals and institutions. This is not fundamentally an issue of the quality of the culture subsidized, nor of the good will of the benefactors, but of the public accountability of the resulting cultural policy. A recent example of the problems that can arise with the most well-intentioned philanthropy can be found in the Smithsonian Institution's receipt of a \$38 million donation by a single individual for a Hall of Fame of American Achievers in the Museum of American History that is to be named in her honor. The "naming opportunity" was not so much the problem as was her right to nominate a majority of the trustees responsible for selecting the individuals to be included in the Hall. Among those proposed for commemoration were Oprah Winfrey and Martha Stewart as well as Martin Luther King and Jonas Salk. Moreover, there were also questions raised about the desirability of such a permanent installation that might be more appropriate in a Disney venue rather than in the nation's premier public cultural institution.

The generalizability of this example may be questionable given the Smithsonian's status as a public museum (that is 70% federally funded) and the degree of curatorial decision making accorded to a private individual. Regardless, a memorandum circulated by several scholars and officials of the Museum of American History asked an important question, "Will the Smithsonian Institution actually allow private funders to rent space in a public museum for the expression of private interests and personal views?" (New York Times, May 26, 2001; May 10, 2001) In effect, the Smithsonian is experiencing the same conundrum facing private arts institutions that have long had to balance the need for philanthropy (often with strings attached) and earned income (often involving corporate sponsorships and predictable "blockbusters") against traditions of curatorial independence and the advancement of scholarship and connoisseurship.

As the New York Times editorialized, "What is the curatorial rationale for a permanent exhibit that seems to open the door for commercial corporate influence?...At best, a celebrity hall of fame will simply echo the devotion to personal achievement that already permeates every aspect of American culture" (May 31, 2001). Citing studies of recent trends in museum activities, cultural sociologist Vera Zolberg (2000) observed in a similar vein, that as public support wanes "these institutions are obliged to change their character: they organize blockbuster shows, enlarge their gift shops, and emphasize activities for fees that they hope may increase their profits"(23). It should be noted that the \$38 million gift to the Smithsonian was withdrawn in February 2002 because of the negative publicity associated with the general concept of a "hall of fame" and the degree of curatorial decisionmaking recorded to the donor.

#### **4. The Perils of Privatization**

The foregoing discussion of the Smithsonian experience with “strings attached” philanthropy is clearly designed as a cautionary tale about any uncritical acceptance of the belief that the solicitation of private giving is not without its perils. It can also be observed here that an ever escalating demand for earned income—for example, sold out pops concerts, best-selling blockbuster shows, greater revenues from ancillary activities such as gift shops—cannot help but divert public cultural institutions from their primary purpose to serve the public’s aesthetic needs. Typically, this mission is realized through a commitment to artistic excellence and aesthetic diversity without an exclusive concern with profitability and popularity. Furthermore, it should always be remembered that there is a need for a public commitment to culture in order not only to insure the promotion and preservation of the arts and culture, but also to enhance their accessibility and inclusiveness.

In sum, a public cultural policy exists to compensate for the distortions in representation and deficiencies in availability associated with an exclusively market determined cultural system. To complement the commodification of culture, cultural valuation is publicly addressed through policies of cultural democracy and the democratization of culture. These are policy concerns that will be discussed in detail forthwith.

It is instructive to remember at the start that there are a number of overly optimistic assumptions about the benefits that are supposed to accrue from the introduction of a more businesslike or, as is often put, entrepreneurial approach to the administration of the arts and culture. Certainly, there are unquestioned advantages to be gained by cultural enterprises from the adoption of private-sector models for better budgeting and institutional marketing. However, what will be highlighted here are a few “worst case” examples of an uncritical approach to privatization.

*First, the strong presence of philanthropy in the American system of cultural patronage is not necessarily replicable elsewhere.*

A recent study of patterns of private giving in Australia points to a more widely observed phenomenon that the degree of philanthropy is not simply a matter of the tax code, but of more generalized private philanthropy versus public spending in supporting the public good. In Australia in 1999, not-for-profit organizations received about \$AUS2.8 billion in donations. This is about \$US1.4 billion and is dwarfed by the philanthropic giving of \$US190 billion that was noted earlier. In looking at philanthropic contributions by different nations as a percent of GDP, the US leads at just over 1%, followed by Spain at about .89%, Canada and the U.K. at .6%, Australian giving was .32% of GDP. See Table 9 (Fishel, 2002:11). As in the United States, religious organizations received the largest share of charitable donations (43%), followed by community services (38.7% combined for education, health, human services, and public/social benefits). Arts and cultural groups placed last with 1.4% charitable donations. (See Table 10).



---

**Table 9: Philanthropic Contributions, Excluding Religious Organizations (in percent of GDP, 1995)**

<u>Recipient</u>	<u>Percent of Total</u>	<u>Recipient</u>	<u>Percent of Total</u>
United States	1.00%	Australia	0.32%
Spain	0.89%	France	0.26%
Canada	0.64%	Brazil	0.16%
Britain	0.63%	Japan	0.14%
Hungary	0.59%	Germany	0.12%
Netherlands	0.42%	Mexico	0.04%
Argentina	0.36%		

*Source: Johns Hopkins Comparative Nonprofit Sector Project (Australian and Canadian data added from available statistics).*

---

**Table 10: Charitable Giving by Category of Recipients in Australia, Amount Contributed (in \$AUS Millions and percent)**

<u>Recipient</u>	<u>\$AUS Millions</u>	<u>Percent of Total</u>
Religious Organizations	1,175	40.9%
Community Services	500	17.4%
International Aid	325	11.3%
Private Schools	300	10.4%
Sporting Clubs	280	9.8%
Research Groups	160	5.7%
Environmental/Animal Welfare	90	3.1%
Arts and Cultural Groups	40	1.4%
Total	2,870	100.0%

*Source: Australian Bureau of Statistics and Mark Lyons, UTS, Sydney.*

---

*Second, averaging about 12% of the revenues of Australian cultural organizations, the limited potential for a significant increase in philanthropy suggests re-evaluation of all parts of the funding triad.*

Table 11 presents the sources of revenue for cultural organizations in Australia by percentages for each category—government spending, philanthropy/sponsorship, and earned income—for museums and the performing arts respectively. The most important sources of revenues are government spending for museums and earned income for performing arts groups, 50% and 60% respectively, although the importance of earned income for museums (35%) and government support for the performing arts (30%) must be emphasized. Clearly, there is a strong relationship between the public sector and the cultural milieu.

---

**Table 11: Sources of Support for Arts Organizations in Australia (in rounded percent)**

	<u>Government</u>	<u>Philanthropy/ Sponsorship</u>	<u>Earned Income</u>
Performing Arts	30%	12%	58%
All Museums	48%	19%	33%

*Source: Entrepreneurship: From Denial to Discovery in Nonprofit Art Museums? Ruth Rentschler, Deakin University, Melbourne, Australia.*

---

It can also be noted as seen in Table 12, that in the museum sector, the smaller organizations are more dependent on public spending than are the larger. (Similar findings have been shown for performing arts institutions as well.) For example, larger museums, which are often tourist destinations and located in big cities, have a competitive edge in maximizing opportunities to engage in profitable activities (e.g., high-volume gift shops, private receptions). Absent public support, it is the smaller museums, which are often concerned with local and community heritages that would suffer the most. In the performing arts, cuts in public support also affect the small and medium-sized organizations that serve the cultural needs of smaller population centers or of marginalized social groups or aesthetic forms.

**Table 12: Total Average Source of Income for Large and Small Art Museums in Australia, 1998 (in rounded percent)**

	<u>Government</u>	<u>Philanthropy/ Sponsorship</u>	<u>Earned Income</u>
Large Museums	35%	22%	43%
Small Museums	61%	18%	21%

Source: *Entrepreneurship: From Denial to Discovery in Nonprofit Art Museums?* Ruth Rentschler, Deakin University, Melbourne, Australia.

It is also of interest in that in revenues from philanthropy, museums in general—more the larger (22%) than the smaller (17.5%)—receive philanthropic support well over the 12% revenue that is average for all cultural organizations. It may be that museums are able to present themselves as symbols of community heritage and/or venues for widely held communal values. This issue will be addressed in greater detail.

*Third, if earned income becomes an end in itself, there is the decided risk that commercialization will dictate the aesthetic decisions of non-profit cultural enterprises.*

In the United States there are anecdotes such as: describing certain museums as having a so-so collection, but a great gift shop; or the Metropolitan Museum's growing mail-order catalogue business that is being criticized by competing commercial ventures as The Museum Shop chain. Blockbuster museums shows, which originated with the Tutankhamen Exhibit in 1978, have not only generated commercially successful product spin-offs, but have been used as examples of the economic impact that the arts have for local communities.

There are obvious limitations that come from an over-emphasis on income generation in the non-profit cultural sector. In the United States there has been an emerging number of blockbusters that are heavily concentrated on Impressionism/Post-Impressionism and Egyptology, or that have a "Treasures Of..." approach, which can accommodate unquestionably first-rate art albeit within a more entertainment-oriented exhibition. Similarly, the performing arts rely on "war-horse programming"—that is traditional works beloved by a general audience—to please the paying audiences and philanthropic contributors. (McCarthy, 2001: 96)

In his study of opera repertory over the last decade in North America, cultural economist Richard Heilbrun found evidence of a significant decline in the diversity of American opera company repertory, but not in the Canadian repertory. (Heilbrun, 2001) "Although several explanations are possible, Heilbrun's results are consistent with the view that American opera companies have been shifting their programmatic

resources toward a more popular, less demanding repertory in response to changing funding patterns. In Canada, where public support for opera is far more generous, no such shift has occurred.”(McCarthy, 2001:96)

*Fourth, corporate sponsorship is advertising, not philanthropy.*

When a company makes a charitable gift, it is acting as a socially responsible member of the community in granting some of its profits as philanthropy to a cultural organization. A corporate sponsorship, on the other hand, comes from marketing and advertising budgets as corporate public relations. (Dorfman, 1998:51) A philanthropic gift is made to a cultural organization as an institution. Sponsorship associates itself with a particular production, series, or exhibition. In the former case, grateful acknowledgment is made by the cultural organization in its programs, signage and announcements. In the latter case, the placement, size and color reproduction of corporate logos are matters of great concern. One argument that has been made is that “the only reason that big business involves itself with arts sponsorship is to reach its targeted audience.”(Dorfman, 1998:9) Corporate sponsorships are really earned income rather than philanthropy since there is a quid pro quo involved.

Not surprisingly, corporations like to be associated with “popular” productions and exhibitions, that is, those with wide audience appeal. To the extent their budgets permits, arts organizations are increasingly pursuing a strategy featuring predictable, “bankable stars” and exhibitions that are guaranteed to be “blockbusters” that can be heavily promoted community-wide. (McCarthy, 2001:95) Whatever objections might be raised on aesthetic grounds, the Rand study of the performing arts cautions that these strategies are only available to large-scale performing arts organizations that have the resources for marketing campaigns and the reserves to survive a box-office disaster (McCarthy, 2002:100-01). Of course, the potential corporate sponsor is interested in reaching a wide audience with desirable marketing demographics, which will be pleased by seeing a popular favorite. This audience satisfaction will presumably rebound to the sponsor’s benefit. In the search of mega-success, the safe and familiar is pursued and the risky and innovative eschewed (an example might be more Impressionism, less Mannerism; more *La Boheme*, less *Lulu*).

The following are two examples of how pushing for increased corporate, as well as individual, support can lead to what would be laughable marketing strategies if their reality were not so persuasive in the United States.

In recent years, American public radio stations have dropped classical music in the face of marketing surveys indicating that news and information “is what draws audiences and contributions, and that classical music tends to drive potential listeners away.” (*New York Times*, February 5, 2002). The Denver public radio station KCFR used audience research to discover ways to retain morning-news listeners for the classical-music programming. It was found that classical programs should “place pieces from the ‘pastoral’ mode—light, airy, melodic selections—in heavy rotation while shunning the screechier stuff. Playlists are often filled with upbeat symphonic excerpts, while vocals and strings—and sometimes even standard works like Beethoven quartets or Bach sonatas—are made scarce” (*U.S. News and World Reports*, April 6, 1998).

New York City's Mayor, Michael Bloomberg, has suggested offering corporate sponsorship opportunities for naming rights to parts of the public park system. The *New York Times* headlined, "In Cash-Strapped New York City, The Names of Public Parks Are For Sale" (February 6, 2002).

*Fifth, Cultural Darwinism is inevitable without public support.*

Cultural organizations are increasingly hard-pressed to develop innovations that will enhance non-governmental revenue without compromising aesthetic standard. Indeed, for most cultural organizations aesthetic compromises are inevitable in market-driven environments. Even then, only the strongest organizations will be able to make the investments in casting, production values and marketing to succeed in the "entertainment business."

In order to attract large audiences, organizations must spend heavily on marketing and promotions. However, this increased reliance on the market bears a cost: more money spent on marketing splashy shows and star-studded programs. This strategy in turn requires an even bigger audience to support the resulting cost increases, and so on—creating an upward spiral of audience and budget growth. Like the for-profit firms, in such an environment only the biggest firms can survive. (McCarthy 2001: 95)

As befits the organizational Darwinism suggested here, the Rand study of the performing arts in the U.S. quoted above recognizes that a certain species can probably adapt without a significant diminution of mission. These are small, amateur groups that rely almost exclusively on volunteers. These amateur organizations do not have a salaried staff or offices and perform in donated venues such as schools and churches. Moreover, many volunteer-sector performing arts groups are committed to experimental art forms or those that draw on non-majoritarian cultures and "are strongly opposed to 'mainstreaming' their program in ways that might be required to attract larger and more diversified audiences"(McCarthy, 2001: 102).

It is the mid-sized performing arts organizations which would seem to have the bleakest future. The Rand study observes that declines in public sector funding and philanthropy are "likely to push many of them toward traditional programming and fairly mainstream artistic endeavors in order to build audiences and grow organizationally. However, because most lack the resource to put on blockbusters...it is not clear how well they can compete with respect to world-famous and celebrity-heavy institutions located in major metropolitan areas" (McCarthy, 2002, 105). Yet, it is these mid-size institutions that make up the essential building blocks of a nation's cultural infrastructure. As the guarantors of cultural diversity, the training ground for future artistic leaders, the venues for aesthetic experimentation and developments, centers of community pride and symbols of cultural excellence, mid-size arts organizations have a vital role to play in any nation's artistic mosaic.

With the possibilities of further earned income limited or actually counter-productive in the long run, the medium-size cultural institution must apply for increased, or at least stabilized, public and private largesse. Despite the pessimism expressed by David Fishel in his assessment of the ability of small and medium-size arts institution to build up private giving, he identifies a central truism of philanthropy. "People give to causes which touch them directly or indirectly or which relate to their most strongly

held values and beliefs. Until arts organizations focus on the emotional and value based appeal of the arts, they cannot maximize philanthropic giving.” (Fishel, 2002:14)

For Fishel, the touchstone of demonstrating a need for individuals’ giving is the value that accrues to the individuals, their children and grandchildren. This same touchstone of value addedness for the funding can be argued to governments in making their decision concerning funding the arts and culture. The theatre critic, Michael Phillips, urges one to remember: “It’s simply money well-spent, this notion of funding our nation’s cultural pursuits, generously. It’s part of any reasonable notion of a good society.” (*Los Angeles Times*, July 15, 2001) Considered as providing opportunities for civic dialogue investing in the arts makes political sense. In the Pittsburgh Accords, continued support by businesses and foundations was pledged because the arts “empower people to participate effectively in a democratic society by developing skills of perception, reflection, interpretational communication, which promotes understanding of diversity and cross-cultural values.” (*New York Times*, February 18, 2001)

This is the type of value system that a cultural entrepreneur needs to communicate as a contractual intermediary: mediating between art and society, artist and the public, arts organizations and government, artistic production and public finance, aesthetics and politics.

## **5. Cultural Entrepreneur As Advocate of Culture**

Remembering the sense of entrepreneur as “contractual intermediary,” there is a clear role to be filled for the cultural manager as “advocate of culture.” Of course, there is nothing new about arts advocacy. On the other hand, the tone of much of this advocacy has been supplicant/mendicant rather than celebrator/benefactor. The suggestion here is that arts administrators should follow the advice previously cited about creating emotional bonds between the donor and recipient by emphasizing the personal impact that the arts and culture can have and by underscoring the values that are enhanced by investing in the arts and culture. In effect, the marketing strategy for enhanced public giving should be relational and value-added, rather than defensive and subsidy-seeking. After all, culture is a good product with very few negatives and many positives including the utilitarian nature of its economic impact, the broad-base of its popular appeal, and its educational value in fostering creativity and innovation.

In an effort to schematicize a typology of administrative leadership in the arts, Figure 3 suggests four types of roles. The conceptualization is heavily based on Ruth Rentchler’s study of the administrative behavior of museum directors in Australia, although certain liberties have been taken to extend its scope into the notion of entrepreneurial intermediacy suggested herein. The dimension of “coalition building” and “skillful use of rhetoric and symbols” comes from Jameson Doig and Erwin Hargrove’s edited collection of biographical studies of bureaucratic leadership: *Leadership and Innovation: A Biographical Perspective on Entrepreneurs in Government*. Finally, there are some passing references to Max Weber’s ideal types of political leadership as “traditional,” “charismatic,” “rational-legal.”

---

**Figure 3: Typology of Administrative Leadership in Cultural Institutions**

---

		Skillful Use of Rhetoric and Symbols	
		High	Low
Coalition- Building	High	ENTREPRENEUR “advocacy”	IMPRESSARIO “charismatic”
	Low	MANAGEREALIST “rational-legal”	INTENDANT “traditional”

**The Intendant**—focuses in the museum world on the traditional activities focused around research and collection; in the performing arts; the intendant preserves and presents the classical works of the aesthetic canon.

**The Impresario**—engages in creative programming to further the financial survival of the institution or company. The goal is short-run success and popular appeal to forestall the impending collapse of the organization.

**The Managerialist**—looks for creative ways to raise funds to ensure the financial well-being of the organization. The emphasis is more on accountancy than on creativity or symbolic rhetoric as the vehicle for success.

**The Entrepreneur**—sees fundraising to further organizational goals as a consequence of articulating a cultural vision for the community. Working as an intermediary, the entrepreneurial leaders seeks to mobilize symbolic rhetoric to forge broad coalitions of stakeholders ready to protect and promote the individual and societal values of the arts and culture.

---

Some of the characteristics of the entrepreneur as a contractual intermediary (or creative manager) would include the following: (Rentschler, 2002: 201)

- (1) speaks to outside groups;
- (2) schedules events and exhibits for maximum feasible participation;
- (3) develops programs to encourage visitors to become members and donors;
- (4) personally contacts major donors and political decision-makers;
- (5) is active in cultural tourism and regional development.

The skills required to leverage continued, and especially increased, public funding for cultural institutions would involve some of the following “coalition- building skills.”

- (1) focus on one or two visible, community-wide issues to justify a large-scale funding increase in the cultural budget;
- (2) link these primary issues to particular segments of the cultural constituency capable of mobilizing an effective lobbying effort with the political decision makers;
- (3) offer suggestions of other possible benefits that the new programs that come from increased funding might also realize;
- (4) follow a distributive policy strategy of offering more cultural benefits to all constituents in a community (avoiding a redistributive strategy that would reward some constituents only at a cost to others);
- (5) build a grassroots/ business/political coalition in support of the proposed budget increase; and
- (6) deliver immediate “rewards” to the community in the form of at least a few, large, celebratory events.

In mobilizing symbolic rhetoric to explain the values of the arts and culture, it is necessary to dispel effectively three persistent myths that hobble support for a public cultural policy.

- (1) Support for the arts is a “handout.” In fact, the arts and culture make a substantial impact on the local economy.
- (2) Support for the arts is a “frill.” In fact, the arts and culture make essential contributions to a community’s quality-of-life.
- (3) Support for the arts is “elitist.” In fact, the arts and culture address a number of social problems and enjoy broad community participation.

#### Myth #1: “Supports for the Arts is a Handout”

The findings from the study *The Arts in the Local Economy in the U.S.* should dispel any lingering doubts about the economic impact of the arts. This study provides compelling evidence that the nonprofit arts industry is a significant business in the United States, supporting jobs and stimulating economies. Overall, the arts are a more important activity than anyone may have imagined. The study shows that nationally, nonprofit arts organizations alone (a fraction of the total arts industry) generate \$46.8 billion of business within their communities, resulting in \$25.2 billion in personal income to local residents. Nonprofit arts spending supports 1.3 million



fulltime-equivalent jobs, generates \$2 billion in state and local tax revenue, and \$3.4 billion in federal income tax revenue. The nonprofit arts sector represents about .94 percent of the total US workforce and is a bigger employer than legal services (.84 percent) or police and firefighters (.71 percent).

*Arts in the Local Economy* sends a strong message to communities that, when they invest in the arts, they not only enhance the quality of community life, but also contribute to its economic well-being. There may be a tendency to exaggerate the findings of economic impact studies, as this data can often be more the occasion for self-congratulation and self-promotion than for careful analysis. Nonetheless, what may be noted, despite the difficulties in demonstrating economic causality and sectoral superiority, is that arts activities yield benefits that are measurable and of a decidedly modest cost to the taxpayer.

### Myth #2: “The Arts are a Frill”

The true significance of the arts may not be in their direct or indirect economic impact as much as in their qualitative benefits. In the case of cities, the arts add a dimension of attractiveness that, while difficult to quantify, is very real. These effects may be particularly important to older cities because they involve urban revitalization. The arts, for example, have been found to contribute toward changing a city’s image, retaining what downtown trade remains, encouraging the tourist industry, stimulating commercial development, and fostering community pride and spirit. Indeed, the arts have been increasingly noted as a standard for defining the uniqueness of urban living. A few can be highlighted.

First, arts organizations are important to a city’s self-worth, enhancing its attractiveness to residents, visitors, and businesses. Cities are particularly desirable for firms that have highly-educated and well-paid personnel. Other things being equal, a culturally vibrant city is likely to improve its economic health because businesses are attracted to locations with strong urban amenities.

Second, an overwhelming number of urban residents cite the proximity to cultural institutions as a major reason for living in a center city. Indeed, culture is generally important as part of the popular perception of a good “quality of life.” According to the National Research Center for the Arts, 93 percent of the population judged arts organizations to be personally important for their lives and as necessary for making their communities attractive places in which to live and work.

Third, certain industries such as publishing, advertising, broadcasting, and fashion depend on the concentration of artists in urban areas. Cultural institutions also have a unique importance for cities as they employ people with valuable skills who like metropolitan life. Cities are home to 88 percent of Americans who consider themselves artists and a sizable number of cultural consumers who serve as an audience for what is painted, written, sculpted, composed, or otherwise artistically conceived.

### Myth #3: “The Arts are Elitist”

Whether in small rural towns or crowded inner cities, the complexity of today's society has forced individuals and organizations to approach community issues in new ways. By necessity, new connections are being made that have resulted in previously unheard of public services and investments in the future. For example, these innovations have meant that small business owners now see the local public library as a competitive advantage, while neighborhood groups fight crime through job creation in arts industries and historic preservation. Educators in many localities have employed arts practitioners to help at-risk youth learn job skills through murals and design projects. Arts and education initiatives are good examples of "working relationships" with the public's the collective realization that the community—including the arts—has a vital part to play in improving education, and that education—including arts education—has a vital part to play in building communities.

The misconception that the arts are a "frill"—that is, an unnecessary expenditure of scarce public funds—stands in the face of a factual record that demonstrates the high degree of involvement by local arts agencies in community development. In the U.S., sixty-one percent of local arts agencies have arts programs that address social issues within their communities. Local arts agencies are taking a strong leadership role in using the arts to address the key issues facing America's cities and counties. Local arts agencies help their local elected leaders better understand that, by funding the arts, they are supporting more than just culture and quality of life; they are also supporting an industry that spurs community redevelopment, improves education and the labor force, and promotes, understanding between different cultures and ethnicities.

Finally, and somewhat surprisingly perhaps for cultural advocates and skeptical funders alike, participation in live arts and cultural events is, at least in the U.S., greater than for sporting events. Ironically, American cities are willing to offer huge incentives, such as tax forgiveness and building a new stadium with highway access to induce major league sports teams to remain or to relocate without a real return on the investment. Cultural organizations, on the other hand, are often judged to be a waste of the taxpayers' money, in spite of the comparatively small funding involved, and the degree of public participation involved.

---

**Table 13: Annual Participation Rate for Various Leisure-Time Activities**

<u>Activity</u>	<u>% Participation</u>	<u>Frequency/Year</u>
Attended live performance	42.2	5.4
Visited museum	34.9	3.3
Went to movie	65.5	9
Went to sporting event	41.2	7

Source: *Survey on Public Participation in the Arts, 1997.*

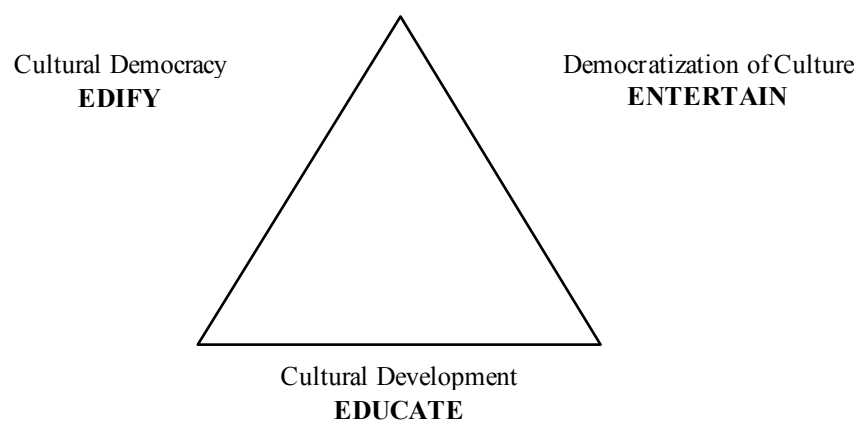
---

## 6. A Public Cultural Policy

The three goals of a cultural policy that would both satisfy individual aesthetic concerns and promote community values can be schematicized in a triangular fashion.

---

**Figure 4: Model of a Cultural Policy**



- Democratization of Culture recognizes the capacity of the arts and culture to *entertain*, especially with what is not simply the broadest common denominator of taste. The goal is to support a spectrum of non-commercial cultures, amateur activities, local fairs and festivals and heritage sites.
  - Cultural Development provides for widely available programs to *educate* the young, young adults, and adults of all ages in the appreciation and techniques of cultural expression. This would be realized through elementary/secondary/university courses in art/music/cross-cultural appreciation; training in musicianship, studio and media arts; lifetime learning/participation; and the library as a cultural center and youth center.
  - Cultural Democracy allows works of cultural distinction to *edify* the beholder through programs that facilitate greater access to the community's museums and performing arts companies, and that guarantee ongoing operating support for the spectrum of arts and cultural organizations. Cultural democracy also provides opportunities to develop/maintain a community's standard-setting institutions: both museums and performing arts companies.
- 

At all costs, what must be avoided is putting museums, the noncommercial media and performing arts on the same continuum as the commercial fare of Hollywood, Disney and Broadway, as if these were all part of the same "leisure-time sector." Acknowledging the memorable "crossovers," usually in the theatre or an art-house movie, the commercial entertainment business is primarily concerned with profitable commodities that appeal to the broadest possible range of those with the optimal

demographic consumption characteristics. As Alan Horn, the president of Warner Brothers pronounced with refreshing directness: “Our job is to make money for our shareholders. I like to think we are producing entertainment. These are not teaching tools. We’re providing mass entertainment for mass consumption.” (*New York Times*, February 11, 2002)

Museums, the “high arts” and public broadcasting should position themselves along a continuum with universities and libraries at one end and parks, zoos and aquariums at the other. The commonality is their not-for-profit character, which allows them to entertain without the necessity of commercialization, but also to educate and, on the most extraordinary occasions, to edify. Figure 5 presents the two possible models for conceptualizing arts and culture; the first as non-commercial and educational, and the second as an arm of the entertainment business.

---

### Figure 5: Two Models for Conceptualizing the Arts and Culture

#### **Model A : Arts and Culture as Non-Commercial, Educational Activities**

<i><u>Academic</u></i>	<i><u>Aesthetic</u></i>	<i><u>Scientific</u></i>
- Universities	- Fine Arts Museums	- Botanical Gardens
- Libraries	- Public Broadcasting	- Arboretums
- Heritage Sites	- Opera/Musical Theater	- Zoos
- Archives	- Theatre/Media Arts	- Science Museums
- Ethnographic Museums	- Classical Music	- Planetariums
- Historical and Ethnographic Museums	- Ballet/Dance	- Aquariums

---

### **Model B: Arts and Culture on the Entertainment-Business Continuum**

<b><u>Commercial</u></b>	<b><u>Quasi-Commercial</u></b>	<b><u>“Money Losing”</u></b>
- Broadway	- Musical Theater	- Opera
- Theme Park	- Heritage Site	- Historic Preservation
- Rock Music	- Folk Music	- Classical Music
- Action Movie	- Art-House Movie	- Documentary
- Network Television/ Top 40 Radio	- Listener-Supported Radio	- Educational/ Public Broadcasting
- “Riverdance”	- “A Chorus Line”	- Dance Theatre of Harlem
- “Evita”	- “Rent”	- “Wozzeck”

To make an aesthetic equivalence, for example, between Willie Nelson and Joan Sutherland (both supernovas in different galaxies) is to posit a model where preferences between the two are judged to be simply matter of taste: U.S. Attorney General John Ashcroft, opined in 1997 when Missouri’s Attorney General, that “those of us who drive our pickups to Willie Nelson concerts don’t get a subsidy; but the people who drive their Mercedes to the opera get a subsidy.” To dignify this kind of cultural demagoguery with a rebuttal is inevitably to do a disservice to the talents of both Willie and Dame Joan. Commercial music, at its best, honestly emotes the experiences with which we are familiar and in ways that are immediately understandable; opera at its best, invites us to transcend the quotidian in its exploration of the essence of what informs our experience. It may also be that the capacity of the general public to appreciate the distinction is rather routinely underestimated by both *politicos* and the *culturati*.

Yet, there is a seemingly inexorable demand that the arts “carry their own weight” rather than rely on a public subsidy to pursue art for art’s sake. This “Cultural Darwinism” is most pronounced in the United States where public subsidy is limited and publicly-supported arts are expected to demonstrate a public benefit. Most cultural institutions outside of the United States are less constrained by the need to maintain diversified revenue streams that include ticket sales and individual and corporate donations as well as government funding. On the other hand, all cultural institutions are increasingly market-driven in their need for supplementary funds and a source of justification. European, Canadian, New Zealand and Australian cultural institutions are actively seeking alternative revenue streams, such as corporate sponsorships, and are increasingly looking to the American model of mixed funding for guidelines. Table 14 examines the sources of support for performing arts companies and museums in a side-by-side comparison.

---

**Table 14: Sources of Support for Arts Organizations in the United States, Canada, and Australia (in rounded percent)**

	<u>Government</u>	<u>Philanthropy/ Sponsorship</u>	<u>Earned Income</u>
<b><u>U.S.</u></b>			
<i>Performing Arts</i>	6%	36%	58%
<i>Museums</i>	30%	23%	47%
<b><u>Canada</u></b>			
<i>Performing Arts</i>	34%	15%	51%
<i>Museums</i>	70%	10%	20%
<b><u>Australia</u></b>			
<i>Performing Arts</i>	30%	12%	58%
<i>Museums</i>	48%	19%	33%

*Sources: Research Division of Americans for the Arts, 1998; Statistics Canada, catalogue 87-211; Entrepreneurship: From Denial to Discovery in Nonprofit Art Museums? Ruth Rentschler, Deakin University, Melbourne, Australia.*

---

For example, there is a strong movement to privatize the governing structures of the mostly state-run high culture institutions and to reconstitute state museums, theaters, and orchestras as nonprofit organizations along the American lines. High-cultural institutions are increasingly counseled to put more emphasis on the management and marketing aspects of their operations, such as fund-raising, corporate sponsorship, expanded gift shops and restaurant operations. The market-based approach to financing the arts is strengthened as municipalities shift from the traditional practice of deficit subsidization to giving public cultural organizations fixed budgets on which to operate.

While there is much to recommend the American model of mixed-funding and not-for-profit cultural institutions, it must be remembered that a predominately privatized cultural sphere is less disposed to address questions of aesthetic diversity, public accessibility, and cultural representativeness. The corporate sector, whatever its concerns about distributional equity, is primarily concerned with profitability. In a system of mixed funding, the public cultural sector can support activities that are important aspects of individual self-worth and community definition, even if they are

not competitive in the marketplace. In effect, public cultural agencies can offer the means for achieving greater “cultural equity,” that is, the right of every citizen to participate in some form of cultural activity and to experience the diversity of a nation’s cultural heritage regardless of socio-economic condition or geographic location. The real issue is not whether a public support for the arts and culture should exist, but what constitutes the public interest in a funding triad comprising philanthropy, earned income, and government funding and how this equation is to be solved in a manner that will maximize the cultural interests of a community.

In conceiving of public policy as an opportunity to provide alternatives not readily available in the marketplace, public cultural agencies in the United States would be better positioned to complement the efforts of private institutions rather than duplicate their activities. Furthermore, public cultural agencies could promote individual and community development by supporting minoritarian aesthetic preferences and heritages that are at a competitive disadvantage in an increasingly privatized cultural sector. In effect, these recommendations suggest that public cultural agencies should pursue a “latitudinarian approach” to public culture, i.e., one that is aesthetically inclusive and broadly accessible (Mulcahy, 1991: 5-25; Mulcahy in Mulcahy and Wyszomirski, 1995: 205-28). Classically, the purpose of public subsidy has been to enable cultural institutions to do what they could otherwise not afford, to make culture accessible to constituencies that would otherwise be unserved, and to promote the diversity of aesthetics that would otherwise be unrepresented. Certainly, public culture’s justification for funding is not to do what is already being done in the market. Rather, public culture exists to challenge the public to seek aesthetic fare outside of the regnant commercial venues. At root, public culture exists to provide a public sphere for dialogue and debate across cultures: in sum, an opportunity for civic engagement and aesthetic reflection. The task of the cultural entrepreneur is to provide the public sphere in which the civic and the aesthetic can interact.

## Bibliography

- Americans for the Arts. 1998. *Local Arts Agency Facts*. Washington, D.C.
- Cherbo, Joni Maya. 1992. "A Department of Cultural Resources: A Perspective on the Arts." *The Journal of Arts Management, Law and Society*. 22: 44-62.
- Clotfelter, Charles T. 1992. "The Distributional Consequences of Nonprofit Activities." In *Who Benefits from the Private Sector?* ed. Charles T. Clotfelter. Chicago and London : University of Chicago Press.
- Cummings, Jr., Milton C. 1991. "Government and the Arts: An Overview." In *Public Money and the Muse*. ed. Stephen Benedict. New York: W.W. Norton.
- Cummings, Jr., Milton C. 1982. "To Change a Nation's Cultural Policy." In *Policy and the Arts*. eds. Kevin V. Mulcahy and C. Richard Swaim. Boulder: Westview Press.
- Doig, Jameson and Erwin Hargrove. 1987. "Leadership and Innovation: A Biographical Perspective on Entrepreneurs in Government." Baltimore: John Hopkins University Press.
- Dorfman, Marc. "Patronage Made in the USA." Presented in symposium "The Festival in the 21<sup>st</sup> Century." New York, New York, July 29, 1998.
- Fishel, David. 2002. "Australian Philanthropy and the Arts: How Does It Compare?" In *Internatinal Journal of Arts of Arts Management*. Vol. 4, No. 2: 9-15.
- Heilbrun, James. 2001. "Empirical Evidence of a Decline in Repertory Diversity Among American Opera Companies 1991/92 to 1997/98." *Journal of Cultural Economics*. 25: 63-72.
- Koerner, Brendan I. "Eine Kleine NachtMuzak." *U.S. News & World Report*. April 6, 1998.
- McCarthy, Kevin F. et al. 2001. *The Performing Arts in a New Era*. Santa Monica: RAND.
- Mulcahy, Kevin V. 1999. "Cultural Diplomacy in the Post-Cold War World." *The Journal of Arts Management, Law and Society*. 29:3-6.
- Mulcahy, Kevin V. 1995. "The Public Interests in Arts Policy." In *America's Commitment to Culture: Government and the Arts*. eds. Mulcahy, Kevin V. and Margaret J. Wyszomirski. Boulder: Westview Press.
- Mulcahy, Kevin V. and Margaret J. Wyszomirski, eds. 1995. *America's Commitment to Culture: Government and the Arts*. Boulder: Westview Press.
- Mulcahy, Kevin V. 1992. "The Structure and Politics of Local Support for the Arts in the United States." In *Decentralisation, regionalisation, et action culturelle*



- municipale*. eds. Mario Beaulac and Francios Colbert. Montreal: Ecole des Hautes Etudes Commerciales de Montreal.
- Mulcahy, Kevin V. 1991. "The Public Interest in Public Culture." *Journal of Arts Management, Law and Society*. 21:5-25.
- Mulcahy, Kevin V. and C. Richard Swaim, eds. 1982. *Public Policy and the Arts*. Boulder: Westview Press.
- National Assembly of State Arts Agencies. 1998. *State Arts Agencies Legislative Appropriations –Annual Survey*. Washington, D.C.
- National Association of Local Arts Agencies. 1995. *Resource Development Handbook: Untapped Public Funding for the Arts*. Washington, D.C.
- NEA. 1987. *American Canvas*. Washington, D.C.: National Endowment for the Arts.
- Netzer, Dick. 1992. "Arts and Culture." In *Who Benefits from the Private Sector?* ed. Charles T. Clotfelter. Chicago and London : University of Chicago Press.
- New York Times*, May 10, 2001; May 31, 2001; February 5, 2002; February 11, 2002; February 18, 2002.
- Park, Marlene and Gerald F. Markowitz. 1992. "New Deal for Public Art." In *Critical Issues in Public Art*. eds. Harriet F. Senie and Sally Webster. New York: Harper Collins Publishers, Inc.
- President's Committee on the Arts and Humanities (PCAH). 1997. *Creative America: A Report to the President*. Washington, D.C.
- Public Law 89-209. 1965. Congressional Declaration of Purpose Establishing the National Endowment for the Humanities and the National Endowment for the Arts; National Foundation on the Arts and Humanities Act of 1965. Washington, D.C.: U.S. Government Printing Office.
- Rentschler, Ruth and Gus Geursen. 1999. "Unlocking Art Museum Management: Myths and Realities for Contemporary Times." In *International Journal of Arts Management* Vol. 2 No.1: 9-21.
- Rentschler, Ruth. 2002. "Entrepreneurship: From Denial to Discovery in Nonprofit Arts Museums?" Working Paper No. 98: Queensland University of Technology.
- Rentscher, Ruth. 2001. "In Creativity a Matter for Cultural Leaders?" In *International Journal of Arts Management* Vol 3, No. 3: 13-24.
- Wyszomirski, Margaret J. "The Future of Philanthropy in a Changing America." Presented at the American Assembly/Indiana University Center on Philanthropy, Los Angeles, California, April 23-26, 1998.

Zolberg, Vera. 2000. "Privatization: Threat of Promise to the Arts and Humanities?"  
*International Journal of Cultural Policy*. 7:9-27.