The Performing Arts and the Public Purse: an Economic Analysis

A Report commissioned by The Arts Council An Chomhaisle Ealaion.
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and the Public Purse
an Economic Analysis

John W O'Hagan
Christopher T. Duffy

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Acknowledgements

When the opportunity of doing work on the subject of the arts and economics was presented to us by Adrian Munnelly, the Director of the Arts Council, it was too attractive to turn down - despite our very limited knowledge, at the time, of how economics could be applied to the arts. We thank him for offering us this opportunity. Many months later we narrowed the subject area down in two major respects - only the performing arts were to be examined and public funding was to be the focus of the economic analysis. On such a topic much had been written, but one book in particular, The Economics of the Performing Arts, by two Australian economists - C.D. Throsby and G.A Withers - had a major impact on our thinking and on the structure of the final report. To the authors we wish to acknowledge our debt of gratitude.

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Introduction

The view that 'art has nothing to do with the sterner preoccupations of the economist' (Galbraith) was once widely held. Writing twenty years later, though, Galbraith was able to revise his opinion to assert 'that there is an important, mutually necessary and reciprocally advantageous relationship between the two' (Williams Memorial Lecture, London 1983). This is a view that is probably held by most economists today. As a result, there is a specialist journal on the arts, the Journal of Cultural Economics, and the arts now occupy some of the most eminent minds in the economics profession.

At the same time the world of economics has been impinging more and more on that of the arts. Financial pressures threaten to close major theatre companies; the prices of works of art often make headline news; the funding decisions of arts councils are frequently criticised and governments are sometimes attacked for aiding the better-off members of society through subsidies to some forms of art rather than others. The reality is that public money does go to the performing arts and the political system 'cannot be expected either to turn over unconditionally large sums of money to high-minded mandarins of the arts... or to ask fewer questions of artistic recipients of public money than it asks of the rest of us' (Netzer, 19178, p. 37).

Many of the questions asked are increasingly economic in tone and intent and it is in this regard that some people in the arts consider that economists may have a significant role to play. In this respect, 'economics' must not be seen - as it is by so many non-economists - in a narrow accounting/financial sense, but in the broader sense of a discipline designed to help allocate resources (financial and non-financial) for the greatest possible benefit to society. As some authors have put it:

To bring notions of efficiency to bear on arts policy may seem irrelevant or vulgar. But such a view would misunderstand the nature of economic efficiency, which merely refers to the achievement of objectives at the least cost compatible with their attainment. Anything else is waste - waste that could have meant the attainment of even more in the artistic field itself or in other areas.
(Throsby and Withers, 1979, P. 204)

Needless to say, the economic viewpoint is only a partial one, but nevertheless important (see Throsby, 1982). As Keynes aptly noted, economists are 'trustees, not of civilisation, but of the possibility of civilisation.'

The most important contribution, initially, that economics can make to the question of the public funding of the performing arts in Ireland is to provide a coherent and logically-consistent framework within which the debate can take place: in particular, it can throw considerable light on such issues as the objectives of public funding, the appropriate channels for such funding and the allocation of this funding by, for example, size and type of company. This is particularly appropriate given the publication in early 1987 of the White Paper on Cultural Policy, Access and Opportunity. The provision of such a framework, then, is the primary objective of the book The objective of generating more data, while a pressing one, must, given the paucity of information on even the most elementary aspects of the performing arts in Ireland, await another day. Nonetheless, throughout the book extensive use is made of existing data and material to provide some statistical description of various aspects of the performing arts in Ireland.
The Performing Arts

This book, as its title implies, is concerned with the performing arts only. The economics of the visual arts, literature, film and other art forms raises very different issues and questions and, as such, cannot be adequately dealt with in a short book of this nature. The performing arts, though, are a very significant component of the arts in Ireland - perhaps the most significant, at least in terms of allocation of public support.

There are difficulties, of course, with defining the performing arts. It has been argued that 'the essence of the performing arts remains in the special relationship that develops between artists and their public in the theatre, concert or recital hall.' (Federal Cultural...., 1982, p. 169). Implicit in this statement is the assumption that the performing arts are chiefly concerned with the live production of theatre, music, opera and dance: this is how they are defined for the purpose of this book. They are 'performing' because of the liveness and joint audience-performer presence: they are arts because of 'the demands they make on talent and skills of execution' (Throsby and Withers, 1979, p.5).

A cricket match or a circus or a rock concert, it could be argued, may also be classified as belonging to the performing arts. There is obviously some validity to this view, but there must be some delineation of the area of study and the limits drawn here are broadly in line with usual practice in relation to the performing arts. More important, there is little, if any, significant public funding in Ireland of any other 'live activities' - bar drama, dance and some forms of music: and it is beyond the remit of this book to inquire as to whether or not this should be so.

In some cases there are, of course, overlaps between the literary and visual arts and the performing arts. For example, arts centres or arts festivals often embrace a range of art forms and it is impossible to discuss them solely in terms of the performing arts. A more pertinent issue, perhaps, concerns the treatment of playwrights and composers - does their work belong to the interpretative arts or the creative arts? Their work is clearly inextricably linked with the performing arts: actors/actresses and a theatre are to a playwright as engineers/technicians and a laboratory are to a scientist - you cannot have one without the other.

Format of Book

Part I of the book is concerned with two issues that are general in nature and apply to a discussion of the performing arts in any market-oriented economy. The first of these is discussed in Chapter 1 and deals with the question of why, if at all, the performing arts should be funded from the public 'purse.' Put more bluntly, the chapter asks why taxpayers who do not partake of the performing arts should be required to provide funds for them. This question is addressed in terms of three issues: the collective benefits generated by the performing arts, unequal access, and lack of information about the performing arts. Chapter 2 examines some of the various ways in which the performing arts can be, and are, funded from the public purse. There are the direct forms of funding, such as the expenditures of arts councils, but there are also the indirect forms, such as taxes forgone because of tax concessions to the performing arts or monies received by a performing-arts company through a public employment scheme, which must be accounted for and analysed.

Part II is concerned with the question of direct public funding of the performing arts in Ireland. The Arts Council is the main agency by which the government provides direct funding to the performing arts and its origins, objectives and expenditures are looked at in Chapter 3. It will be seen in this chapter that drama absorbs an extraordinarily large proportion of Arts Council funding in Ireland and this aspect of the
performing arts is the subject matter of Chapter 4. The economic characteristics of theatre are examined and the arguments and data of Chapters 1 and 2 are enlarged upon and related specifically to theatre, particularly the National Theatre (Abbey and Peacock).

More equal access to the performing arts appears to be a growing priority of the Arts Council in Ireland. The provision of more equal access is also one of the most important arguments for public funding of the performing arts. For these reasons, Part III of the book is concerned with the issue of equal access. Chapter 5 extends and develops the arguments of Chapter 1 concerning the role of public funding in this regard. The meaning of equal access is examined, the available data for Ireland are presented and the policy measures most closely associated with the objective of more equal access, regionalisation and arts centres, are briefly described and appraised. Chapter 6 deals with two important aspects of policy in relation to the performing arts, namely arts festivals and community arts. These impinge not only upon the question of equal access but also on the issues of collective benefits and education, and they are discussed at some length.

Concluding Comments

Needless to say, many important issues in relation to the performing arts and the public purse have had to be omitted. Dance, music and opera could each have warranted a separate chapter, as they also constitute important components of Arts Council expenditure and policy on the performing arts. There is also large public funding of music through Radio Telefis Éireann (RTE), and in view of this a separate study on the role of the RTE Orchestras, both within RTE and the performing arts industry as a whole, would be justified at some future stage.

It is worth emphasising again that the book is concerned only with the performing arts and then only from a public funding viewpoint. As such, it is not a book on the economics of the performing arts, as the latter would involve a much more wide-ranging treatise than that which follows. In this regard, it should be noted that public funding of the performing arts is seen in the context of public funding in the economy in general. The approach of the authors on this Probably reflects the prevailing view in economics, namely that all government funding must be justified in terms of some rationalist model of public policy.

Finally it should be noted that the treatment of the material varies considerably throughout the book. This reflects both the varying availability of source information and the complexity of the issues. We hope that most of the book will be accessible for non-economists, but Chapter 1 and part of Chapter 5 may pose particular problems in this regard.

Footnotes

1 Quoted in Throsby and Withers, 1979, p.1. Long before this, of course, economists were heavily involved in the arts in a personal capacity. John Maynard Keynes, arguably the most prestigious economist this century, was first Chairman of the Arts Council of Great Britain and married to the ballerina Lydia Lopokova. H.C. Coombs, first Chairman of the Australia Council, was also an economist.

2 Quoted in Throsby and Withers, 1979, p.2.
PART 1
PUBLIC FUNDING: GENERAL ISSUES
1.1 Introduction

If people derive so much benefit from the performing arts, why, it may legitimately be asked, are they not required through admission charges to cover the full costs of production? Surely if audiences do not value the performing arts sufficiently to cover such costs, then the level of performing arts output is too high - and in some cases, perhaps, live performance may not be warranted at all. If so, this is the decision of 'the people', as expressed freely in the market place, and any government subsidy to the industry would simply divert money from more worthwhile projects. Such a 'market test' has been, and is, applied to most consumer goods and services - why not to the performing arts as well?

This is the question that will be addressed in this chapter. Put differently, it will be asked whether or not it is possible to retain the fundamental principle of the 'sovereignty of the consumer', and yet justify government funding for the performing arts.

Over the years economists have attempted to devise a system for the classification of the possible reasons for government funding of various activities, including activities like the performing arts that are, for the most part, produced and consumed under private auspices. What this sort of thinking has illustrated is that there are three broad sets of arguments that can be used to justify public funding for the performing arts, all of them broadly compatible with the principle of the 'sovereignty of the consumer'.

(i) Efficiency.

The market takes account only of the private benefits which accrue from an activity. If certain goods and services also produce significant social or collective benefits then these will be unaccounted for by the market mechanism. There are two possible outcomes. The first is that no market at all will exist for the good or service in question. The second is that the level of output generated by the market will be below the optimum since it only accounts for private, not social, benefits.

(ii) Unequal Access.

Severe inequalities can, and do, arise in a system relying solely on the market for allocating the resources of society. Inequalities between groups with similar (horizontal inequality) and between groups with different (vertical inequality) socio-economic backgrounds exist and, to partly overcome these, governments redistribute money (e.g. old-age pensions) and also redistribute in kind (e.g. state health or education expenditures). In many respects the performing arts sector is similar to that of education in this regard: in both cases significant collective benefits exist and the principle of equal access for all may be paramount to that of the sovereignty of the consumer.

(iii) Preference Distortion.

The efficacy of the market system rests crucially on the assumption that people are fully informed of all costs and benefits, both at present and over time. If this is not the case, the market will lead to an outcome based on distorted preference revelation and, as such, may not produce the 'right' output. Thus, it will be argued, could be particularly the case in relation to the performing arts.

The framework above undoubtedly provides some coherence to the
diverse views that have been expressed on the issue of public funding of
the performing arts: its main benefits are that it can
pinpoint more precisely the questions that need to be asked (see
Throsby, 1976). However, as shall become evident, most of these
questions remain unanswered. The economic approach can provide a
systematic framework within which the debate can take place, but it
cannot decide on matters that are ultimately issues of values and political
judgement.

1.2
Collective Benefits

As mentioned above, relying on the market alone may lead to a shortfall
in the output of the performing arts sector even when people are fully
informed. When this happens there exists what economists call a
problem of 'market failure'. In relation to the performing arts such a
situation will arise when, for example, a concert not only provides a
benefit to those who attend (i.e. enjoyment of the concert), but also
provides benefits, either directly or through its influence on those who
do attend, to those who do not attend.

What this argument is saying is that while the performing arts do provide
a service that can be bought and sold in the market place, a service
which would probably continue to exist in the absence of public
assistance, the resulting level of activity/output in the performing arts
would be too low. This is so because in 'balancing the books', using
market criteria, it is assumed that the only benefit to place against costs is
private benefit - the benefit to those who attend, as measured by box-
office receipts. However, as mentioned, there are other benefits,
collective benefits, which the market cannot account for, i.e. people
cannot be property charged for them in the market place. If this is the
case, an efficiently operating (From society's point of view) arts enterprise
should be in a position where costs exceed box-office receipts, i.e. it
should be selling tickets at prices that are lower than market forces
would dictate. The resulting deficit should be paid for from the public
purse.

This, in principle, is a very powerful argument for public funding for the
performing arts, based as it is on efficiency grounds as opposed to some
rhetorical special pleading. However, what precisely are the suggested
collective benefits and are they large enough, particularly in relation to
the private benefits, to justify government funding in practice? While the
nature of the collective benefits resulting from the performing arts will
be outlined, the magnitude of such benefits both in absolute terms and
in relation to the private benefits must remain a matter of conjecture.
Nonetheless, a strong prima facie caw can be made for the view that the
collective benefits, when viewed in relation to the prime benefits, are
significantly larger for the performing arts than for most other market
activities.

A wide variety of collective benefits resulting from the performing arts
has been suggested. There is, inevitably, a lot more substance to some
claims than to others. Nonetheless, it is possible to define four broad
categories - development of national feeling, identity and self-criticism;
innovation/research; economic 'spillover' effects for other industries; and
social improvement of participants. These will be examined in turn.

1.21
National Feeling Identity and
Self-Criticism

It is possible that 'many individuals in our society who do not participate
in the performing arts directly, do nevertheless experience significant
benefit from being part of a cultured and civilised society' (Throsby and
Withers, 1979, p. 177). The main benefit the authors have in mind in this instance is the international recognition of national cultural achievement. Few people, it is argued, would be happy if their country became known abroad as a cultural wasteland, a nation in which Mammon had put beauty and art to rout (Baumol and Bowen, 1966, p. 383). Baumol and Bowen went on to cite the billions of dollars that the United States government had spent on getting first to the moon, much of which expenditure was justified solely in terms of national feeling of achievement.

The ‘moon’ example - given the subsequent, adverse public reaction to the project - illustrates, perhaps, the dangers of overstressing the national prestige argument. Besides, it could be claimed that international achievement in sport or some other area might enhance national prestige even more, yet few would argue that public money should be given to subsidise golfing events or snooker competitions or boxing matches in which Irish competitors were prominent. The reason for this, though, is that for sport, the private benefit - through large audiences in attendance and watching on television, etc. - probably greatly exceeds the collective benefit, a situation that is unlikely to apply to the performing arts.

Another dimension of the national feeling and identity argument lies in the extent to which the performing arts can define ‘those elements of national life which characterise a country and distinguish its attitudes, behaviour and way of life from those of other countries’ (Throsby and Withers, 1979, p. 177). A benefit from the performing arts that is related to this is that they are also an important channel for the provision of social comment and criticism on the ‘national position’. This only applies to some of the performing arts, of course, but their role is nonetheless of considerable importance. By challenging vested interests and accepted modes of behaviour, by interrogating rather than soothing, the performing arts, it is argued, are essential to a vigorous, healthy and free society. Such a benefit, however, is collective in nature and one for which government, rather than some private philanthropist or business interest or the market, is most appropriate as a provider of funds.

1.22

Innovation/Research

These is also an innovative aspect to the pure entertainment side of the performing arts. As was noted:

In manufacturing, if a new project is developed or a new process invented, it can be patented and the developer can reap benefit. In the world of arts no such protection exists. When the Theatre Guild launched *Oklahoma!*, a musical which integrated story, song, and dance, there was o way to prevent imitation. And in fact all successful musicals since have been built on the innovations of *Oklahoma!* (Moore, 1976, p. 31)

Even in relation to product development, large public funding of research is now commonplace: the reason for this being that almost all research creates far more collective benefits than private benefits The innovation/research argument, then, implies that public funding for composers, dramatists, etc. is justified. However, composers and dramatists need performing artists to test, and experiment with, their work. Just as the scientist needs a laboratory and engineers and technicians, the dramatist needs actors, actresses and a theatre.

Thus, creative and performing artists involved in experimental work - just
like university or research institute staff - could, justifiably, be funded 100 per cent from public money. And as with all research work a high level of 'natural wastage' can be expected In the search for innovation and novelty.

All of the arguments above are very similar to those used when the subsidisation of, for example, some departments in universities is being debated. They probably have as much validity in relation to the arts and, as such, cannot be lightly discarded, unless one is also advocating the abolition of public funding of university research and teaching in such areas as philosophy, literature, and so on.

In Ireland, the promotion of employment and regional balance through such agencies as the industrial Development Authority and Bord Fáilte is accepted government policy, involving hundreds of millions of pounds. There is probably no need here to rehearse the well-known arguments for and against such government funding: it is enough merely to note that it exists. Its existence implies the acceptance already in Ireland of some form of market failure in terms both of employment creation and the achievement of balanced development Given this, is there a role for the performing arts in the government's policy of promoting employment and balanced regional development?

There are three main ways in which the performing arts could contribute to increasing employment. First, they provide direct employment for actors, dancers, musicians, etc. Second, they may be a factor in influencing tourists to visit an area or country, thereby enhancing employment prospects in hotels, restaurants, and so on. Third, they could be an important factor in shaping decisions on whether or not to locate a manufacturing plant in a certain region or country.

It must be recognised, of course, that many other enterprises - such as good golf or tennis dubs, good restaurants or pubs - may have similar employment effects. It could be claimed that good golfing facilities, for example, are a key factor in attracting entrepreneurs and tourists to an area, with consequent benefits for the performing arts. As such, public subsidies for private golf clubs could be justified. This example illustrates the dangers inherent in the type of argument being considered. Many activities interact in a complex way, having joint costs and benefits, most of them largely pecuniary, i.e. accounted for in the market place. For example, the existence of good quality theatre, restaurants and accommodation may be key factors in attracting tourists to an area: thus the presence of one means more business for the other and vice versa, all of which will be reflected in market transactions.

The basic point, then, is that it has to be shown that the performing arts are more suited than other unassisted economic activities to promoting employment, through the channels outlined above. In other words, it must be demonstrated that the performing arts constitute a special case. This would not be easy to establish for any activity. A less demanding task perhaps, is to demonstrate that the performing arts are at least as much of a special case as some currently subsidised activity. However, even this may be difficult to establish in any conclusive way - policy decisions on such matters are inevitably partly based on conjecture. Even if it could be shown that the performing arts are as much of a special case as some currently subsidised activity, the implication may be that the latter should not, and not that the former should, be subsidised. In relation to the performing arts, though, the following can be noted.
First, they are highly labour intensive, there are very high rates of unemployment endemic in the industry, employment and income are erratic, and they use very few imported materials. In this regard, they are not dissimilar to the building industry. Consequently, as is also argued in relation to the latter, any public funds devoted to the performing arts will have more direct and substantial employment effects than would be the case for most other industries. It is interesting to note that in the 1930s the United States introduced its celebrated Arts Project as part of the New Deal's Work Progress Administration, the purpose of which was to reduce the unemployment caused by the Depression. This scheme was considered successful in terms of achieving its major objective and was only phased out with the advent of the Second World War. The Comprehensive Employment and Training Act of 1973 was a more modern version of the same idea. It enabled grants to be provided to local and state government to create, inter alia, public service jobs - including employment of people on projects in the arts. Some of the employment schemes introduced in Ireland in the 1980s are remarkably similar, in terms of their objectives and impact on the arts, to those introduced in the United States in the 1930s and these are discussed at some length in Chapter 6.

Second, there is some evidence to suggest that the existence of adequate cultural institutions has been an important factor in attracting business and tourists to a region. Cwi and Lyall (1977), in their study of the economic impact of arts and cultural institutions in Baltimore, concluded that the availability of artistic and cultural activities was a contributing factor in both plant and executive location decisions. Other studies have found similar results, findings which have been significant in influencing some politicians in the United States to recognise the financial importance of the performing arts at the local level (see Perloff, 1979, and Throsby, 1981). The evidence in relation to tourism is also significant. An American Council for the Arts study (1981) of American travellers to Europe discovered that around fifty per cent of those surveyed considered the arts a prime attraction of their visit and one which determined in large part which country they visited. Nonetheless, more substantial evidence is, perhaps, needed before a firm conclusion on this issue can be reached.

It may be, then, that the performing arts do constitute a 'special case' in terms of their employment effects, both direct and indirect. Certainly with regard to direct employment creation they may be as meritorious of public assistance as any other activity. Even in relation to indirect employment effects this may be the case.

1.24
Social Improvement/Future Generations

The social improvement argument refers to what are called external economies of consumption, i.e. when someone derives benefit from another person's consumption of a good or service. The classic example here is inoculation against an infectious disease. A key argument, also, in relation to public funding of education, at primary and secondary level in particular, is that a democratic market economy requires some minimum educational level for its citizens if it is to function properly: the education of Mr. X confers benefits not only on him, but, by making him a more socially adaptable and informed person, on others as well. Thus, it is felt that the consumption of some goods and services by an individual is socially more beneficial than that of others - as Pigou wrote: 'of different acts of consumption that yield equal satisfaction (to the individual), one may exercise a debasing, and another an elevating influence' (Pigou 1938, pp 12-13). Again, to the extent that these social
benefits are not accounted for by the market, government subsidy is necessary.

The view that social benefits of the type described above are associated with the 'consumption' of the performing arts has many advocates.

Attending an opera, the theatre, or going to a museum, it is alleged, leads a consumer to be a better citizen. This rationale appears to be based on the proposition that the arts are educational, that they improve the quality of citizenship, that they make the citizen more thoughtful, and that they teach him about the world. It is undoubtedly true that there is something to this position. (Moore, 1976, pp 26-27)

In a similar vein, Baumol and Bowen argue that a liberal education confers indirect and non-priceable benefits upon the community, the same must be true of the arts. If the teaching of the humanities makes for a finer civilisation, for a richer community, for a better life for everyone, this is necessarily so with the arts as well (Baumol and Bowen, 1966, p. 385).

The main difficulty with the social improvement argument is that it is based on assertion rather than hard fact. It may also confuse cause and effect, as the following demonstrates.

It is true that the sort of people who attend the performing arts do come from social groups where what is conventionally deemed 'socially costly' behaviour is less evident than for other groups. But it is not clear that those from high-income professional groups who do not attend the arts are more frustrated, less civil or less responsible as a result. Moreover, even if that difference did exist, would the arts have produced those civilised attributes, or would it be that people who already possess them are attracted to the arts? (Throsby and Withers, 1979, p. 177)

Finally, and most crucially perhaps, for the social improvement argument to have any validity, publicly funded performing arts must reach a wide audience, and particularly those most likely to be involved in 'socially costly' behaviour. This may not often be the case.

An external economy of consumption of a different sort is involved in the 'future generations' argument. The case here is based on the assertion that present generations may derive benefit from the consumption of the performing arts by some future generation. However, provision for the future may require public support in the present, if current demand for the performing arts is not sufficient to ensure their preservation for posterity. This argument is put most forcefully by Baumol and Bowen as follows:

We have all met people who admit they have never themselves learned to enjoy a particular art form, but felt it important that such an opportunity be available to other members of their families. The same phenomenon has a significant extension to the posterity of the community as a whole...

... A programme to preserve the arts for the nation's posterity is a case of indiscriminate benefits par excellence. No one can say whose descendants will profit one hundred years hence from resources now devoted to that purpose. Neither can these benefits be priced and their
cost covered by an admission charge.  
(Baumol and Bowen, 1966, pp 384-385)

This argument suggests an analogy with the preservation of areas of natural beauty and other natural amenities. As one author notes: ‘it is true that if we destroy areas of natural beauty today, there is no resource-using activity which can bring about their future restoration. Is the same true of the performing arts?’ (Peacock 1976, p. 77). This is the crucial question. The argument is certainly relevant to the visual arts and, perhaps, to the creative aspect of the performing arts, but is this all? Not necessarily. The argument also applies to live performance if the idea is accepted that present-day creation and performance serves to establish, preserve and enhance traditions in music and theatre which can only be passed on to future generations by a continuation of live activity (Throsby and Withers, 1979, p, 199). This argument has particular force if the object is to create and enhance a national culture and tradition. One can always revive drama by hiring the services at some later date of the Royal Shakespeare Company, but would they be able or willing to revive the drama of O'Casey or Synge?

The fact that the existence of the performing arts today may confer benefits on generations to come, from which the present generation also derives benefit, is simply a consideration that markets in practice do not and probably cannot account for. Let us take an extreme example to illustrate. Assume that it is important to have regular performances of a Beckett play, while the playwright is still alive. Assume also that no one in the present adult population is willing to pay to attend these performances, but that their children would be in years to come. Is it likely that the present adult population would support public funding to enable these performances to take place? If the arguments above are accepted, the answer is clearly yes.

While the example above may clarify the argument, it may also, perhaps, on reflection, indicate how rare and/or insignificant such an argument is in relation to the performing arts, as opposed to, for example, historical monuments or the visual arts. Moreover, it could be argued that, unlike a monument, tradition is an organic and not a static concept and, as such, the notion of ‘preservation’ is not even applicable. Finally, like many of the arguments for public funding of the arts, this one has some validity, but its quantitative significance in terms of the amount of public funding justified, if any, is purely conjectural.

1.3 Unequal Access

The previous section examined the case for public assistance to the performing arts in terms of the inefficiencies in resource allocation - the neglect of collective benefits - that result from sole reliance on the market. The inefficiency argument is crucial, since the two other major economic arguments for public funding of the performing arts partly depend on it for their validity. The first of these two arguments, inequality of access, is now considered.

Many of the issues already discussed have a socio-economic dimension. For example: the economic spillover effects have more force if they occur in an underdeveloped region or deprived urban area; the cultural heritage and identity most at risk is more often that of minority, low-income (ethnic) groups than that of the better off; drama is likely to be a more forceful medium than books and newspapers for social criticism and self-appraisal for the lower-income groups; the social improvement argument is likely to apply more to some socio-economic groups than to
others, and so on. Thus, the issue of equal access should not be viewed in isolation from, but in conjunction with, the issues of collective benefits and inadequate information.

Two common errors resulting from dealing with the issue of equality, or equal access, in isolation are the following.

First, in numerous studies, the income profile of those who attend publicly-subsidised performing arts has been examined and the conclusion reached that such a policy is regressive, as most of those who attend are from the higher-income groups. However, as mentioned earlier, the subsidy may be provided simply to cover/pay for the collective benefit - with those in attendance paying in full for the private benefit received and thereby receiving no direct public subsidy at all. In other words, it is only when the private benefit is being funded from public money that redistribution to those attending the performing arts arises. Second, it is often suggested that if the government wants to help the poor, then cash aid should be provided, not free concert-hall or theatre tickets. This argument again ignores the question of collective benefit and that of distorted preferences (see Section 1.4). Art subsidies aiding the less well off often have three simultaneous objectives – generation of collective benefits, moulding of preferences, and redistribution. In this regard, public funding of the performing arts, as mentioned earlier, is very similar to that of education and health.

1.3.2 Forms of Unequal Access

The equity aspect of policy towards the performing arts can be seen most clearly in the United States - the primary objective of the National Endowment for the Arts is to make the arts more widely available. This issue of wider accessibility has a number of dimensions. First, large segments of the population may be cut off because of physical factors. For example, the market tends to lead to a strong centralisation of performing arts not only towards the larger cities, but also within cities. Besides, given the existing preference patterns, performing arts tend to be located in imposing buildings, thereby providing, perhaps, a psychological barrier for many lower-income people. Second, the market, left to its own resources, tends only to cater for those tastes/preferences that are most widely shared, thereby neglecting the preferences of minority groups, be they ethnic, avant-garde or whatever. Last, admission prices may constitute a barrier to the availability of the performing arts, especially as prices tend to be relatively high.

Centralisation results from economies of scale and from ‘artists’ inclinations to seek the company of other artists and to congregate in major cities’ (Netzer, 1978, p. 27). In the major cities there is both more ‘visibility’ for performing artists - to audiences, to their peers and through reviews of their work - and greater opportunity to earn income from other uses of their professional skills, such as broadcasting or advertising. Moreover, in many areas market demand is not sufficient to support the minimum conditions necessary for professional quality productions, at least on a year-round basis. Thus, performing companies may need further subsidies to entice them to locate away from the large cities and/or to go on tours that bring the performing arts to consumers living in small communities. This may also be the case for performances which only have a minority, ethnic or cultural appeal (see below). All of these cases are concerned with horizontal equity (see Chapter 5).

The physical surroundings, as well as the location, may also affect access. In the United States the government has subsidised no-charge
appearances by performing artists on the streets and in public parks. This is in recognition of the fact that it is more than just the price that deters some socio-economic groups from attending. As has been stated: ‘questions of taste and first-hand experience are involved’ and as a result ‘the performing groups that have been most successful in evangelising new audiences have tended to be those that take the theatre to the people, rather than vice versa, by working in pubs, factories, clubs, streets, and so on’ (Throsby and Withers, 1979, p. 191). It may not be so much that people are unwilling to part with the price of a ticket, as that they are unwilling to go to the trouble of making reservations in advance and to be entertained in an environment that is alien to them – both because of the different socio-economic composition of the vast majority of the audience and the physical surroundings.

The problem of the market tending to cater only for majority preferences is clearly linked to the issues above. But the problem goes deeper and relates to the question of collective benefits discussed in the last section. It is argued that the culture of mass appeal, be it on commercial television or in the performing arts,

Is incapable of sustaining itself creatively and relies for its continuing vigour and productivity on the creative and experimental capacity of those kinds of activity that serve minority interests; yet, by its very success, it tends to eclipse and extinguish the activity on which it depends... Cultural activities that have conferred the most lasting benefits, and which have been seen, in retrospect, to have done most to illuminate their 'times', have more often than not served only minority interests in their own day. On grounds either of market failure or of diffuse social values, the case for intervention applies with special force to the satisfaction of minority preferences. (Federal Cultural.... 1982, p.69)

This is clearly another argument for public expenditure on areas of activity which might appear remote from the broad mass of society, but which were they removed could seriously impair standards in other areas of popular social activity. Once again the issues of social benefits and equal access are inextricably linked.

Even if there were no physical, psychological or market barriers, price would still constitute a barrier to access for many people. This applies in particular to the performing arts, where prices, even after subsidy to allow for collective benefits, will always be relatively high because of the inherently labour-intensive nature of live performance. Thus, public expenditure that, by whatever means, lowered the price of entry to live performance for the lower-income group would make access to the performing arts more equal and would, as such, contribute to the government's policy of a more equitable distribution of goods and services. To provide public funding that discriminates in favour of the less well-off is, however, a difficult administrative problem, and it will be returned to in a later chapter.

1.4 Preference Distortion

It is an assumption of the market economy model that people's true preferences are revealed in the market place and that these preferences do not change over time. How preferences are formed, or how they may be altered, are issues that are simply ignored in economics. Clearly, though, preferences do change and presently expressed preferences may be distorted - either because of the manner in which they were formed or because of lack of information on the part of the consumer. If this is
the case, then the earlier assertion about the ‘sovereignty of the consumer’ being protected in the market place loses much of its force. Herein lies the third major argument for public intervention in the market for the performing arts. As some authors state: ‘preference behaviour revealed in market choices for the goods in question will be erratic, and cannot be relied upon to guide the allocation of resources: (public) provision of the goods will thus be justified’ (Throsby and Withers, 1979, p. 198).

The distorted preferences argument, though, has inherent dangers, insofar as it effectively means that individual preferences as revealed in the market are to be largely ignored. What type of circumstance would warrant this?

A distortion in revealed individual preferences can arise from two main sources. First, there is lack of information (including uncertainty), where consumers are unable to evaluate the benefits correctly and where government intervention can be seen as being generally consistent with consumer sovereignty. Second, there is irrationality, where consumers, though well informed, may nevertheless act in a manner that is contrary to their best interests. It is only the first of these that has any real significance for the performing arts.

The distinction between private benefit and collective benefit is fundamental when discussing the problem of lack of information. It is arguable that ignorance in relation to the collective benefit is likely to be seen as the much more serious issue: indeed, if lack of information is related only to the private benefit, it may not be seen as an important issue at all. This highlights a point made earlier: the preference distortion issue assumes importance only when the inefficiency argument (i.e. the existence of collective benefit) applies as well.

The collective benefits associated with the performing arts, as seen earlier, are diverse, complex and often long-term in nature. As such, it is likely to be very difficult for the 'average' person to appreciate or evaluate them properly. For this reason, opinion surveys on public funding for the performing arts may lead to a serious understatement of the true collective benefits and, therefore, of the amount of public funds that should be devoted to the performing arts.

Lack of information may also be significant in affecting prime demand for the performing arts, given the esoteric and acquired nature of artistic taste. In the case of the performing arts, it is argued, 'consumption invariably means both getting what you like and learning what it is you like' (Blaug, 1976, p. 17). Thus, a 'taste' for the arts may only be acquired after repeated experience and/or considerable effort on the part of the individual. It is possible that in such situations the long-term benefits, because of lack of information, will be undervalued.

The solution to the informational problems listed above is seen as more public expenditure on arts education both within schools and in the broader domain - public, because of both the collective benefits involved and the economies of scale in transmitting such information. As there must be sufficient live performance of suitable quality to reinforce the learning process, this also implies complementary direct support (e.g. subsidised or low-price concerts for school children) for the performing arts. Arts education is particularly important for the young. As Baumol and Bowen state: 'it is felt that if children and adolescents are not
exposed to artistic performance during their minority, by the time they become adults it will be too late. The arts must be made available early on, while tastes are still being formed and behaviour patterns developed' (Baumol and Bowen, 1966, p.380). Scitovsky goes even further than this by claiming that 'the only valid argument for government aid to the arts is that it is a means of educating the public's tastes, and that the public would benefit from a more educated taste' (Scitovsky, 1976, p.64).

There is little doubt that to some the issue of distorted preferences may smack of elitism and dictation of tastes, and not without a measure of justification. After all, who is to decide when preferences are or are not distorted? Besides, many of the arguments lack any factual basis. For example, it has been noted that: 'while it is agreed that culture is an acquired taste, it remains to be demonstrated that indolence leads to regret in the area of arts appreciation' (Throsby and Withers, 1979, p.192). Besides, no one has yet properly tested the hypothesis that a taste for the performing arts is instilled by early experience.

1.5 Conclusion

As is evident by now, the case for public funding of the arts has its origins in many sources, some of them complex and difficult to explain. The case, of course, can never be conclusively demonstrated - it can only be shown that the weight of probability is likely to be on one side or the other. In relation to the performing arts, it is our opinion, and indeed the opinion of almost all economists who have written on the topic, that a strong prima facie case exists for public funding of the performing arts.

The arguments about collective benefits and unequal access are particularly strong. There is also some substance to the distorted preferences and social improvement arguments. However, as has been repeatedly stressed, because the arguments are interdependent it is only together that they provide such a weighty case in favour of public funding of the performing arts.

Two major caveats, however, must be noted. First, the discussion above did not provide any indication whatsoever as to the 'correct' level or magnitude of public funding. In this sense it is of limited use to policy makers. Second, while a strong case in principle for public funding of the performing arts may be made, it does not imply that in practice the use of funds is compatible with the objectives implicit in the case. Indeed, it is possible that public funding is making the situation worse - by subsidising activities with collective costs rather than benefits, or activities that benefit already well-served socio-economic groups and regions and so on. Thus, the funding system may militate against, rather than facilitate, social criticism and experimental research or it may encourage other types of inefficiency. In other words, bureaucratic/governmental provision for the arts, like market provision, is also flawed. The forms that such provision can take and the issues they raise form the subject matter of the next chapter.

Footnotes

1The argument here is simply that to produce, for example, an O'Casey play involves, and will involve, exactly the same number of performing artists as it did fifty years ago. Contrast this with the production of a car, or almost any manufactured good, where to produce one unit of output today requires very much less labour than it did fifty years ago. If relative labour costs remain approximately constant, then clearly the price of the performing arts output will increase faster than the price of a car or similar product. This is an economic fact of life, not only of the performing arts, but of many service industries. Whether the increasing relative price of these services leads to a fall in demand will depend on the price elasticity and on the income elasticity of demand for each service. If the income elasticity of demand for the performing arts was very low of course, it is possible that over time demand would continuously decline and eventually a viable performing arts industry would not be sustainable. (This is known as the Baumol-Bowen hypothesis - see Baumol and Bowen, 1966).
It is important to stress, however, that there is no logical connection between the above and the case for public funding of the performing arts – if there were then, perhaps, today there would be extensive state funding of domestic servants or similar. The logical fallacy of linking the Baumol-Bowen thesis and the case for public funding is one of the most common errors in the literature on the economics of the arts. The thesis, if valid, has relevance, though, to the extent that it adds urgency to the case for subsidisation on other grounds.
Chapter 2 Forms of Public Funding

2.1 Introduction

For centuries, funds have been dispensed to support the performing arts in a variety of ways. The only major difference, perhaps, is that funds today are largely public, rather than private, as in former times. In this chapter, the various forms of public support generally available, and the relative merits of some of these, are discussed.

The state plays a number of overlapping roles vis-à-vis the performing arts (see Federal Cultural..., 1982), and, for these, it often uses different forms of public funding. By giving grants it plays the part of a patron. Through agencies such as the radio and television authority. Radio Telefís Éireann (RTE) in Ireland, or the National Concert Hall, it is a proprietor of production agencies. Through its tax incentives, such as the 1984 Finance Act in Ireland, the government, on behalf of the people, performs the role of regulator. In the performance of its other duties it can also greatly affect the performing arts, albeit in a very indirect way. For example, a significant part of the education budget of a country could be arts-related, or special employment schemes could direct large public funding to the arts. The most important fact to note, for the purposes of this chapter, is that all roles involve the diversion of some resources to the performing arts, resources that could be used in a different way, either for the performing arts themselves or for some other private or public purposes.

Section 2 will examine the means by which the government acts as patron and proprietor, through the provision of grants and direct ownership respectively Section 3 looks at the various tax and other concessions which the government can use in its role as regulator and Section 4 discusses the manner in which the government's education and employment programmes can affect the performing arts. Sections 5 and 6 look at two important issues in relation to the above: first, the relative merits of government acting as patron/proprietor and as catalyst and, second, the question of whether public expenditure on the performing arts should be funded from general taxes or from other sources. Section 7 concludes the chapter.

2.2 The Government as Patron/Proprietor

2.2.1 Grants

In the English-speaking countries, including Ireland, most grants for the performing arts are channelled through arts councils or similar bodies. Thus, strictly speaking, there is Virtually no government assistance provided directly to performing arts companies or individual artists. It is the arts councils or foundations that distribute the funds, and they do so usually to a large number of companies, and individuals, who are the producers of the performing arts. Arts foundations distribute their funds normally only on the basis of very general statutory guidelines and rely on expert advisory panels for their more detailed decision-making. As one author states, 'for a government agency the degree of discretion in policy-making that government arts foundations enjoy is unusual,... and the foundations' reliance on the advice of people from outside the civil service is also unusual' (Netzer, 19178, p. 49).

The main reason for the use of arts councils as an 'intermediary' between government and the producers of performing arts appears to be to limit state control as far as possible. This is the so-called 'arm's-length principle' of arts funding. The arts council or foundation generally tries to grant considerable freedom in artistic judgement to the recipients of
the funds, thereby creating another ‘arm’s length’ between original provider and recipient. Thus, in principle at least, this mechanism for providing grants is designed to ensure maximum artistic independence, an issue that will be returned to in a later section.

Grants of various forms are provided by arts councils and/or governments. The main form is the revenue grant given to performing arts companies. These are so called because they are used to supplement revenues from other sources (chiefly box-office receipts) and they are mainly used to finance operating expenses, but they can be utilised to finance expenditures of a capital nature.

Revenue grants may be paid in advance, as a single annual payment or on a periodical basis, or \textit{ex post}, to defray in full or in part a deficit incurred in the previous year. The most important factor about such grants is that they are normally not directly related to any measure of output, such as number of productions or performances, or paid attendance. The main reason, perhaps, why they are not 'tied' is that such a system would be very complex to operate. Besides, it is likely that lump-sum revenue grants are indirectly determined, at least partly and in the longer run, by the output of the performing company.

\textit{Capital grants} to performing arts companies, on the other hand, are usually tied, in the sense that they are given in relation to a specific project. By their nature, they may benefit more than one company, being for buildings and facilities available to any arts group wishing to use them. (This is particularly the case with regional centres, which may be used by a variety of local and touring companies.) A major problem with capital grants is that the subsequent costs of operation and maintenance of an arts centre or concert hall, or whatever, are often very large and overlooked in the initial accounting. Many companies, in fact, have run into financial difficulties because their premises are too extravagant, in the sense that they cost too much to maintain.

A third, type of grant is the \textit{grant to an individual artist}. Such grants have ‘rich historical precedents, including the royal patronage of individual artists, which flourished in the Renaissance and the Enlightenment, and the appointment of favoured artists to public sinecures’ (Netzer, 1978, p. 47). Today, such a form of assistance is relatively minor in terms of the overall expenditure of the funding agencies. Nonetheless, most countries in Europe and North America have formal programmes of grants, awards, prizes and fellowships for individual artists, amounting in some cases to as much as eight per cent of total expenditure.

Grants to individuals are mostly untied, i.e. without stipulation as to what is to be produced. On the other hand, there are many outstanding historical examples of tied grants, such as the commissioning of a piece of music or a play, and such grants continue to this day. These grants do not usually carry any requirement for repayment if the agreed work is not eventually produced - the creative process is too unpredictable for such financial stringency.

\textit{Grants to consumers} are the last form of grant to be mentioned here. The essence of these, as outlined by Peacock (1976), is that ‘arts vouchers’ for a specified money value, which are exchangeable for seats at a defined list of performing venues, are distributed. (In this regard, they are very like a gift of a book token from one individual to another.) If the list of venues was reasonably large and varied, producers would
benefit from the scheme only to the extent that they were able to 'entice' those owning vouchers to their performances. As such, vouchers, it is argued, not only aid those most deserving of such aid, but they encourage efficiency and increase consumer choice. Such grants, however, are rarely used in practice, for two main reasons: first, the administrative difficulty of selecting those who should receive vouchers is too great, and, second, the possibility that those selected could then sell their vouchers to others would defeat the whole purpose of the exercise.

2.2.2. Some performing arts activities are operated as government departments or as semi-autonomous public bodies. In such cases, the service is provided directly by the government or a government agency, and not by an independent company or individual.

In the Soviet Union and the Eastern European countries the state acts as the primary entrepreneur and employer in the performing arts industry. At the other extreme is the United States where few, if any, state-owned companies exist. Many Western European countries occupy a position closer to that of the Eastern European countries. Austria, for example, has several state-owned and state-managed performing arts companies. In fact, in Continental Europe, direct government ownership and operation of artistic organisations - including most of the great European orchestras and opera, dance, and theatre companies - is the rule rather than the exception, and many of the professional artists in such organisations are civil servants (Netzer, 1978, p 46).

Even in the English-speaking countries there are examples of public authorities, directly accountable to government, which are heavily involved in the performing arts, particularly in the orchestral music area. The British Broadcasting Corporation (BBC) is one example of this. Effectively government-funded, it manages several symphony orchestras and acts as entrepreneur for a large number of public concerts each year. It has been described by one prominent writer on the arts as, perhaps, 'the largest single source of public funds (in the United Kingdom) expended for the arts' (Netzer, 1978, p.46). The position in Ireland, as shall be seen later, may not be much different, with the state-owned radio and television network, RFE, being actively involved in orchestral concerts and music.

The question of whether the BBC or RTE is more independent of government control than the Vienna Opera House or the State Ballet Company in Russia need not detain us here. The main point is that public funding of the performing arts is channelled through these organisations and such funding must be taken into account when looking at the overall funding of the performing arts in these countries.

2.3 The Government as Regulator

The public funding implicit in many regulations must likewise be taken into account when looking at the financial position of the performing arts. The United States provides the most striking example here: it is estimated that income tax concessions for cultural donations impose a burden on the United States Federal Exchequer that is almost ten times that of direct federal support and three to four times the level of total government (federal, state and local) direct support provided to the arts. Looking at it in another way: direct public support for the arts in the United Kingdom, on a per capita basis, is more than three times that for the United States, but, when 'tax expenditures,' as they are called, are taken into account the United States spending comes out significantly higher (see Schuster, 1985).
There are two main types of government regulation that benefit the performing arts. The first relates to the various concessions through the taxation system and the second to the regulation of imports and exports of performing arts activities. Within each category there are also a number of variations, but the tax concessions can be subdivided into two main groups - income tax incentives for donations and 'other' incentives. (See Feld, O'Hare and Schuster, 1983, for a most useful discussion of tax incentives to the arts.)

2.3.1 Income Tax Concessions for Donations

The main tax instrument used by governments is the exemption from income tax of contributions, gifts and bequests made to non-profit arts organisations. In this case, an individual or corporation is allowed to offset a contribution against taxable income, thereby reducing income tax liability - and, of course, imposing a cost, or tax expenditure (in terms of taxes forgone), on the state. The higher the marginal rate of tax of the donor, the greater the cost to the state. As mentioned above, this type of concession is, by far, the most important channel of public support for the performing arts in the United States and dates from early in this century, many decades before direct federal support was introduced.

The reduction in tax liability implicit in the concession may not be related to the donor's marginal tax rate, but simply calculated as a fixed proportion of the amount donated. This system might be preferred on grounds of equity, as the tax reduction, in absolute terms, is the same regardless of a person's income. However, it is not the donor who benefits directly from tax exemptions - unlike with, for example, mortgage interest relief - but the performing arts industry: the donor, of course, has the power to decide which art form to support, but apart from this there may be little direct personal benefit. Thus, the choice between a scheme related to marginal tax rates and one linked to a fixed share will usually be decided on the basis of the estimated tax expenditure involved. The former is likely to generate more tax expenditure and thus will be favoured by performing arts companies, but not by governments - unless, of course, a government is using this scheme as a substitute for direct support, an issue that will be discussed later.

The tax concession for donations is not, however, confined to the United States. Many European countries - including, since 1984, Ireland - have clearly recognisable provisions in their income tax codes for the offsetting against tax of contributions to the performing arts (see Schuster, 1986, for details). The provisions for tax reduction differ between countries in two important respects: varying limits on the total amount of allowed deductions and constraints on the list of eligible beneficiaries. Despite the existence of such a tax incentive in European countries, it appears to be little used, certainly compared to the situation in the United States. Why this should be so is difficult to explain, but it appears to 'lie more in historic patterns of patronage and in the modern importance of the public sector in support of artistic activities than in actual differences in tax laws' (Schuster, 1985, p. 3).

2.3.2 Other Tax Concessions

Another form of tax concession is to exempt companies and individuals practising the performing arts from certain taxes. Again, the United States provides the most striking illustration of this type of concession - although exemptions also apply in Canada, Germany, Sweden, and, perhaps, other countries. For example, non-profit artistic and cultural
organisations - along with religious and other organisations - do not have to pay property tax, a subsidy to the arts that Netzer (1978) valued, in 1975, as equal to half of total direct government funding. The property tax is a major source of government revenue in the United States, hence the significance of the concession. It does, however, benefit most those organisations that own expensive buildings situated on high-value, land and, as such, is of little relative benefit to many smaller performing arts companies. Most non-profit artistic and cultural organisations are also exempt from federal income tax, but the actual amount of this assistance is likely to be small, as companies tend to incur deficits rather than potentially taxable surpluses.

Exemption of tickets from sales taxes, such as value-added tax (VAT), is another example of a tax concession that is often used: a variant of this is that either a reduced or zero rate of VAT may apply. The difficulty with this type of concession is that it is not selective - as between, for example, 'pop' and classical concerts (the same applies, of course, to exemption of VAT on books) or between commercial and non-commercial companies. A lengthy and heated debate took place in the United Kingdom some years ago concerning such a concession. As one source noted: 'eloquent appeals from the stages of the nation's theatres and concert-halls stimulated audiences in their thousands to endorse petitions for remission of the tax' (Throsby and Withers, 1979, p. 239). As a result, in 1973 the United Kingdom government provided the Arts Council there with a supplementary grant, to be distributed selectively, to offset the imposition of VAT in that year; a concession which was, however, later dropped.

The Council Directive of 1977, dealing with questions of harmonisation of VAT within the European Community, committed the member states eventually to exempt theatre, concerts and other cultural events from VAT. Only a minority of the member states do not have a reduced rate for those activities, the United Kingdom, as mentioned, being one of them. Ireland treats very favourably the performing arts, with theatres having total VAT exemption. The value of this concession has been estimated by the Department of Finance at over 20 per cent of total Arts Council funding, which illustrates its significance in terms of taxes forgone by the government. The wisdom, or otherwise, of such a concession is discussed in a later section.

The final tax concession to be mentioned is that given to individual artists, a good example of which is the 1969 Finance Act in Ireland. Section 2 of that Act exempts earnings of writers, composers and artists from income tax. This type of scheme has been strongly criticised, however, on the grounds that it is misdirected. As was noted, the problem for artists is not one of excessive tax burdens, but rather of inadequate and unstable incomes. Tax concessions of this kind benefit chiefly 'those who have least need of them' (Federal Cultural, 1982, p. 84).

Another criticism is that the concession only applies to the creative artist, whose works can be enjoyed anywhere irrespective of the presence of the artist, and does not apply to the performing artist who would seem to be better equipped to have a tangible effect on the cultural life of the country (Schuster, 1986, p. 342). The tax expenditure involved is estimated as equivalent to around 12 per cent of total Arts Council funding, again a not inconsiderable sum.
Perhaps, the main import control of relevance to the performing arts, at least indirectly, is local content regulations governing radio and television. For example, Canadian broadcasters are obliged to programme a certain minimum amount of Canadian content into their broadcasts (Globerman, 1980), thereby increasing the demand for Canadian-content performances. This probably improves employment prospects for performing artists, encourages native writers and composers and, perhaps, increases attendances at the live-entertainment industry. There may also be restrictions on the importation of labour: in Canada in the 1980s, for example, procedures for the obtaining of work permits by foreign performers were tightened. However, such restrictions apply in relatively few countries and, when they do, are rarely strictly enforced.

Performing arts companies export their services when they undertake foreign tours and when the attendances at home productions include foreigners. Additional grants are often provided to companies touring abroad and governments frequently cover the promotional expenses involved in such tours. Besides, the promotion of a country's cultural facilities at home is often paid for from public funds. Indeed, any public monies expended on promoting Ireland as a tourism attraction benefit the performing arts industry, at least indirectly. However, import and export controls, no matter what their form, are likely to have only a minor impact and must be considered insignificant when viewed in relation to the other policy instruments open to governments.

A major flow of funds to the arts occurs through the education and employment budgets of many countries. In fact, public monies expended in this way may exceed the monies expended in most of the channels looked at earlier. However, it is probably the case, that such expenditure should be included in the general education and employment budget and not the arts budget of a country.

Educational expenditure by governments in relation to the performing arts may occur in two main areas - the education and training of those wishing to make their careers in the performing arts and the education of school children or the community at large in art appreciation. It may be that some case can be made for inclusion of the former rather than the latter in the arts budget, but even here opinions and practice differ. For example, the expenditure on state-run conservatoires of music is sometimes treated as expenditure on the arts, but expenditure on departments of music and drama in universities as part of the general education budget. It is possible that the distinction between professional and academic training is relevant here, with the universities concentrating more on the latter.

Apart from the establishment of conservatoires and university departments, governments may also aid the education and training of artists by giving public money to private training institutions. In many cases the institution will simply be a training wing of a major performing company. The majority of those trained may subsequently gain employment within the company (e.g. the Australian Ballet School), or they may have to find work elsewhere (e.g. graduates of the London Opera Centre). The educational aspect of the company's operation could be financed from general funds (including any public funds it may receive) or from a special-purpose government grant to support, for example, the salaries of training staff.
Overall, though, it is probably best to view the training of performing artists in the context of career education generally, and not as part of policy towards the performing arts. After all, in calculating the level of public support to, for example, manufacturing industry, the public money expended on the education of the engineers, accountants, technicians, and so on, employed is *not* included in the total. Nonetheless, those involved in manufacturing industry are keenly interested in, and affected by, public expenditure in this area.

Arts education mainly applies to students in primary and secondary level, and only to a limited extent to students in third-level and adult-education institutions. The feeling appears to be that by adulthood preferences regarding the performing arts are firmly established.

The main subjects taught in school that are of interest to those involved in the performing arts are dance, drama, and music. However, in most Irish second-level schools the emphasis placed on such subjects is minimal. Indeed, but for the efforts of a few dedicated teachers, often working in their own time, little, if any, arts education may take place: attendance at a play or a concert during the annual school outing may be the only formal gesture towards cultural education in some schools and, as has been pointed out, such occasions tend to be simply ‘an ordeal both for the unwilling students and for the remainder of the audience unfortunate enough to have chosen a performance attended by school parties’ (Throsby and Withers, 1979, p.246).

Nonetheless, music and art are taught as examination subjects in schools and, in most of these schools, the salaries of the teachers of these subjects are paid by the state. Moreover, the state probably also contributed heavily to the training of the teachers. The teaching of these subjects should certainly improve the artistic awareness of those taking them. However, numbers are often small - only 5 per cent of pupils took music in the final state examination for secondary schools in Ireland in 1983/84 - and those participating are usually the most artistically aware anyway. Besides, even as academic subjects they are often frowned upon - before 1972, art and music were not counted for matriculation purposes for entry to university in Ireland and, in 1984/85, Trinity College, Dublin, was the first Irish educational establishment at any level to introduce a formal course in drama studies.

Thus, despite its potential and its direct link with one of the key arguments for public funding of the performing arts - lack of information - arts education appears to be a little used form of public assistance in Ireland.

2.4.2 Employment Programmes

The work programme schemes of the 1930s in the United States and the 1980s in Ireland - both initiated in response to prolonged periods of high unemployment - provide excellent examples of how programmes not specifically directed at, can yet provide a substantial source of public funds for, the performing arts. (These are discussed in detail in Chapter 6). Such funds chiefly go to unemployed performing artists, usually involved in community-arts type activities. In the case of the Social Employment Scheme in Ireland, launched in 1984, the budget for 1986 was seven times that for the Arts Council, although in practice only 5 or 6 per cent of this might be expected to go to the performing arts.

Clearly this expenditure must be viewed as part of the employment budget, yet, as mentioned, it can have an enormous impact, both in
terms of overall funding and in terms of its impact on the nature of the performing arts being subsidised.

2.5 Which Form of Assistance?

Whether the government's role should be as patron/proprietor or as regulator is the biggest single issue in relation to the question of which form of assistance to use. In particular, most of the debate has centred around the relative merits of grants versus tax concessions, particularly the tax deductibility of donations to cultural institutions. This debate has been conducted on a number of issues, each of which will be looked at briefly here.

2.5.1 Government Interference

It has always been feared that direct public funding of any significance would only come at the cost of extensive political interference in decisions relating to the artistic and professional aspects of the performing arts. As one commentator put it:

There was apprehension about philistine legislators and elected officials, straight out of H.L. Mencken's gallery, who would seek to censor avant-garde programme choices, witch-hunt for obscenity and subversion, and generally favour the bland and mediocre over the exciting and distinguished.

(Netzer, 1978, p.36)

Such fears, as mentioned earlier, have rarely proved justified, although this may only be because of the awareness of, and strong resistance to, such interference in the past.

However, some government interference is unavoidable. Governments must choose among claimants for funds, as demand for funds will always exceed available resources. Besides, no government or arts council should give away money without laying down minimum financial reporting requirements. Moreover, it may be desirable for arts councils to lay down certain conditions relating to type and/or location of performances. For example, it may be stipulated that a certain percentage of drama performances portray the works of, say, experimental or Irish authors, or that a symphony orchestra put on a number of free concerts for schools, and so on. This may make perfect sense if the rationale for the subsidy in the first place is related to such objectives. Thus, although it may be anathema to some people in the performing arts to say so, some government influence over decision making may be necessary if objectives are to be achieved.

How does the issue of direct versus indirect funding relate to this? Advocates of indirect funding believe that such funding ensures less government interference than does direct subsidy. The latter, it is argued, allows the cultural development of a nation to be influenced by a relatively small number of public or semi-public officials, whereas providing tax incentives to encourage private individuals to contribute more to the performing arts allows for a much more widely based and 'democratic' choice as to which art form will be promoted and by how much. In other words, tax expenditure decisions are made by donors who are many and varied, whereas there is only one arts council or one government reflecting, perhaps, only one set of views.

The reality, however, is a little more complex than the above implies. First, arts councils and governments are subjected to intensive lobbying and public scrutiny and it is simply misleading to suggest that decisions are made without reference to the views of a broad spectrum of people.
Second, private corporations and individuals who make choices about which art form to subsidise may be considerably less 'qualified' to do so than officials and expert advisors in arts councils. Besides, experience in the United States has demonstrated that private donors often interfere more, and are arguably more philistine in their views, than the state agencies (see Netzer, 1978). Last, a government often, as mentioned above, provides assistance for a specific purpose, for example, to bring about more performances of works by Irish composers, and for this direct subsidy, rather than tax expenditure, is likely to be more appropriate. It is the case that tax legislation can be framed in such a way as to allow the Government to pursue specific objectives, but, for administrative reasons, the scope is limited.

Overall, then, it is difficult to draw any firm conclusions on the issue of which form of assistance leads to the least government interference.

25.2 Efficiency

There are a number of strands to this heading. First, there is the assertion that indirect forms of aid eliminate much needless administrative expense, such as, for example, wages for arts council employees. Thus, government labour and other direct outlays may be kept to a minimum if tax expenditures are used. However, overall operating costs may be increased, as tax expenditures provide incentives for people to hire lawyers and investment counsellors to exploit the tax-reducing possibilities they offer. Thus, as one author asserted, 'it remains to be proved that a market system can transfer an equivalent amount of funds to cultural organisations at a lower cost than government granting agencies' (Globerman, 1980, p. 19).

A second argument is that 'funding by direct grant leads to rigidities in the structure of the performing arts industry, discourages innovation and, through the continued channelling of funds to established companies, deters the entry of new firms' (Throsby and Withers, 1979, p.231). There is much to this argument and the problem arises when there is a more or less permanent commitment of large sums of public money to a largely fixed list of institutions, as is often the case with revenue grants. Such a situation can lead recipient companies to incur wasteful expenditures and reduces their incentive to maximise alternative sources of revenue (e.g. box-office receipts could, perhaps, be increased by better advertising and/or by experiments in pricing). The difficulty is that the recipient institutions often come to expect not only that arts council grants will continue, but that they will increase year by year, and they plan their finances and activities on this basis. As a result, it is often the case that the funding agencies are 'in the position of supporting numerous organisations more or less involuntarily for fear that withdrawal of public support might precipitate insolvency.' Thus, they 'are as much locked into many of their existing grantees as the grantees are locked into the grantors.' (Netzer, 1978, p. 175).

Given a fixed or slowly increasing budget, the above clearly implies that funding agencies will only have limited capacity to support new applicants and/or to finance new initiatives. As a result, the exploratory role of the funding agency could be reduced: in the process it could lose much of its ethos and, eventually, its very raison d'être could be challenged. This is, perhaps, an over-statement of the problem but it does serve to highlight its potential seriousness.

It is probably the case that tax expenditures would involve less rigidity and inefficiency. Private donors are more likely than government
bureaucrats to insist on cost minimisation and they are likely to be less reluctant to switch funds in response to changing tastes, and so on. However, there are problems with this as well. First, as mentioned earlier, the government has very limited control over how private donors spend their money, despite the fact that the government 'shoulders' a large share of the cost of the donations. Thus, the money may be channelled efficiently, but to the 'wrong' institutions: wrong in the sense that those institutions are not priorities for public aid. Second, private support can be unreliable in times of economic recession. This risk would add to the uncertainty of an already uncertain industry, making efficient planning of seasons, hiring of artists, choice of venue, etc. even more difficult (Throsby and Withers, 1979, p.241). Third, changes in general tax policy can have very significant and totally unplanned effects on the magnitude of tax concessions to the arts - chiefly because those responsible for tax policy are not also responsible for the performing arts (see Schuster, 1986). An example of this could be the lowering of the basic rate of income tax (a loss) or the raising of the standard VAT rate (a gain). Last, it is possible that large corporations may also become 'locked' into their grantees, as many of them may fear the adverse publicity that could surround a sudden withdrawal of funds.

It has been suggested that the performing artists themselves prefer indirect assistance, assuming a fixed sum of money is raised. The reason is basically that direct assistance, such as cash grants from arts councils, smacks of a welfare system, and artists resent being in the position (real or imagined) of supplicants (Globerman, 1980, p. 20). There are two retorts to this. First, it has to be demonstrated that artists do in fact prefer indirect forms of assistance. Second, if the same sum of public money is being paid, regardless of the form of payment, then surely the above is an 'illusion' that could not persist indefinitely. It is true that grants, and therefore their costs, are more directly visible than tax expenditures, but surely from the government's and the taxpayers' point of view this is an advantage, not a disadvantage?

On balance, then, it is difficult to draw any firm conclusion one way or the other about the different forms of assistance and the question of efficiency.

2.53 Complements or Substitutes?

An issue of interest in most countries, including Ireland, is whether or not the addition of a new form of assistance would significantly increase the total flow of funds to the performing arts. In the case of the United States the most relevant question in this regard would be to ask to what extent increased government patronage would act to 'crowd out' private funds - the opposite question being of most relevance in Ireland.

It is possible that where direct government support is well established, potential private donors look on the arts as the responsibility of the government and channel their philanthropic funds elsewhere. Alternatively, where tax expenditures on the arts are high and well established, the government may consider that there is no need for direct grants.

Some work has been done on the sensitivity of private donations to various different tax provisions. This has some indirect relevance to the issue here, as the findings indicate that organisations - which can benefit from tax expenditures - gain slightly more from the existence of tax concessions than is lost by the government. Thus, for a given outlay, the government may be able to channel slightly more money to the
performing arts through tax expenditures than through direct grants. However, these findings relate to the United States - where the level of direct support is low - and they may be sensitive to the level of direct support. Besides, they throw little light on the optimal - in the sense of yielding maximum revenue to the performing arts - combination of direct and indirect measures.

2.6 Finding the Resources

The issue of finding the resources to fund the performing arts has been admirably dealt with in the Canadian Federal Cultural Policy Review Committee Report and some of the main conclusions of that report will be briefly summarised below. Discussion of this question in an Irish context is particularly apt given the introduction of a National Lottery in 1987, part of the funds of which will flow to the performing arts.

Where the government is to find money to finance the arts is clearly more a matter of fiscal policy than of cultural policy. However, the possibility of 'earmarked' revenues, i.e. money from a particular source expressly reserved for a specified use, could depart somewhat from the usual parliamentary process for allocating revenue and expenditure. The National Lottery in Ireland may, in some respects, provide an earmarked revenue source for the arts (as well as for sporting bodies and some charities). The vast bulk of public expenditure on the performing arts will, of course, continue to be financed in the usual way, out of general government revenues.

Mr. Nealon, former Minister of State with responsibility for Arts and Culture, spoke of the introduction of a national lottery as 'an imaginative breakthrough in public funding' and 'a painless form of providing additional funding on a voluntary basis'. Presumably the Minister only meant 'painless' in a relative sense, i.e. compared to the alternative of raising funds through the normal taxation channels. Thus, the implication is that there is an 'untapped' revenue source that can be exploited, especially if the money is used for projects of popular appeal. Another potential benefit is that earmarked revenues are perceived to offer greater security of revenue by eliminating the uncertainties involved in dependence on annual parliamentary appropriations. They may also be viewed as strengthening the autonomy of an Arts Minister, by providing his/her Department with an almost 'automatic' share of a revenue source which is outside the confines of the taxation system.

However, it is unlikely that any Minister of Finance could be persuaded that particular sources of revenue, authorised by parliament, are somehow outside the domain of the government's fiscal policies. Bearing this point out it appears that, in the Irish case, the lottery monies may be distributed through the normal parliamentary process. Thus, the share of the money allocated to the arts could eventually be viewed in the context of the total flow of public funds to the arts and, as such, the argument concerning greater security of revenue may be more apparent than real.

An issue of principle concerning the financing of the arts from lottery revenues is that the resources provided in this way will tend to reflect, not a judgement of need, but simply the yield from the lottery in any particular year. A related issue is the question of how the funds will be allocated within the arts. In the Irish case, the funds will flow through only one Department, that of the Taoiseach, but is it right that any one cultural agency should have an exclusive and unqualified right to distribute this money? This is an important question, especially if the
flow of funds from the lottery is substantial. It appears that the money will be largely spent on 'high-profile' capital projects although it is planned that extra funding will go to the performing arts, via the Arts Council.

2.7 Conclusion

In order to provide a basis for discussion in the latter chapters, this chapter has covered a wide and varied range of topics. A number of particularly important points have emerged.

First, it has been demonstrated that several forms of public assistance can be used to support the performing arts, some a lot more visible - and therefore better known - than others. In terms of their usage there is, in practice, tremendous variation, particularly between the United States and Europe. One major issue that was not discussed is the relative importance of local/regional, as opposed to central/federal, government public assistance to the performing arts, an area in which there are also tremendous variations between countries. Second, despite many strong assertions to the contrary, there is no clear-cut case for the use of one form of assistance over another. As one report put it, each country has its own 'historic traditions (including national habits of private philanthropy), its own pattern of cultural activity and its own sense of cultural needs.' The main concern, perhaps, should be to minimise the deficiencies that exist with whatever system is in use, every system being prone to problems. Finally, the use of lottery revenues as a new source of funding for the arts may not be as advantageous as it might first appear. Besides, in the Irish case, only a small proportion of this revenue is likely to flow to the performing arts.

Footnotes

1 The United Kingdom government was the first to establish an arts council, in 1946; Ireland was the second country to do so, in 1951.
Chapter 3          Objectives, Level and Allocation of Arts Council Funding

There are many channels through which direct funding to the performing arts in Ireland takes place. For example, in 1984 the National Concert Hall received IR£0.18m from the Department of the Taoiseach, the Royal Irish Academy of Music IR£0.5m from the Department of Education and Comhaltas Ceoltóirí Éireann IR£0.1m from Roinn na Gaeltachta. The Department of Communications transferred IR£32.8m to RTE in payment of licence and relay fees, IR£2m of which may have been needed to support the RIE orchestras and music department. However, the main channel for direct funding of the performing arts is An Chomhairle Ealaíon/The Arts Council. It is also the most important and most visible organisation supporting the performing arts. It is for this reason that this chapter concentrates on The Arts Council - its objectives, and the level and allocation of its funding.

Section 1 looks briefly at the history and objectives of the Arts Council, as expressed either in the Acts under which it was established or in other sources. Section 2 looks at the issue of the level of funding by the Arts Council and Section 3 examines the question of how such funding is allocated between art forms. The chapter as a whole draws extensively on the excellent discussion of these matters in Throsby and Withers (1979).

3.1 Objectives

3.1.1 General Issues

A coherent statement of objectives for public funding of the performing arts is important for purposive action and policy evaluation. It is true that objectives are often difficult to define and their achievement or otherwise almost impossible to determine. Nonetheless, an attempt must be made in order to 'at least constrain or reduce some of the randomness, arbitrariness or perhaps even corruption that may characterise the public involvement' (Throsby and Withers, 1979, p.204).

Strictly speaking, the objectives should follow automatically from the discussion in Chapter 1, although other reasons, not included in Chapter 1, for public funding of the performing arts may be considered important by some. Nevertheless, Chapter 1 does provide a framework from which a discussion of objectives can begin.

Some arguments for public funding of the performing arts, it was seen, arise because in addition to the private benefits to those who attend, there exist collective benefits. Particular emphasis was placed on two main sources of such benefits, which in turn could lead to two policy objectives for the performing arts. First, the encouragement of a national identity and the promotion of constructive national feeling and international recognition. Second, the advancement of freedom of expression and of critical investigation of the human condition and the state of society. The possible economic spillover effects lead to a third objective, that of enhancing the contribution of the performing arts to employment and other areas of industry and community life. The unequal access arguments could lead to a fourth objective, namely the encouragement of more equal participation and involvement in performing arts activity by groups not well represented already in terms of socio-economic class or geographical location. Finally, the distorted preference arguments could lead to a fifth objective, the promotion of an appreciation of the performing arts to foster informed and intelligent free choice.

The purpose of the above is to illustrate how policy objectives can be formulated on the basis of the discussion in Chapter 1. It would be naïve, perhaps, to expect any arts council to have such clearly articulated
goals. Often the organisation has developed piecemeal, and/or in response to requests from vocal minorities or favoured interests. Besides, as mentioned in Chapter 2, arts councils are often historically ‘tied’ to their clients and, as such, their freedom of action may, in practice, be very limited. On the other hand, the client companies, such as the National Theatre in Ireland, may have clearly defined objectives set down for them in their statutes and the Arts Council may see no need to reproduce them again elsewhere.

The appointment of the first Director was made on December 4, 1951, and the appointment of the ordinary members by the government took place on the same day. The Secretary was provisionally appointed and took up duty on January 2, 1952, on which date the Council also took over offices in 45, St. Stephen's Green, Dublin. The first full meeting of the Council was held on January 25, 1952, and was attended by Mr. Eamon de Valera, Taoiseach, and Mr. John. A. Costello, SC, TD, Leader of the Opposition. The first state endowment granted to The Arts Council amounted to IR£1,100. So began the Arts Council in Ireland.

Since that time many changes have been effected. Between 1952 and 1984 eight different councils held office, under the directorship of six different men. Patrick J. Little held office between 1952 and 1956; Seán Ó Faoláin between 1956 and 1959; Right Reverend Monsignor Pádraig de Brún between 1959 and 1960; Reverend Father Donal O'Sullivan SJ, between 1960 and 1973; Colm Ó Briain between 1975 and 1983; and Adrian Munnelly was appointed in 1983.

Legislatively the Arts Council is catered for by the Arts Act of 1951, as added to and amended by the Arts Act, 1973. The Arts Council, as set up under the 1951 Act, was issued the following functions.

(i) To stimulate public interest in the arts.
(ii) To promote knowledge, appreciation and practice of the arts.
(iii) To assist in improving the standards of the arts.
(iv) To organise exhibitions (within or without the state) of works of art and artistic craftsmanship.
(v) To advise the government, when requested to do so, on artistic matters.
(vi) To cooperate with and assist any other people concerned directly or indirectly with the arts (this may include payments).
(vii) To accept gifts of money, land and other property for purposes concerned with its functions.

The arts, as defined under the Act, embrace painting, sculpture, architecture, music, drama, literature, design in industry, and the fine and applied arts generally. As set up under the original legislation the Council was to consist of a Director and six members, with power to co-opt a further five - all of whom were to be appointed for a five-year term of office.

In 1966, an Additional Function Order (made under the terms of the 1951 Act) allowed the Council to establish and administer a fund, Ciste Cholmcille, from which annuities could be paid to creative workers, either ill or old, who had given outstanding service to the country. The Arts Act of 1973 was rather more transformative. Under it several additional provisions were added to the original Act. It made possible an expansion in the Council's membership, allowing for a chairman, up to sixteen members and a chief executive officer to be known as the Director. Further, it made provision for the establishment of advisory committees on the visual arts, music and the literary and dramatic arts, it added cinema to the list of arts included in the 1951 Act and it gave
explicit power to local authorities to give assistance, both in money and
in kind, to arts events.

The best source of information on government thinking concerning the
arts and the Arts Council is, perhaps, the Parliamentary Debates. These
are briefly reviewed in this section.

The rationale for the establishment of the Arts Council was outlined in a
speech by Professor Bodkin - who in 1949 had submitted a report to the
government on the Arts in Ireland - to the Dáil on April 24, 1951.

The aim is to secure the establishment of a small, autonomous
organisation which will act in an advisory and consultative capacity
with the government as might from time to time require its services
and also to undertake work towards developing a greater knowledge,
understanding and practice of the arts, increasing the accessibility of
the arts to the public, improving the standard of execution of the arts
and fostering the application of art to industry... (It) might also deal
with matters such as ancient monuments, design in advertisements in
furtherance of the tourist traffic, official publications, state buildings,
coins, medals, postage stamps, state ceremonies, art exhibitions, etc.

The hopes placed on the Arts Council, though, went well beyond an
emphasis on design, industrial or otherwise. Encouragement of the fine
arts was to be welcomed, if only because of, according to Cardinal
Newman, 'their strong tendency to direct mankind from the pursuit of
more brutish pleasures!' This view was re-echoed throughout the debates
on the 1951 Bill: the people must be given 'something better' with
which to occupy their time to prevent the popular taste 'being vitiated
week after week by cheap and vulgar newspapers and periodicals and
trashy entertainment' (Mr. Ó Liatháin). Others concurred with the view
that the work of the Arts Council would also lead to material
advancement. Increased export sales, it was argued, would follow from
better industrial design and more artistic activity in Ireland would attract
tourists. Other justifications cited for the setting up of the Arts Council
included the work that it would do to preserve the cultural heritage and
to mitigate the problem of the enforced emigration of many of the
country's leading artists. It was thought, by Mr. Little, TD, the first director
of the Arts Council, that it might even help to make Ireland a safer place
to live in! His argument was that in the Second World War certain cultural
centres/monuments in Europe were not destroyed because they were
considered to be 'the source of civilisation.'

Some reference was also made, by Mr. Ó Liatháin, to the issue of unequal
access. It would be disastrous, he argued, if the areas outside Dublin
were neglected. As such, he claimed that the Act should stipulate that
'the' Arts Council's energies and activities... be directed to raising the
standard of appreciation of our people all over the country.'

The 1973 act provided the necessary incentive to the Council to broaden
and expand its activities and to adopt a more innovative and promotional
approach to its remit. Hitherto the Council had been perceived, and
perhaps unfairly, primarily as a patron of the 'high' art forms. According
to the Taoiseach of the time, Mr. Cosgrave, the Council appointed under
the 1951 Act could not 'embrace all the different interests and it was for
that reason that it was decided to enlarge it'. Mr. Haughey, speaking in
the debate, argued that the Council should never again be 'permitted to
become totally absorbed in promoting one particular sector of the arts to
the exclusion of the others.'

To cope with the increased demands, the Arts Council, as mentioned,
was expanded and reconstituted. One of the most controversial issues, politically, was the transferral to the Taoiseach of the power to appoint all the members of the Council: previously, there had only been provision for co-option.

Thus, the broadening of the base of the Arts Council to include a more even spread - artistic and geographical - appears to have been the rationale behind the 1973 Act. That the Arts Council should also have a function in schools was stressed by Mr. Wilson, TD. 'There's no use,' he said, 'in starting at the wrong end, because if the appreciation hasn't been picked up in school days by the people responsible, then they won't be willing to support and subsidise the arts.'

When discussing the Lottery Bill on January 25, 1986, Mr. Nealon, Minister of State with responsibility for Arts and Culture, stressed the collective nature of the benefits from the arts. A richer cultural environment has 'benefits for all of us living in this country,' he said, and it is also an 'important factor in making our country a more attractive tourist destination'. He went on: 'greater spending in the cultural field..., particularly in culturally disadvantaged areas, is undoubtedly an important means of achieving greater social stability and harmony'

3.1.4

The government's White Paper, in early 1987, on Cultural Policy, *Access and Opportunity*, reflects the most comprehensive document on government policy with regard to the arts in the history of the state. However, the report is lacking in analysis of the nature and function of state funding for the arts, and little if any rationale is provided for the multitude of policy proposals that it contains. As a result, the White Paper did not act, as expected, as a catalyst to a broader public debate on the arts.

The lack of analysis/discussion is most evident in relation to the stated role and responsibilities of the government, which were outlined as follows:

(i) creating a climate favourable to cultural development;
(ii) developing the infrastructure to support the cultural life of the nation;
(iii) enabling individuals to develop their creative potential;
(iv) recognising the position of Irish artists and creating the necessary environment within which artists can work and earn a living;
(v) ensuring the protection of the Irish heritage and providing access to this heritage;
(vi) providing particular support for the distinctive elements of Irish culture;
(vii) ensuring that the cultural needs of the community are adequately catered for in the developing communications media;
(viii) promoting further cultural cooperation between North and South;
(ix) enhancing Ireland's reputation abroad;
(x) joining with our European partners in consolidating and protecting our shared European culture and heritage.

(White Paper, p. 66)

These are, by any standards, rather nebulous objectives. More seriously, none of them is specifically justified, especially with regard to the issues discussed in Chapter 1, namely collective benefits, equality of access and preference distortion. The only reference to these matters is when the report talks about cultural activity being central to our national identity, contributing to national morale and self-esteem and enhancing the image of Ireland abroad. It also suggests that the development of cultural programmes, particularly in disadvantaged areas, will provide greater
stability and harmony. However, nowhere are the stated responsibilities listed above linked to the achievement of those ends.

Despite the publication of the White Paper, then, there is still no clear government statement of policy objectives for the arts, particularly the performing arts, the reasons for these objectives and the means by which they are to be achieved. With respect to some aspects of the performing arts, the Arts Council has indeed provided clearly stated, and argued, objectives but no overall policy position has been articulated and defended.

3.2
Level of Funding

This section will consider the general question of how the overall level of funding of the Arts Council, or any arts agency for that matter, might be analysed. Some data relating to Ireland and other countries are used for illustrative purposes.

3.2.1
The ‘Correct’ Level of Funding?

What level of assistance should be provided to the performing arts in Ireland? This question, like most, is a lot easier to ask than to answer. Nonetheless, an attempt at answering it must be made, as the level of assistance must be decided upon every year and some guidelines are needed if the decision is not to be either an arbitrary one, or simply made on the basis of the strength of the different lobbying groups in each particular year. Much public expenditure is allocated using the last mentioned ‘procedure’ which is, perhaps, the only feasible one given the lack of information on many of the questions that need to be answered. However, even accepting this, it must be noted that the strength of a lobby is not determined solely by financial and vocal factors, but also by the logic and plausibility of its arguments. Thus, logical argument, even in the humdrum of lobbying, has its impact on the allocative and distributional decisions of governments and government agencies. Are there any logical arguments that can be developed on the issue of the level of public assistance to the performing arts?

There are three broad approaches which could be adopted in deciding on the overall level of assistance. The first is to use the level of expenditure that would precisely correct for the market failures outlined in Chapter 1 - this is a purely hypothetical exercise, however, as estimation of this level is virtually impossible. The second is to compare the level of assistance between countries over a period of time or at a given date. The third, is to accept the status quo (i.e. the existing level of support) and to examine the growth in the level of assistance over time.

As mentioned previously, the collective benefits, and the costs resulting from inequality of access, are such that they cannot be quantified. Besides, it is impossible to establish the extent of the problem of imperfect information. Thus, the level of government intervention needed to adjust precisely for these effects is not known and cannot be satisfactorily established. However, a practical alternative may be to decide on some ‘desired’ level of output of the performing arts sector and to determine the level of assistance required to sustain it. This procedure would first involve projecting the cost of attaining a given level and composition of output. The level of demand under different pricing arrangements would then be projected, leading to an estimate of maximum possible box-office revenue, with the difference between this and the cost being met out of government funds.

Instead of fixing a given level and composition of output, some minimum targets could be set. It may be that unless a certain scale and level of excellence is reached the collective benefits will not materialise. An arts festival may be a good example of this: any diminution of present standards could lose it its international standing and the collective
benefits that accrue therefrom. However, deciding on levels of excellence is much more problematic than fixing the number of school tours or free concerts in parks.

3.2.2 International Comparison

An alternative approach to finding the 'correct' level of support, as mentioned, is to compare levels of assistance in, for example, Ireland with the levels of assistance applying in other countries. There are a number of serious problems, however, with this approach. First, rarely do sufficient data exist on the different forms of public assistance to permit meaningful international comparison (see later). Second, even if the level of assistance in Ireland is found to be out of line with that in other countries, the exact implication is unclear. As has been noted, 'it does not necessarily follow that because (a certain level of) support is appropriate for some social and economic activities it is equally desirable for others' (Baumol and Bowen, 1966, p.370). Even more importantly, the argument, by analogy, implicitly assumes that the 'correct' level of support does exist in these countries, an assumption which needs to be validated. Nonetheless, if it can be demonstrated that most countries with a similar social and economic fabric to that in Ireland have a higher level of assistance, then, perhaps, it places the onus on those who object to a higher level in Ireland to demonstrate that the other countries have the 'wrong' level of support. Thus, the argument by analogy can, in practice, be an important way of approaching the 'correct' level of assistance.

3.2.3 Change over Time

A less onerous and more pragmatic task, perhaps, than ascertaining this notionally 'correct' level is to assess how any given initial level of support should be adjusted in response to changes over time in broad economic aggregates. The important point here is that the starting level is assumed as 'given' and no adjustment in this regard is being considered.

One of three broad adjustment measures could be adopted. The first is to adjust the base-level assistance in line with changes in costs. Given the overwhelming importance of labour costs in total costs, this effectively means increasing the level of support in line with increases in wage costs, if the real level of assistance is to be maintained. Thus, inevitably, the level of assistance will usually increase faster than the overall price level, as wage cost increases normally exceed overall price increases.

The second possible adjustment mechanism is to alter the level of assistance in line with GNP. An index of GNP incorporates both price and output changes and using it would mean that the performing arts would be assured of a level of support that was an approximately constant share of the total purchasing power of an economy. Intuitively this approach appears plausible and such a measure is frequently used in relation to all types of government expenditure. However, on closer inspection, it is difficult to rationalise why public funds to certain sectors should indefinitely absorb a constant share of a nation's purchasing power. Also, if GNP increases more slowly than wages, the real level of support would actually decline if this adjustment mechanism were used (if GNP increases faster than wage rates, then the real level of support increases). Why should the real level of support be allowed to fluctuate in such an apparently arbitrary manner? Perhaps the 'correct' level of support changes with changes in GNP, but this assertion needs to be substantiated. Thus, the use of GNP, for the moment, must be treated with some scepticism.

The same, unfortunately, applies to the last adjustment mechanism to be looked at - namely, adjusting in line with overall government expenditure, or some component of this expenditure. In this case, the share of the arts grant in some government expenditure category remains
constant, but, as with GNP, the same qualifications apply. However, it could be argued that much of public expenditure on goods and services is justified in similar terms to those outlined in Chapter 1 and, hence, the performing arts should partake of any expansion or contraction in the general government recognition of the importance of such benefits. If so, using an index of public expenditure on goods and services seems more plausible than using an index of GNP or some other such aggregate.

**Table 3.1**

Oireachtas Grant-in-Aid to Arts Council Relative to Selected Economic Indicators, 1976-1985

<table>
<thead>
<tr>
<th>Year</th>
<th>In real terms</th>
<th>As % of GNP</th>
<th>As % of total public sector expenditure on current goods &amp; services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>100</td>
<td>0.022</td>
<td>0.118</td>
</tr>
<tr>
<td>1977</td>
<td>106</td>
<td>0.022</td>
<td>0.124</td>
</tr>
<tr>
<td>1978</td>
<td>121</td>
<td>0.024</td>
<td>0.135</td>
</tr>
<tr>
<td>1979</td>
<td>157</td>
<td>0.031</td>
<td>0.164</td>
</tr>
<tr>
<td>1980</td>
<td>166</td>
<td>0.033</td>
<td>0.161</td>
</tr>
<tr>
<td>1981</td>
<td>178</td>
<td>0.035</td>
<td>0.166</td>
</tr>
<tr>
<td>1982</td>
<td>170</td>
<td>0.033</td>
<td>0.156</td>
</tr>
<tr>
<td>1983</td>
<td>185</td>
<td>0.037</td>
<td>0.173</td>
</tr>
<tr>
<td>1984</td>
<td>175</td>
<td>0.036</td>
<td>0.169</td>
</tr>
<tr>
<td>1985</td>
<td>182</td>
<td>0.038</td>
<td>0.176</td>
</tr>
</tbody>
</table>


1 Deflated by average hourly earnings in manufacturing industry.

The experience in Ireland with regard to the above is outlined in Table 3.1, for the years 1976 to 1985 inclusive. As may be seen in the first column, the level of government grant to the Arts Council more than kept pace with the increase in average hourly earnings over the period. Thus, in real or volume terms, there was an overall 80 per cent increase in the grant, although in recent years there has been a slight decrease.

The level of the grant also increased relative to GNP, raising its share of the latter from 0.022 to 0.038 over the period. The last column indicates that the grant also increased significantly relative to total public sector expenditure on goods and services, its share of the total increasing from 0.118 to 0.176 per cent.

Thus, over time, no matter what measure is used, there has been a substantial increase in the level of direct public support to the Arts Council. Between 1983 and 1986, though, the level of support stabilised, although funds from the National Lottery may permit increasing public support for the performing arts to re-emerge by the end of the 1980s.

3.3 **Allocation of Funding**

The issues of the level and allocation of assistance are, in principle, inseparable. The reason for this is that the ‘correct’ overall level is simply the aggregate of the ‘correct’ sub-totals. However, as noted, in practice the overall level has to be, and is, determined in a somewhat more arbitrary fashion. Often, the total is first decided upon (by government) and only then is the question of its allocation addressed (by the government itself or by an arts foundation or arts council).

Given a total performing arts subsidy, there are three allocative decisions which are of key importance. These are: the choice between art form, i.e.
between dance, drama, music and opera; the choice between size and nature of company; and the choice as to geographic location.

3.3.1 The choice between art forms should, in principle, depend on the extent to which each is subject to the type of market failure discussed in Chapter 1. While, as mentioned previously, only crude estimates, if any, can be provided for this, an ordering of the art forms in terms of priority for subsidy may nonetheless be possible. However, is it possible to assert that one art form contributes more to, for example, the promotion of a cultural identity or to international prestige than another? In the case of individual countries it may be. Ireland has a tradition for excellence in drama and it may be that it is better to channel more resources into this art form than into others. Classical dance, music and opera are long-established art forms in Britain and Continental Europe and it could be that they now have a comparative advantage which this country could not hope to match. Moreover, cost is a major factor for a country such as Ireland. The traditional, classical art forms are often very large in scale and highly labour intensive and, as such, extremely costly to produce, even at a minimum level. This could reinforce the case for drama, where the cost per unit of attendance tends to be significantly lower than for the other art forms. However, not all ballet, opera and music are large in scale, and there could be scope for a country like Ireland to specialise in the lower-cost productions or, perhaps, to establish a reputation in one of the newer, more innovative aspects of these art forms. It is considerations of this kind that determine the priorities among, and within, art forms and their relative importance could vary substantially from country to country.

A somewhat different issue is the cost effectiveness, in relation to assistance, of the different art forms. One common approach is to use attendance as an indicator of output and to estimate the average subsidy per unit of attendance. A more relevant consideration is the marginal relationship - that is, the extra units of attendance that one unit of subsidy will generate - but data do not usually permit its calculation. Using data on the average subsidy, it is usually found that opera receives the greatest level of support, followed by orchestral music, ballet and drama. However, if the subsidy is related to total costs, and not to attendance, then the picture is less clear cut. For example, in 1974 in Canada the subsidy for opera per unit of attendance was more than twice that for drama, but when the subsidy was expressed as a proportion of total costs the ratio for opera was lower (Throsby and Withers, 1979, Table 15.1). Which measure should be used depends on the objective of the grant. The important point to note here is that the different measures can give very different results.

The scant data on marginal relationships between attendance and subsidy tend broadly to confirm the above: an extra pound of subsidy spent on drama will generate more units of attendance than an extra pound of subsidy to any of the other art forms. However, such a conclusion must be qualified. First, these results apply only to one country (Australia). Second, the marginal effect may lessen as the average grant increases: in Australia, the average grant per unit of attendance was much lower for drama than for the other art forms. Third, the results only apply to the historical situation and 'can tell us nothing about the productivity of grants (in generating attendances) in areas or forms of support which do not exist already' (Throsby and Withers, 1979, p.269).

If the main reason for government support is related to the collective benefits associated with the performing arts, then relating subsidy to attendance as mentioned earlier, is a misleading exercise. In this case,
the ratio of subsidy to total costs (as looked at above) may be the more appropriate device for choosing between art forms. Clearly, though, the absolute size of the subsidy would also have to be considered - otherwise the extra subsidy could end up with the production that is simply the most extravagant. Indeed, as mentioned earlier, cost of production could be a key consideration in future in deciding on which art form to subsidise.

3.3.2 Size and Type of Company

Should funds be primarily allocated to one or two large companies or should they be dispensed widely to a multitude of small companies? This is the question to be addressed here. In the case of dance, orchestral music and opera the answer is clear, as the minimum scale of production is often so large that concentration of funds on one or two companies in these art forms, if they are supported at all, is inevitable in a country as small as Ireland. The problem, therefore, is of most practical relevance to the funding of drama.

A concentration of subsidy on one or two drama companies would probably achieve a higher quality of output and offer a greater chance of attaining excellence in some aspect of drama. The reason is that many of the strategies which promote the achievement of excellence, such as the employment of front-rank performers, directors or designers, or the freedom to stage works regardless of size of cast or intricacies of set construction, are related to the volume of funds available (Throsby and Withers, 1979, p. 272). However, concentration may conflict with other objectives.

First, one or two large companies may cater only for a narrow range of tastes, thereby tending to exacerbate the minority appeal problem of the performing arts. Second, concentration of funding would militate against the wider geographical dispersion of the arts and thereby exacerbate the unequal access problem. Last, a concentrated distribution of subsidy could hinder innovation and experimentation. It is usually the large companies, firmly entrenched in the Establishment, that receive aid under such a system: experimental and avant-garde companies, by their nature, tend to be more ephemeral.

Thus, the decision on whether or not to concentrate funding clearly depends on how the various objectives are weighted. With a growing overall budget the decision may not be so painful, but in a period when funds are stagnant, or declining - as was the case in Ireland in the mid-1980s - a careful consideration of weights would become necessary.

One target for funding that has assumed increasing importance in recent years is community arts (see Chapter 6). The 'company' in this case is usually a single individual or a small group of individuals, sometimes based in a modest 'arts centre', and their concern is to carry their work into small, often deprived (at least in a cultural sense) neighbourhoods. Their role is multipurpose - to extend artistic experience to a hitherto uncatered-for group, to actively involve younger people (often the unemployed) in the production of the arts and to experiment with new, often very low-cost, productions. The important role of such 'companies' is now being recognised, not only by performing arts agencies, but also by government employment agencies, and their share of total funds may increase substantially in future years.

3.3.3 Geographic Location

The last major allocation decision to be looked at here relates to the location of the projects to be subsidised. This decision is, of course, closely interlinked with that of the size of the company. In theory, at least, most government funding agencies for the arts consider the even geographical dispersion of the arts to be an important objective of policy.
How can this objective be achieved and what are the types of decision involved?

One possibility is to encourage more touring by the large, urban-based companies, or to establish specialised touring companies. In the former case, the costs could be prohibitive, whereas in the latter it may be difficult to attract top performing artists to such companies. A second possibility is to develop multipurpose regional arts centres, but here again the cost could be very high and/or the quality of production poor. A third option might be to 'move' the audiences to the companies, through subsidised 'art tours' from outlying areas, and so on. A similar programme was introduced in the case of education and health in the 1960s and early 1970s.

Clearly the issue of even geographic distribution is related to the problem of unequal access to the performing arts. Its importance, therefore, depends on how serious one considers the latter problem to be. As mentioned, most government arts agencies consider it important enough for its amelioration to rank highly in their list of objectives.

Table 3.2 provides some scant evidence on the Irish situation with regard to the above issues. A number of significant points emerge, though. First, the table confirms a fact stated earlier, namely, that the majority of Arts Council expenditure goes to the performing arts. As may be seen, expenditures on the performing arts (drama, music, dance and opera) account for around 70 per cent of the total. Second, the table confirms the dominant position - in terms of Arts Council expenditure - of theatre. Moreover, most of this money goes to one company, namely the National Theatre (Abbey and Peacock). This dominance has, however, been reduced significantly in the last decade - in 1984-85 theatre accounted, on average, for 48 per cent of total Arts Council expenditure, compared to a figure of 68 per cent in 1976-77. Finally, it appears that the issue of more equal access has assumed an increasing importance in the Arts Council budget - as well as in its public statements (see Chapter 6). The share of expenditures on arts centres, festivals, community arts and art in the regions (all broadly concerned with more equal access) in total expenditures increased from 4 per cent in 1976-77 to 12 per cent in 1984-85.

<table>
<thead>
<tr>
<th>Table 3.2 Allocation of Arts Council Expenditure(^\d) by Art Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77(^b) (average)</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td>Drama (^a)</td>
</tr>
<tr>
<td>Arts centres/festivals/art in the regions/ community arts</td>
</tr>
<tr>
<td>Music (incl. traditional)</td>
</tr>
<tr>
<td>Dance</td>
</tr>
<tr>
<td>Opera</td>
</tr>
<tr>
<td>Visual arts</td>
</tr>
<tr>
<td>Literature</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

\(^a\) Excluding expenditure on 'administration,' allocated to the visual arts in both years.

\(^b\) Most of the expenditure other than grants and guarantees was allocated to the visual arts in both years.

\(^c\) Expenditure on Team Educational Theatre and on the Moving Theatre Company was included in the arts centres, etc category for both years. Expenditure under the Artists' Programmes in 1983 was allocated by art form. Expenditure on traditional arts was allocated to the category, music.

Sources: Arts Council, Annual Report, various years.
The above facts, as stated earlier, greatly influenced the format and content of this study. The importance of expenditures on performing arts in total Arts Council spending provided part of the rationale for confining the book to the performing arts. The prominence of theatre meant, first, that many of the examples in the general discussion in this and earlier chapters referred to theatre (many of the arguments apply with special force to drama anyway) and that a special chapter, the next, is devoted to theatre. Finally, the increasing prominence of expenditures relating to the objective of more equal access partly explains why such a large part of the study was devoted to this topic.
Chapter 4 Theatre: The Main Fundee

The prominence, in terms of public funding, of theatre within the performing arts in Ireland has already been established in Chapter 3. This chapter will explore some aspects of this prominence. The first section deals very briefly with the main economic characteristics of the performing arts, with special reference to theatre. A full account of these characteristics would require attention to both demand and supply factors, yet since the focus of this chapter is on the supply side little space is given to demand characteristics. The second section gives a brief review of patronage to theatre in the past, particularly the relationship between domestic and international experience. This is not intended as a history of patronage but as an illustrative introduction to Section 3, which deals with the current level and allocation of direct assistance to theatre in Ireland. Given the dominant position of the National Theatre within this allocation, the final section discusses the justifications for, and possible disadvantages of, its subsidisation.

4.1 Economic Characteristics

An outline of economic characteristics may be approached at a number of levels. At a microeconomic or firm level, one may distinguish between demand and supply characteristics. Supply characteristics refer to the salient features which distinguish performing arts enterprises from other enterprises. No attempt is made to give a full account of the economic structure of theatres, the intention simply being to highlight those factors which differentiate them from the normal pattern. On the demand side there will be a limited discussion of the effect of price on the demand for theatre.

At a macroeconomic or industry level the demand side is concerned with the aggregate composition of audiences, and this is dealt with later (see Chapter 5, Section 3). The supply side is concerned with the aggregate output and supply levels of the industry within a given time period. Since this would demand considerable empirical research, beyond the scope of this study, any discussion of macroeconomic supply characteristics is omitted. Linking aggregate supply and demand is the role of markets. The market for theatre has some key features, which are outlined and, in this regard, particular attention is given to the distinction between subsidised and commercial theatre.

4.1.1 Firm Level

To refer to the work of a theatre as a 'firm's supply' may be anathema to many artists. Each theatre may, nonetheless, be conveniently analysed using conventional economic concepts and tools. Each firm may be viewed as a part of the services sector and analysed in a similar fashion. There are, however, certain features of theatre which are less amenable to analysis or which diverge from the normal pattern. Mention has already been made in Chapter 3 of the difficulty of determining an appropriate measure of output. One way of viewing output is in revenue terms, i.e. number of seats multiplied by price. The most significant aspect of revenue within theatre is the relatively high proportion of total income that is non-earned. The latter may be derived from a variety of sources such as individual or corporate donations, foundations, advertising or government subsidy.

On the output and cost side of the firm, the labour-intensity of theatre is its outstanding feature. Many different categories of labour may be distinguished, such as technical, administrative, creative, artistic, and within some of these categories, particularly artistic, the substitutability prospects are very limited. This difficulty is more acute within some art forms than others, for example music more so than theatre.

The standard behavioural assumption of profit maximisation may be applicable to the performing arts firm. Profit-oriented theatres are referred to as 'commercial' theatre and, in the case of Ireland, the Gaiety...
and Olympia Theatres provide good examples of such firms. The commercial theatre may be viewed in the same manner as the traditional firm in economic theory. It seeks to maximise profit and earned revenue is the dominant source of income. The output and pricing decisions, capital and ownership arrangements, market behaviour and performance may all be analysed in a fashion analogous to the conventional firm.

A second, and historically more important, mode of organisation is the supported or subsidised performing arts enterprise. Since it is not profit-oriented its objectives can, in principle, be very different to the commercial firm. Being somewhat freed from the 'tyranny' of profitability, the artistic and other qualities of production are, in themselves, important. Whereas commercial firms may be forced to deal more with popular works, subsidised firms are more free to work with items of minority or non-commercial taste. In Ireland, the National (Abbey and Peacock) and the Gate are the major subsidised theatres.

Price is, evidently, one major factor which influences the demand for the output of a performing arts firm. Three different categories of price may be distinguished. First, there is the price of the good itself. Second, there is the price of necessary ancillary services such as transport etc. Finally, there is the cost of 'optional' or discretionary complementary goods and services. The price of performing arts services relative to the price of substitute services may be a more important factor, i.e. relative prices may be more significant than absolute prices. In this respect, the performing arts may be at a disadvantage in two ways. First, the number of alternative leisure-substitutes increases with technical progress. Second, technical progress is likely to have more impact in reducing the prices of substitutes than the price of performing arts services, where the opportunity for technical substitution of capital for labour is limited.

4.1.2 Industry Level

A characteristic of major significance at the level of the industry relates, once again, to the distinction between subsidised and non-subsidised enterprises. As a structural feature of the industry this is important in relation to the subsidisation rationale of Chapter 1. Public subsidisation is justified on the assumption that the collective benefits of subsidised theatre are much greater than the private benefits of attendance. Non-commercial firms are freed from the constraint of commerciality to pursue other objectives whereby these collective benefits materialise. The dichotomy between subsidised and commercial theatre exists in subsidisation terms only because of the assumed relationship between collective and private benefits. If, however, it can be shown that the collective benefits from commercial theatre exceed the private benefits, there is no reason why it also should not be subsidised. Conversely, if subsidised theatre does not result in these collective benefits, then there is no reason why it should continue to receive subsidisation.

Performing arts activities are characterised by a high level of product differentiation. This is true whether measured in input terms (i.e. labour, etc) or in output terms (i.e. type of performance, etc.). Within a given theatre there may be an amount of differentiation from production to production. Of greater significance is the differentiation between theatres in terms of the types of productions mounted. There is also a subjective dimension to differentiation and how people may perceive a theatre's style and ambience.

Another feature of importance is the extent to which barriers to entry exist. The latter arise because, in conventional terms, the economies of production and promotion which existing companies enjoy are not accessible to others. The two features already mentioned are of great
significance when seen in this context. Product differentiation may lead to greater opportunities and choices, yet if demand is limited it will segment markets and act as an effective barrier to entry. As mentioned in Chapter 2, the existing pattern of subsidisation may be a barrier if it creates a cost advantage for subsidised firms.

Seller concentration, which is clearly sensitive to art form, is another important feature of any industry. Theatre, because of its economic structure of production, is less concentrated than other performing arts activities. Geographically, all arts activities will have a natural tendency to be located in urban centres and this is so in Ireland, with a high concentration of activity in the capital, Dublin.

Given the structural dominance of subsidised theatre in Ireland, there are certain implications for the conduct of the industry. Price discrimination and competition is less prevalent than in other industries: artistic competition is the dominant form of competition between firms. This competitive element is balanced, somewhat, by a non-competitive co-operative element whereby personnel, ideas, resources are often pooled and shared.

In relation to the performing arts, one hypothesis of significance relates to the question of inefficiency. Allocative efficiency is concerned with the allocation of resources and the achievement of society's objectives. Does resource use enable the desired output to be achieved at minimum average cost? Since the non-profit sector dominates, the profit motive is absent and, especially in the case of subsidisation, little effort may be made to minimise costs, resulting in technical inefficiency. This could lead, in particular, to escalating administrative costs. A parallel is often drawn with monopolies or nationalised industries which suffer from insularity from insularity pressures resulting in X-inefficiency. The empirical quantification of these measures is beyond the scope of this report.

4.2 Patronage in the Past

From its origins in pagan and religious festivals through the first great theatrical age in the history of Western civilisation, in fifth century BC Greece, the Roman Age, the age of liturgical and church drama, the Renaissance and up until the present day, theatre's position as a worthy candidate for patronage has rarely been questioned and has seldom been revoked. In Greece, at the height of its civilisation, it was considered so essential that everybody attend the dramatic festivals that Business was abandoned; the law courts were closed;... prisoners were released from jail;... and even women and girls were allowed to attend. (Baumol, 1971, p. 369)

Besides, the state provided a special fund that paid the admission fee for those who felt they could not afford it. it also contributed, it appears, to the actors’ wages, the honoraria of the poets and the prizes. Moreover, it is estimated that the festival expenses constituted over 5 per cent of the entire annual costs of the government. The remaining expenses and production deficits were paid by the Choregi (wealthy individuals). The Choregi, motivated by competition, rivalry and a desire for status, displayed high levels of patronage.

During the time of the Roman empire the image of theatre as an activity deserving patronage was upheld. While theatrical performances may have degenerated into little more than a ‘vulgar’ form of popular entertainment, public subsidisation continued as a feature of the performing arts at this time. It was during Medieval times that private patronage came to the fore as a principal form of support for the performing arts. Drama, based on written plays, went ‘indoors' into
theatres and palaces and became, as a result, gradually more removed from the lives of the general public until it developed into the preserve of the wealthy, cultured and fashionable.

The history of Irish theatre is replete with similar instances of public and private patronage. In 1171, the first organised dramatic performance took place, followed by processional plays and open-air performances for which 'in Kilkenny... as in Dublin, the Corporation provided a substantial subsidy' (Fitz-Simon, 1983, p. 10). Irish theatre in its present-day form may trace its roots to 1637, the year the first theatre was opened. It was situated in Werburgh street and built with funds raised by John Ogilby, the father of Irish theatre. Ogilby also opened the first Theatre Royal, known as Smock Alley. The dependence of theatre at this time on private patronage is evidenced by the fact that the fortunes of the playhouses varied greatly in accordance with the interest in play-going exhibited by each successive Lord lieutenant.

The second half of the 18th and 19th centuries saw the establishment of many new playhouses. Crow Street Theatre was opened in 1759, at a cost of IR£22,000 to Spranger Barry and under the patronage of the Duke of Dorset. The new Theatre Royal was opened in Hawkins' Street in 1821 and rebuilt in 1880 and the Adelphi, renamed the Queen's after Queen Victoria's succession to the throne, opened in Brunswick Street in 1823. Many others sprang up in the regions, often acting as venues for the Smock Alley touring company.

Of the old Dublin theatres, only the Gaiety and the Olympia remain and these, along with the Abbey/Peacock and the Gate, constitute the core of major mainstream Irish theatres today. Private patronage was of significance in the formation of both the Abbey/Peacock and the Gate. The latter was supported in its early years by Edward Pakenham, 6th Earl of Longford, who, even after he formed his own company, Longford Productions, in 1935, continued to maintain the premises. The Gate is noted for staging plays of international repute and for a long time formed a link with the theatrical world of Western Europe. It was not until 1970 that it received state funding, having depended until then solely on the sale of seats and the subscriptions of private patrons.

The importance of a theatre's artistic policy in shaping its funding structure is clearly seen in the case of the Abbey/Peacock. The Abbey/Peacock's efforts to avoid the straitjacket of commercial viability in the selection of plays involved the acceptance of an increasingly precarious financial situation. The first two seasons at the Abbey were financed by Edward Martyn while the building costs and many subsequent deficits incurred in the early years of its operation were subsidised by Miss Horniman. The name Irish Literary Theatre emphasised that it was a writers' theatre. An offspring of the literary revival, the ideal of becoming a truly national theatre necessitated the establishment of a school of acting.

When the Abbey/Peacock became the first government-subsidised theatre in the English-speaking world in 1925, the formal rationale for such a subsidy was its educational value. A statement from the board of directors to the government in 1922 outlined the precarious financial situation of the theatre. When the matter was raised in the Dáil by the Minister for Finance, Mr. Eoin MacNeill, the request for a subsidy was linked to the theatre's teaching of acting and dramatic writing. The close links between certain leading politicians and the arts no doubt also aided the granting of an annual subsidy.
4.3
State Assistance Today

4.3.1
Introduction

As mentioned, state assistance to theatre in Ireland dates back to 1925, in the case of the National Theatre (Abbey/Peacock), and to 1970 in the case of the Gate. These two theatres, as shall be seen, to this day still account for the vast bulk of direct state aid to theatre in Ireland. Direct aid includes state grants administered through the Arts Council, local authorities and the Departments of Education, labour and the Taoiseach. However, as mentioned in Chapter 3, the grants administered by the Arts Council are, by far, the most significant to the mainstream theatre companies. The other schemes in existence tend to be availed of by the fringe and community-arts companies (see Chapter 6).

Although the main concern of this chapter is direct state assistance to theatre, some of the indirect forms, particularly the tax concessions, should be noted. As mentioned in Chapter 2, these forms of assistance can involve large ‘hidden’ expenditures by governments on the performing arts. The first tax legislation of relevance to Irish theatre was the 1967 Finance Act, Section 2 of which exempts the earnings of writers, composers and artists from income tax. Section 32 of the 1984 Finance Act also has some relevance, as it gives relief for gifts for education in the arts. Under the Act, gifts of money of between IR£100 and IR£10,000 made to ‘approved bodies’ - among which are included any involved in the practice of theatre - can be offset against the taxable income of the donor. Surprisingly, this Act appears to have had little effect to date, in terms of generating more private income for subsidised theatre - it is not applicable to commercial theatre. A tax concession which has had a major impact, however, is the reduced VAT on theatre tickets, introduced in 1984. As mentioned in Chapter 2, this tax concession is common in Europe, it applies to both commercial and non-commercial theatre and is considered by some to have been a major factor in the revival of commercial theatre in Dublin in recent years.

4.3.2
Levels of Direct Assistance

It was seen in Chapter 3 (Table 3.3) that theatre still accounts for an extraordinarily high proportion of the Arts Council's budget. It is also dominant within the performing arts: of the Arts Council expenditure devoted to drama, music, opera and dance in 1984, drama accounted for 70 per cent of the total. The corresponding figure for the United Kingdom was around 44 per cent, and the ratios for Australia, Canada, New Zealand and the United States were 40 per cent or less (see Throsby and Withers, 1979, Table 9.8). Thus, in terms of direct public funding, theatre in Ireland has a very special place vis-à-vis the rest of the performing arts sector.

The last mentioned is a reflection, though, of a very low level of subsidy to music, opera and dance - rather than a very high level of support for drama. Table 4.1 demonstrates the remarkably high proportion of operating income, for non-commercial theatre, that is accounted for by public subsidy in Continental Europe, with figures in excess of 80 per cent the norm. The position in the United States, where public subsidy (at a regional level) accounts for only 9 per cent of operating income, provides a striking contrast. Canada and Britain occupy positions approximately mid-way between these extremes. In the case of Ireland, public subsidy accounts for around 60 per cent of the operating income of non-commercial theatre, a figure that is well below that for most of Continental Europe.
Table 4.1
Percentage Distribution of Operating income for Theatre in
Selected Countries


Table 4.2 outlines the growth, between 1976 and 1984, in the Arts Council expenditure on drama, both in nominal and volume terms (i.e. compared to average hourly earnings). Over the period there was almost a fourfold increase in the nominal sums going to theatre. This, of course, tells little until it is related to some other indicator: given the labour intensity of drama, a meaningful comparison would be to average hourly wages. As Table 4.2 shows, Arts Council expenditure on drama increased faster than the increase in average hourly earnings, suggesting a volume increase of around 16 per cent over the period as a whole. Thus, although as a share of total Arts Council expenditure, expenditure on drama declined, in volume terms, if anything, it increased.

43.3
Allocation of Direct Assistance

Tables 4.3 and 4.4 provide some information on the allocation of the total Arts Council drama budget. As may be seen, grants to companies came to IR£2.154m in 1985, and accounted for an overwhelming share of the budget. When the allocation of the grants to companies is examined, an almost equally stark picture emerges. The National Theatre accounts for almost 68 per cent of the total, and the Gate for a further 14

Table 4.3
Allocation of Arts Council Drama Budget, 1985

| Source: Arts Council, Annual Report 1985, Dublin. 1See footnote (1), Table 4.1.
per cent. The National and Gate Theatres have always been dominant in terms of direct public funding received. In effect, then, direct public support for theatre companies in Ireland is largely synonymous with public assistance to the National Theatre and, to a lesser extent, that to the Gate Theatre. Nonetheless the money allocated to theatre touring (see Table 4.3) is significant, but in many respects it is associated more with policy on equal access (Chapter 5) to theatre, than theatre per se.

Table 4.4
Allocation of Arts Council’s Revenue Grants (IR£’000s) to Companies, 1985

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount (IR£’000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbey and Peacock Theatres</td>
<td>1,466</td>
</tr>
<tr>
<td>Gate Theatre</td>
<td>296</td>
</tr>
<tr>
<td>Druid Theatre, Galway</td>
<td>147</td>
</tr>
<tr>
<td>Dublin Theatre Festival</td>
<td>85</td>
</tr>
<tr>
<td>Cork Opera House</td>
<td>33</td>
</tr>
<tr>
<td>Other</td>
<td>137</td>
</tr>
</tbody>
</table>


4.4 The National Theatre

As mentioned, the National Theatre in Ireland (comprising the Abbey and Peacock Theatres), absorbs a major share of the Arts Council’s budget for drama. The reason for this is that it is the 'flagship' for the industry, the primary national performing arts company, in fact, in the country - but only one of a large number of such companies throughout Europe and the rest of the developed world. Such companies, as the word 'flagship' implies, usually stand apart from other publicly-funded performing arts companies. They, more than any other institution, are seen as the symbols of a country's pride, international status and, in some cases, national identity. As such, national companies would be expected to contribute significantly to the collective benefits of national identity, feeling and self-criticism outlined in Chapter 1. As nobody would like their country's flagship companies to be anything other than the 'best', a concomitant requirement of national companies is that they should strive to become centres of excellence in the performing arts. It is on these grounds that national companies can lay claim to especially favourable disbursements from the public purse. That national companies do get special financial treatment is reflected in the fact that their funding is, to a large extent, guaranteed by government, either through direct grants from a government department (as was the case for the National Theatre in Ireland prior to 1976) or through separate specification of their grant when channelled through an Arts Council (the present situation in Ireland).

Concentration of funds on large national companies, however, is subject to all of the potential problems looked at in Chapter 3. Thus, for some, national companies may be seen as an expensive luxury, an obstacle to the 'democratisation' of the performing arts and a stultifying influence on the emergence of experimental and socially-critical drama. Because such large sums of money go to these companies, public criticism from time to time is, of course, inevitable. However, some of this criticism may be well founded.

This section will begin by examining the objectives, and special characteristics in this regard, of the National Theatre of Ireland. This will be followed by an assessment of how these objectives relate, both in principle and in practice, to the objectives outlined in Chapter 3. The section will conclude with a brief discussion of some of the problems
facing national companies, including the National Theatre in Ireland.

The Memorandum of Association of the National Theatre Society limited lists 12 objects for which the company was established, in 1925. However, only object (b) has direct relevance to the discussion here, as all of the others relate to building, financial and such matters. Object (b) states that the company was formed:

To establish and create a Theatre for the purpose of acting and producing plays in Irish or English, written by Irish authors or on Irish subjects, and such dramatic works of foreign authors as would tend to educate or interest the Irish public in the higher aspects of dramatic art, and to the same intent to act and produce all acknowledged masterpieces of English dramatic literature of the 18th century and earlier, and to construct all buildings and conveniences, whether of a permanent or temporary nature, which may seem directly or indirectly conducive to any of the Company's objects, and to conduct, hold, or promote meetings, lectures, shows and exhibitions to further the Company's objects, and to give and contribute towards prizes and other awards for works of a dramatic nature.

A major policy review was conducted by the Board of the Company in 1975 and this objective was elaborated on, somewhat, to provide three broad objectives for the Company, as follows:

(i) to portray all that is best in Irish drama, past and present;
(ii) in complement, to broaden the national spectrum of its programme by the inclusion of the best works of foreign authors;
(iii) in its entirety of programme, to be a source of enrichment to its audience, fulfilment to its participating artists and inspiration to aspiring artists.

In some respects, these are extraordinarily vague objectives for a national company. More seriously, they could constitute legitimate objectives for any theatre company, commercial or otherwise. There is no reference at all to the collective benefits, outlined in Chapter 1, that a national theatre company - and perhaps only a national company - could aspire to confer. The existence of collective benefits after all is the raison d'être for public funding of a national company.

However, in outlining the means to effect policy the Company, implicitly at least, showed some awareness of this fact. For example, the Company is committed to new plays, with up to 50 per cent of the annual presentations consisting of new works. There is also a strong commitment to plays (new and old) in the Irish language, one of the policy commitments of the founders of the Company. The Company is also committed to playwrights working in the Irish language and to the presentation, to the highest standard, of their plays in both the Peacock and the Abbey. Most important of all, though, the Company sees the Peacock as the 'conscience' of the Society in implementing its policies. W.B. Yeats had opened the original Peacock Theatre for poetic and experimental plays and plays in the Irish language and the Company still sees the Peacock as fundamental to plays in the Irish language, to experimental theatre, to the introduction of new writers, and to the development of directors, designers and other artists.

The National Theatre's commitment to Irish playwrights, and specially to those writing in the Irish language, implies that the major policy emphasis is placed on the national feeling and identity that a publicly-funded theatre company can engender. By emphasising new and experimental works, the Company is emphasising the innovative and 'research' side of drama mentioned in Chapter 1. Implicitly, also, there is
recognition of the ‘social improvement’ and ‘future generations’ arguments, outlined in Chapter 1, for publicly-funded theatre. However, it would be helpful if all of this could be stated more explicitly and incorporated into the stated objectives of the Company. Until this is done, it is difficult to know what distinguishes the National Theatre, in terms of its objectives, from other theatres. It is also impossible to ascertain the relative importance that the Company attaches to each of the collective benefits mentioned above.

4.4.2

Experience to Date

It is possible that a national theatre could have no stated objectives, but yet in practice adhere very closely to those areas of activity which most enhance the various collective benefits associated with theatre. Alternatively, a national company could have very explicit and highly acceptable objectives and never, in practice, pursue them. Has publicly-funded theatre in Ireland, particularly the Abbey and Peacock produced the anticipated collective benefits? This question is, of course, impossible to answer, but nonetheless some of the issues it raises can be outlined.

As mentioned earlier, theatre in its present form has a long history in Ireland, dating back some three hundred years. By virtue of this fact, theatre in Ireland could be expected to enjoy a comparative advantage over other performing art forms. From early this century, Irish theatre has established a world-wide reputation and the tours of the 1920s and 1930s by the National Theatre were much acclaimed. To this day, the National Theatre remains, for many, the embodiment of Irish drama and attending a play at the Abbey is now almost an essential part of a foreign visitor’s holiday in Dublin. Thus, in terms of enhancing national prestige the National Theatre, over the longer term, has been successful.

The position of the National Theatre as a source for generating national identity, social criticism and comment is more debatable. Its policy of encouraging Irish playwrights and plays in the Irish language certainly fosters this objective, but in recent years an increasing proportion of the audience at the Abbey is accounted for by non-nationals - with a probable decline in the relative and absolute number of nationals attending. To perform the function of critical evaluation, theatre must be experimental, interrogative and challenging and a dramatic repertoire that consists largely of revamped works and populist productions may negate this objective. To some extent, this has been the case at the National Theatre in the mid-1980s, a response, perhaps, to the financial pressures it has faced (see later). The problem may be more deep-seated, though, as a large and formal theatre company - with many permanently-employed and job-secure actors - may not be the appropriate vehicle at all for avant-garde and experimental theatre. In fact, in Ireland, much of the innovative work in recent years appears to have been initiated by fringe and some commercial theatre groups, and not by the publicly-funded companies. This is a role, however, that the national company must assume, and to an increasing extent, if one of the main reasons for publicly subsidising it is not to be lost.

The possible economic spillover effects of the National Theatre were not stressed by the Company, but they could be significant. Obviously, the Company provides direct employment for the acting, administrative and production staff. There may also be substantial indirect employment associated with the Company, especially if the Abbey is a factor in am-acting even a small number of foreign tourists to Dublin. This argument, however, has its dangers (as mentioned in Chapter 1). Using it, almost any activity could justify public subsidy, and theatre could become the embodiment of Keynes’ notion of men being paid to dig holes to fill them in again.
The National Theatre, as implied above, may also have a role as a training centre for actors, and to a lesser extent directors and other staff. As mentioned in Chapter 2, any expenditure implicit in this role should, perhaps, be imputed and allotted to the education and not the arts budget. Indeed, as mentioned, the first request in the Dáil, in 1922, for public money for the Society was made by a Minister for Education, on the grounds that it would be an aid to an educational work - the theatre's teaching of acting and dramatic writing. The same, of course, could apply to the expenditure on plays in the Irish language. This aspect of policy puts a very heavy financial strain - the subsidy per seat sold for plays in Irish is several times higher than that for plays in English - on the National Theatre, and it may, perhaps, be more appropriate to view this expenditure as part of the cost of the policy of preserving the language and not as part of the budget for theatre.

4.4.3

Concluding Comments

The discussion above is intended neither as a comprehensive coverage of the issues nor as a definitive evaluation, in any way, of the National Theatre - such a task would involve a separate study. What it highlights, however, is that the role, and operation, of the National Theatre has never been seriously analysed in terms of the issues set out in the earlier chapters of this study. It was seen earlier that the National Theatre absorbs a very large proportion of the Arts Council's budget for theatre. With the increasing pressure on the state's public finances, this situation is bound to be questioned, and understandably so.

Despite the large public subsidy, the Company has run a large deficit in recent years and this has led to pressures to improve the administration and management of the Company, an issue that is not directly relevant to this study. However, it does have some indirect relevance.

The National Theatre is, apparently, the only theatre company in the English-speaking world with permanently-employed players. The Resident Company of players is the core of the working staff and, of these, around half are permanent employees, with the rest on long-term contract. It appears that those who are permanently employed are seriously underutilised, which, of course, has very serious financial implications. It also has implications for the artistic side, as the existence of a permanently-employed and ageing group of players could severely restrict both the choice of repertoire and cast available to an artistic director. As mentioned in Chapter 2, and in Section 1 of this chapter, the danger that the more or less permanent commitment of public money to a performing arts institution will create rigidities and stifle innovation is a very real one, and has both financial and artistic ramifications.

The problems above, of course, are not peculiar to the National Theatre. Many national companies in Continental Europe, as well as many other state and semi-state bodies in Ireland, face even more serious difficulties. Nonetheless, the problems are real and are, perhaps, all the more glaring because of the major success in recent years of some of the other theatre companies in Ireland, many of them receiving no direct public money whatsoever. However, this is not the central issue. The important point is that the case for a publicly-funded National Theatre in Ireland needs to be argued a lot more forcefully than it has been to date. Besides, inbuilt checks and counterchecks to avoid the dangers inherent in near-permanent public funding need to be much more clearly specified and acted upon.

Footnotes

1See Gapinski (1984), Hausmann (1981), Moore (1968), and Seaman (1981b) for useful further reading on this broad topic.
PART III
MORE EQUAL ACCESS:
A GROWING PRIORITY?
Chapter 5  Equality / Regionalisation / Arts Centres

5.1  Introduction

A perennial criticism of the performing arts is that they are ‘elitist.’ If this is so, the use of the public money in their funding is, by corollary, a case of particular concern. It is argued that the benefits derived from the arts are conferred largely on a wealthy and socially-privileged minority, whereas the costs are borne by the entire tax-paying population. As already pointed out in Chapter 1, in ignoring the existence of collective benefits, this type of argument may provide an overly simplistic portrayal of the situation. Such criticism of the distributional aspect of the arts does, however, provide a starting point for discussing the issue of equality and the performing arts.

The next section contains a broad discussion of various aspects of equality in the arts. It sets out the reasoning behind treating equality as an objective of government intervention in the arts, outlines the different types, definitions and measurements of equality and discusses the constraints on the achievement of equality. The discussion elaborates greatly on Chapter 1 in this regard and provides a framework within which the policy issues may be discussed and understood. With this framework in mind, various aspects of the equality question within the arts in Ireland are examined in the following sections. First, the available statistical information on audience composition is outlined. The regionalisation policy of the Arts Council is then outlined and discussed, and finally, the recent growth of arts centres as a dimension of policies on regionalisation and equality is documented.

5.2  Policy Framework

5.2.1  Definitions of Equality

The adoption of equality as a policy objective by arts councils and foundations often rests more upon an intuitive acceptance of its desirability than a precise definition of its nature. So far in this study there has been no attempt at a formal definition of equality. In the case of the arts two separate concepts may be distinguished. First, there is equality of incoming, which is related to the government’s overall role in redistribution. It is concerned with equality of income in general and not equality in the provision of specific goods and services such as the arts. While it may be seriously questioned whether the arts have any role to play in effecting a redistribution of income, nevertheless any subsidisation of the private benefits that result from attendance at the performing arts should, at a minimum, not run counter to the government’s overall policy on income redistribution.

The second definition, equality of opportunity, is an ex ante concept. This implies, in general terms, the absence of discrimination in the operation of the economic system. In the context of the arts this would suggest that all individuals have an equal, unbiased chance of participating in and benefiting from the arts. In this case the objective is to achieve equal access to the arts. It should be noted that equal access is compatible with a highly unequal pattern of participation, that is, for example, one where only highly-educated people choose the arts for a career or where only well-off individuals attend the arts. The reason is that equality of opportunity is concerned with equal access to the arts given present preference structures. It is, as such, dependent upon the initial preference pattern. In the case of the arts, people’s level of participation will be heavily influenced by this initial preference pattern, and this could result in wide variations in the level of participation in different geographical areas and socio-economic groups. Thus a policy of equal access may have to be pursued in conjunction with a programme on education and preference formation.
An understanding of the ‘anatomy’ of equality is essential to policy guidelines, especially in structuring, and measuring the achievement of, objectives. Participation rates are central to any analysis of equality and they are of two types: aggregate or disaggregate. In the aggregate they refer to the percentage of the population which participates in the consumption of performing arts services in a given time period. This overall figure may be further disaggregated by different variables to show the pattern by age, sex, region, etc. From an equality viewpoint, it is the disaggregated figures which are, initially, of relevance. Equal participation is usually understood as referring to the distribution of participation within the given total percentages, i.e. it is concerned with the socio-economic or geographical composition of that given percentage.

There are, however, a number of cases in which the aggregate level is of significance to the question of equality. First, the aggregate level is of importance to the question of equality if it is the case that the market does not register people’s true preferences. If preferences are ‘distorted’ then it is possible that the aggregate level of participation will be too low or too high. In the case of the arts, it may be too low, since people are likely to underestimate the collective benefits which flow from them (see Chapter 1). Second, while equality is generally discussed at the level of the nation state, there is an international aspect which impinges upon the pursuit of equality at a national level. International comparisons are often cited in discussing the ‘correct’ level of output in the arts (see Chapter 3). Thus, even if total internal equality were achieved within the arts in Ireland, would this be considered sufficient if the levels of output in other countries were significantly higher? In this case internal equality would be achieved yet in international terms Ireland would be in a relatively unequal position. In spite of the difficulties inherent in international comparisons (see Chapter 3), many people would accept that international experience should act as a benchmark for determining the level and allocation of domestic performing arts output. Finally, if one is concerned with increasing the degree of equality within arts participation, this is likely to have some implication for the aggregate level of participation. If aggregate levels remain static then greater equality may only be achieved if certain groups reduce their consumption of arts services. Since this is likely to be difficult to implement, a more likely strategy is for those groups currently under-represented to increase their consumption. This will of course increase the aggregate level of participation. Thus, an increased aggregate level of participation is likely to be a necessary though not a sufficient ground for the achievement of greater equality.

As mentioned above, if present preference structures are taken as given, then the government’s role in relation to equality will be confined to the provision of equal access to the arts. If this is not the case, though, and concern for equality encompasses the notion of equality of participation, this provides the government with the need to shift or change preference structures. In addition to the provision of the arts, this entails the moulding of preferences - the sphere of education - and increasing demand for the arts. These two roles of ensuring provision and preference-moulding may well be complementary, since it could be argued that the very existence of arts facilities is itself educative and increases preferences and demand, through familiarity and increased contact.

Equality must not be confused with uniformity. Uniformity within the arts is an unattainable ideal if it is taken to require that all individuals in all
areas have access to identical performances. Given the uniqueness of artistic performances, uniformity in this sense is meaningless. It does raise the question, though, of what constitutes an equivalent experience in the arts and the difficulty of controlling for quality variations between different performances and different companies and regions.

Finally, there is the question of what time horizon should be used for measuring the achievement of equality. Annual participation rates are those most often used, i.e. that people have equal access to the arts within a given year. There is no reason, in principle, why some other measure could not be employed. A life-cycle time span might be more relevant given the evident variations in participation at different life-stages. This would, however, present greater difficulties of measurement of policy attainment.

5.2.3 Types of Equality

Two major types of equality may be distinguished at the national level - horizontal/geographical, and vertical/socio-economic. Egalitarianism has a certain political appeal, yet if equality is to be seriously pursued clearly articulated and delineated policy objectives are necessary. To be effective and amenable to measurement, the more specific those objectives are the better: thus, the importance of the distinction above. Furthermore, within each category of equality, particular target groups may be identified. With regard to vertical equality one may distinguish between students, the unemployed, etc., and with regard to horizontal equality large towns, villages, cities, small towns, all may constitute specific target areas for which particular policy packages could be formed. Both empirical experience and common sense suggest, though, that vertical equality is likely to be much more difficult to effect than horizontal equality. This is certainly the experience of those countries which have launched special programmes on equality, such as the United States through the National Endowment for the Arts. Many countries, Ireland included, adopt, for example, regionalisation as an integral element of their policy on equality. While regionalisation policy may have a vertical equality dimension, its primary orientation remains horizontal, i.e. to remove inequalities in participation between regions.

A regionalisation policy may present many difficulties (see later) but results are likely to be more immediate and tangible than with policies aimed at removing socio-economic inequalities. Regionalisation policies are, for this reason, more suitable as short-term policies. Since vertical equality entails an educative role, necessitating a longer time span, this is more likely to be adopted as a longer-term objective.

5.2.4 Constraints on the Achievement of Equality

A prerequisite of any strategy for greater equality is a clear understanding of the sources of inequality. This section will deal with the constraints which inhibit the achievement of the objective of equality. These constraints may be either demand or supply based, though, in the short run, demand constraints are likely to be of greater importance.

For the individual artist the major supply constraint is the high training cost relative to the rather modest, anticipated earnings. Subsidisation by way of fellowships and grants to individuals could help alleviate this constraint and such a concern is evident in the Arts Council's policy during the 1970s and 1980s. From the artistic company's point of view a major supply constraint may be a phenomenon named Baumol's Disease, discussed in Chapter 1, although the empirical foundations and prevalence of this phenomenon is a moot point. Its importance lies both in its inhibiting effects on the expansion of the supply of the arts and in its effects on the composition of output, i.e. fewer experimental and more 'safe' plays.
Demand may be subject to cost constraints and these may have different sources and require separate policies for their elimination. The cost of admission is the first type of cost constraint, as ticket prices do constitute an effective barrier to access in certain cases, given the income level of groups or individuals.

A number of different methods have been proposed to deal with this demand-price constraint, the operation of deliberate price discrimination policies being the most common approach. This has often been less than successful, though, which suggests that the price factor cannot be seen in isolation from other factors such as tastes, which may ultimately be the most effective constraint. Reverse-touring schemes are another approach which operate on the principle that it is better to take the people to the arts event than vice versa. This is often an expensive solution and its effectiveness is determined by the quality of management in its operation, i.e. isolating target groups, proper promotion, follow-up services, etc. A third approach, no-charge performances in public places, has succeeded in drawing large crowds. The similarity in socio-economic composition of the audiences of no-charge and ordinary performances, however, makes one wonder whether they succeed in achieving wider access or simply act as substitute performances for those who would normally attend a paid performance anyhow. The introduction of vouchers is another scheme that has been suggested and at times attempted. While the theoretical justifications for these have been impressive, the administrative difficulties have been major deterrents. These difficulties include criteria of non-resellability of vouchers, distribution problems, administrative costs, etc. Finally, it has been argued that public money to the arts, in all forms and donated for whatever reason, has the effect of reducing prices, thereby making the arts more accessible to those of lower socio-economic standing. This argument however could be partly incorrect, since it is possible that the public subsidy could be used for other purposes, such as salary increases for staff, and not result in a reduction in admission prices.

The cost constraint may not be as a result of the price of the good itself but of ancillary services. If, for example, transportation costs are excessive this would be linked to the question of geographical access, and indirect subsidisation such as special routes or cheaper transportation arrangements would be called for here. Alternatively, the constraint could come from the 'discretionary' supplementary consumption associated with the performing arts, e.g. drinks, meals, etc.

There, are also non-cost constraints associated with attendance. These psychic costs may be of different forms and need to be rectified by various methods. At one end of the spectrum there are the difficulties of booking, reservation, collection of tickets, etc. which may affect some socio-economic groupings more than others: if this is a problem, different, improved marketing or special arrangements could be used. There are other costs, such as those associated with an unfamiliar ambience and its attendant ethos, etiquette and social expectations, and this is often linked to the question of initial tastes and preferences. There is, finally, the possibility of an information constraint operating on both the demand and supply sides. it has been argued that since performing arts companies consist largely of relatively small-scale, non-profit organisations they are at a disadvantage in marketing their goods. Against this it may be said that the marketing of performing arts events has a peculiar structure relying on a number of media (newspaper coverage, reviews, word of mouth, etc) apart from the traditional channels of advertising.
5.2.5. Conclusion

So far the discussion has centred on the pursuit of equality without recognising that governments and arts foundations may also have other objectives. While efforts must be made to eliminate these constraints, arts councils do in reality pursue a number of objectives simultaneously. The fact that equality is not the sole objective of arts policy may, in practice, constitute the most effective constraint on its achievement.

Amidst a multiplicity of objectives, equality may not rank very highly and may not complement the achievement of other objectives. This 'problem' may be particularly acute if the allocated budget is either small or fixed/decreasing in real terms. Without an increasing arts budget, it is impossible to increase the funds devoted to the achievement of equality without reducing the subsidies for other areas. This financial conflict may be exacerbated by the age-old artistic conflict between quantity and quality. In the discussion so far it has been assumed that quality is constant, invariant with the quantity of output, yet some trade-off is inevitable. It has often been argued that increased equality can only be achieved at the cost of decreased excellence, or that diminishing marginal excellence will operate beyond certain levels of output. Conversely, it may be argued that equality and greater access is only desirable subject to an excellence constraint, since the collective benefits from the arts will only materialise given certain levels of excellence.

This section has attempted to provide a framework within which a discussion of the question of equality may take place. Rather than provide answers it has sought to raise questions and suggest directions in which fruitful exploration might take place. This section also provides a general background to the question of greater access as an arts policy in Ireland, which is the subject matter of the remaining sections of this chapter and of Chapter 6.

5.3 Data on Audience Composition

From a financial point of view, box-office receipts are the most relevant data for the individual performing arts organisation. From an equality viewpoint, however, data on audience composition are the critical consideration. As the previous section highlighted, any attempt to pursue a policy of greater equality must take account of disaggregated participation rates. Any attempt, therefore, to change the status quo and achieve the distributional objective of government support must be firmly rooted in a detailed knowledge of the present audience profiles for the performing arts. This must be the starting point for constructing effective policy measures and quantifying their effects. The data for this section are drawn from the publication *Audiences, Acquisitions and Amateurs* (Arts Council, 1982), the survey data having been collected in 1981.

The aggregate result shows that 60 per cent of the population attended at least one arts event in the previous year. For performing arts events this percentage is much lower, with the highest attendance (21 per cent) being for traditional music (see Table 5.1). Composition of attendance by age reveals a systematic decline with increasing age, at least after 35-49 years. As table 5.2 shows, while the participation rate at a play for those under 25 years was 24 per cent, it was only 8 per cent for those over 65 years. Two hypotheses have been forwarded to account for this phenomenon. The first is that there is a generational effect (reflecting a fundamental and permanent change in preferences for the arts among the younger generation) at work and that this explains the different participation rates in different generations. Given Ireland's young population, this would suggest that the future will see an expansion in the aggregate participation rate. An alternative explanation is that there is
Table 5.1
Percentage Attendance at Arts Events in Previous Year (1980/81)

<table>
<thead>
<tr>
<th>Category of Event</th>
<th>Film</th>
<th>Traditional music</th>
<th>Play</th>
<th>Popular music</th>
<th>Classical music</th>
<th>Exhibition</th>
<th>Ballet</th>
<th>Attended any one</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>37</td>
<td>21</td>
<td>20</td>
<td>17</td>
<td>9</td>
<td>8</td>
<td>3</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: Arts Council, 1982.

Table 5.2
Percentage Attendance at Performing Arts Events in Previous Year (1980/81) by Age

<table>
<thead>
<tr>
<th>Category of Event</th>
<th>All respondents</th>
<th>Under 25</th>
<th>25-34</th>
<th>35-49</th>
<th>50-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Play</td>
<td>20</td>
<td>24</td>
<td>23</td>
<td>24</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Classical music</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>14</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Traditional music</td>
<td>21</td>
<td>30</td>
<td>24</td>
<td>21</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Ballet</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: as for Table 5.1.

Table 5.3
Percentage Attendance at Performing Arts Events in Previous Year (1980/81) by Occupational Class

<table>
<thead>
<tr>
<th>Category of Event</th>
<th>All respondents</th>
<th>Middle class working</th>
<th>Skilled working class</th>
<th>Semi skilled and unskilled working class</th>
<th>Farmers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Play</td>
<td>20</td>
<td>36</td>
<td>16</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Classical music</td>
<td>9</td>
<td>21</td>
<td>6</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Traditional music</td>
<td>21</td>
<td>24</td>
<td>22</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>Ballet</td>
<td>3</td>
<td>9</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: as for Table 5.1.

Table 5.4
Percentage Attendance at Performing Arts Events in Previous Year (1980/81) by Region and Area Type

<table>
<thead>
<tr>
<th>Category of Event</th>
<th>All respondents</th>
<th>Dublin</th>
<th>Rest of Leinster</th>
<th>Region Munster</th>
<th>Connacht/ Ulster</th>
<th>Area Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Play</td>
<td>20</td>
<td>33</td>
<td>7</td>
<td>24</td>
<td>9</td>
<td>24</td>
<td>14</td>
</tr>
<tr>
<td>Classical music</td>
<td>9</td>
<td>15</td>
<td>5</td>
<td>10</td>
<td>6</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Traditional music</td>
<td>21</td>
<td>18</td>
<td>14</td>
<td>25</td>
<td>25</td>
<td>is</td>
<td>25</td>
</tr>
<tr>
<td>Ballet</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: as for Table 5.1.

simply a life-cycle effect in operation, whereby any individual consumption pattern will change at different times of the life-cycle. Time-series data would be needed to show how audience composition
changes over time to help in assessing which hypothesis is most applicable to the Irish experience. The age structure of audiences and its trend over time clearly has implications not only for the question of equality and the arts, but also for the marketing of the performing arts, particularly in isolating target audiences and in the dissemination of information.

Table 5.3 shows the composition of audience by occupational class. Middle class ‘over-representation’ is most evident in ballet, classical music and to a lesser extent theatre. These data possibly understate the extent of inequality since they do not take account of the frequency of attendance. Data from the United States suggest that the socio-economic profiles of frequent and infrequent attenders are different, so that the infrequent attender approximates the ‘average citizen’ more than the better-off frequent counterpart (Baumol and Bowen, 1966).

Finally, an examination of audience composition by region and area type (Table 5.4) reveals similar levels of inequality. The participation rate for theatre was 24 per cent in urban areas yet only 14 per cent for rural areas. When analysed in regional terms the discrepancies are even greater.

As the report states:

> Seen in this way, the discrepancies must give rise to concern among the decision-makers in the arts at all levels, especially since the most subsidised sectors of the arts are those that show the greatest disparities in attendance along class and regional lines. (Arts Council, 1983, p. 11)

The following sections show the evolving response to this question of regional and socio-economic inequality.

### 5.4 Regionalisation

#### 5.4.1 Patterns of Regionalisation

The term regionalisation may be understood in two senses. It may be used in a broad sense to encompass all measures and projects which aim to provide greater geographical access to the arts and the degree of local autonomy and decision-making power accorded may vary greatly. For example, regionalisation may be fully consistent with a highly centralised power structure if regionalisation means no more than the establishment of a convenient regional administration. In such a case a strong imbalance between the central area and the regions remains, with little effective democratisation of the decision-making process. In its fullest sense, however, regionalisation includes the ability to direct and initiate major projects within the cultural region. A second sense in which regionalisation may be understood is that employed by the Arts Council in referring to its policy of regionalisation, specifically, the appointment of county arts officers, the formulation of collaborative projects with local authorities, cultural agreements, etc. in the former sense regionalisation may be seen as a feature of almost all new initiatives by the Arts Council in recent years. It is the latter understanding of the term, though, that will be explored in this section.

The pattern of regionalisation produced in a particular country is the outcome of a number of different factors. First, the geographical composition of the country is important. In physically large countries such as the United States, the administrative need for decentralisation is evident, but even in smaller countries such as Ireland, where this administrative imperative is weakened, an understanding of culture as something organic and indigenous would suggest that an amount of regional self-direction is desirable. A second factor is the nature and
extent of linguistic, racial and cultural diversity within a country, as the degree of homogeneity within a geographical area will affect the need for, and the style of, regionalisation. Third, the political culture of a country will affect people's perceptions and expectations of a particular regionalisation policy and the level of co-operation or opposition it is likely to encounter. Fourth, existing political and administrative arrangements are vital since an elaborate decentralised arts programme will have difficulty being successfully implemented and operated in an otherwise highly centralised economy. Thus the national/local power balance outside the cultural sphere is crucial. Fifth, the existing levels of cultural interest and activity may be an influence since projects are more likely to be located where the expected return and possibility of success are greatest. Finally, in examining regionalisation policy in Ireland the relative novelty of the concept must be borne in mind. This means that the proportion of the total budget devoted to it is relatively small. However, as Chapter 3 has noted, this expenditure is best viewed in conjunction with those other expenditures whose primary aim is greater access to the arts and which reveal the changing composition of the Arts Council's allocation of funds. This narrow financial base places obvious constraints on the style of regionalisation.

Direct expenditure is generally a more effective form of assistance than indirect expenditure in combating regional inequalities. Tax incentives, for example, are more likely to favour urban areas and they allow for less direction and control over recipients. If the type of policy chosen is expertise - rather than finance-based it is possible that it would exacerbate inequalities if it is those regions or groups with financial resources who are best able to avail of this expertise. Finally, if only professional activity is supported to the exclusion of voluntary and amateur enterprises, then this may limit the effectiveness of a regionalisation policy: professionalism and specialisation are closely linked and specialisation tends to favour urban areas.

54.2
Regionalisation in Ireland

The Richards Report of 1976 is the starting point for an analysis of regionalisation in Ireland. It recommended the systematic extension of Arts Council activities into the regions outside Dublin (Richards, 1976, p.101). It suggested that this be done in conjunction with Regional Development Organisations, RDOS. The Mid-West Arts Association was the first to appoint an Arts Officer. Five out of nine Regional Development Organisations had appointed Regional Arts Officers by 1980, covering a total of 13 counties. The task of the Arts Officer is to co-ordinate all arts events, professional and voluntary, within the area and act as a liaison with the Arts Council advising on the region's needs in terms of finances and resources.

The Council grant-aid the administration of projects and pays 50 per cent of the salary and costs of the officers. Although Regional Arts Committees have met with success in encouraging local authority funding of projects, the majority of funding still comes from the Arts Council.

A second phase of regionalisation policy in Ireland has been a shift from the idea of regional arts to the notion of county arts. This shift is the product of both philosophical and pragmatic reasoning. At a practical level, the notion of one officer per region has proved to be unrealistic: at a philosophical level there is dissatisfaction with the concept of regional arts. The notion of a cultural region is, perhaps, ultimately untenable. A movement to county arts brings the administration of arts policy more in line with existing political and administrative structures at the local level.
The development of a network of arts centres throughout the country has been a major feature of arts policy in the past decade. Arts centres are multi-media, designed to encourage the simultaneous development of different art forms. They operate on the belief that audiences do, and may be encouraged to, overlap for different art forms. There are many similarities between arts centres and community-arts groups and for this reason they often work together. There is a strong community element at work in both and they each share a concern for the participation of local communities in artistic and cultural expression. Arts centres may provide an outlet for the creative impulses of the community while also acting as a catalyst in allowing new initiatives and levels of participation. While arts centres aspire to be local centres for excellence, there is less apparent conflict here between the objectives of excellence and equal access than in many other areas of arts policy. It is also possible that they represent a cost-effective manner of providing greater access to the arts: while they are disadvantaged in not benefiting from economies of scale and having limited catchment areas, they benefit from a varied and highly concentrated use of space and resources.

Many of the benefits outlined in Chapter 1 apply favourably to arts centres, and this is especially true of the education and experimentation arguments. The primary focus of this chapter, though, is on equality, so arts centres will be discussed only in terms of their contribution to the distributional objective. Arts centres add a significant new dimension to the question of equality. Until now we have spoken of participating or not participating as a strict dichotomy, whereas arts centres allow for different levels of participation. In addition to housing different art forms, arts centres often also provide ancillary services such as a coffee-shop, restaurant or bar, the intention being that at different times people would be able to participate at different levels, i.e. move from going to a coffee-shop, to visual or to performing arts as consumer and perhaps eventually to producer of visual or performing arts. In the case of arts centres the concept of equality is related to people's capacity for participation.

Precisely because they allow for different levels of participation, arts centres are extremely pertinent to issues of vertical equality. The output of the arts centres is not restricted, in principle, to any one type of activity, i.e. popular or amateur or professional. Another feature of arts centres is the importance attached to architecture. The aim of this is to break down the physical or psychological barriers to access, the interior of the arts centre often being a relaxed and inviting place and its exterior recognisably 'inserted' into the life of the community. It is hoped, for this reason, to house new arts centres in co-operation with existing community facilities, particularly libraries or perhaps shopping centres, since in this way the arts become a part of everyday life and not the exclusive privilege of a minority.

Arts centres are something of a growth industry within the arts sector in Ireland. The open, democratic image of arts centres makes them central to the Arts Council’s policy of increasing access to the arts and it is the Arts Council’s objective to provide an arts centre in every major centre of population. By a major arts centre is meant one with a regional capability, usually having seating capacity of 300 or more and a sizeable visual arts gallery. A local arts centre will normally only serve its immediate town or townland.

The funding arrangement for arts centres is similar to other decentralisation initiatives undertaken by the Arts Council. The long-term objective is to achieve a balance between central funds, private sponsorship and local government funding. At present, arts centres have
The adoption of county arts as a policy has implications for the relationship between the Arts Council and the local authorities. The Arts Council sees itself as an advisory body which provides seeding finances for projects and the services which it provides are 'packaged' for local authority use. The Council's role would be mainly as catalyst in stimulating and encouraging developments in the regions and the aim is to increase the level of local authority funding.

This changing relationship is the product of the interplay of two forces. First, it is based on a belief in the superior operational value of county arts over the concept of regional arts. Second, there is the financial constraint on the Arts Council. The lack of new funds and prior commitments to other projects means that little finance is available for new initiatives. There are a number of strengths in such a movement towards county arts. It alleviates the pressure to provide funds from a stagnant central fund: this redefinition of funding roles is consistent with the Arts Council's resource allocation, e.g. greater emphasis on the provision of information and expertise than on financial assistance. Administratively the scheme is in line with existing local authority structures. This also implies that it is in a position similar to other services and institutions such as the county library system. The major responsibility for the artistic life of a county is now the concern of that county and not some central body and this encourages and allows for greater local participation in the arts.

No initiative is without its drawbacks, though, and the proposed county arts policy has a number of difficulties. These problems hinge on the difference between what is intended by a policy and what, in practice, its effects may be. The following are pointers to some of the difficulties which may emerge, particularly in the long run.

Although designed to reduce inequality, the implementation of such a policy may have the paradoxical effect of institutionalising and perpetuating the inequality it seeks to eradicate. The eventual outcome may be to generate a greater absolute level of arts facilities in each region at the risk of perpetuating greater relative inequality in arts facilities between regions. If local authorities are expected to provide funding, then one would expect, with certain exceptions, a fairly high correlation between the wealth and power of a local authority and its provision for the arts. While the present regionalisation policy may result in a higher level of expenditure on the arts in all regions, the differences between the regions may be exacerbated unless modified by the action of a central funding agency.

While county arts are a suitable solution for the central funding agency, it could place an unrealistic burden on the local authorities, particularly since they have relatively little discretionary financial power. A further consideration is that by placing responsibility for the arts so firmly at local level it may involve the fate of the arts too closely with the politics of local government. This is linked to the question of government interference discussed in Chapter 2. National government funding channelled through an arts council is less susceptible to such interference than local government funding. Finally, there is the difficulty of ensuring that suitably qualified and experienced personnel are available for each unit, given the tendency for the more competent arts administrators to be attracted to the more illustrious arts institutions.

The development of a network of arts centres is another dimension of greater access to the arts in the regions and this is discussed in the next section.
become major recipients of Department of labour schemes and this often results in an imbalance in the ratio between core staff and those employed on such employment schemes. Success in achieving private sector sponsorship has varied between arts centres: some have negligible private funding, while others have succeeded in achieving considerable levels of funding under Section 32 of the 1984 Finance Act. The Arts Council is eager to encourage greater local authority funding, both capital and current. In addition to these financial concerns there is also the task of securing adequate and suitable professional personnel to manage these centres since competent and imaginative administration is crucial if arts centres are to fully exploit their potentialities and operate successfully. Given the projected increase in the number of arts centres in Ireland, this issue may assume increasing importance in the years to come.
Chapter 6  
Policy Issues: Arts Festivals And Community Arts

This chapter will deal with two distinct issues of policy in relation to the performing arts. Both are discussed here because of their relation to the question of equality. Unlike Chapter 5, though, the discussion of these topics is not restricted to the question of equality, but broadened to include a wider spectrum of issues. The first section will deal with the economics of arts festivals. This is largely a theoretical taxonomy of the economic dimensions of a festival which are relevant to the question of public subsidisation. Festivals have recently attracted a considerable amount of academic attention and have been subject to intense popular debate regarding their funding and viability. This section is a first step towards evaluating the case for public subsidisation of arts festivals in Ireland.

The second section will deal with the question of community arts. Given the peculiar difficulties of understanding attached to the concept of community arts, a great deal of attention is devoted to this aspect. While community arts have an obvious relevance to the question of equality, their funding structures are examined both because of their importance in the past and the peculiarity of their present structure.

6.1 Festivals

The purpose of this section is to present within a schematic framework the items of major relevance in the economics of festivals. The substance of this discussion is drawn from the arguments set out in Chapter 1. These arguments are more particularised to festivals, and an effort is made to highlight those likely to be of most significance to Irish arts festivals. No attempt, though, is made to outline the nature, or discuss the importance, of any particular festival in Ireland.

6.1.1 Collective Benefits

Arts festivals are by no means homogeneous: they differ according to size, objectives, funding structures, duration, level of participation and degree of equality. While festivals have a role to play in the question of equal access, most festivals are multi-purpose or multi-functional, attempting to achieve, or achieving, many aims simultaneously. In enumerating the collective benefits from festivals, it is not suggested that these benefits accrue to each festival since, indeed, many of these benefits may be conflicting, e.g. social cohesion and social criticism.

One of the most frequently cited advantages of a festival are those benefits that are derived from the ‘sense of community’ created. While the concept of community may be definitionally imprecise, this does not necessarily render it operationally useless. Arts festivals may be the occasion of a clear community articulation of self-identity. This cohesive influence is, in turn, connected to the function of ensuring social stability and solidarity. it is self-evident that many other community-based activities result in similar collective benefits, yet this does not detract from a festival's claim to do likewise.

It could also be argued in the case of Ireland that such festivals and special community occasions are an integral feature of national life. Community celebrations and festive occasions have been a noticeable feature of Ireland's cultural history. While these may not always have been arts festivals, this festive precedent is one which may deserve to be preserved, encouraged and developed. The associated connotations of sociable activity and communality may, moreover, confirm and convey a certain international image of Ireland abroad. (The tourism potential of such an image is discussed later.). Another dimension of this international recognition is that Ireland could develop an international reputation for excellence in festivals or that certain individual festivals gain renown, e.g. Wexford Opera Festival.
The scope for festivals to act as instruments of social criticism may initially seem rather restricted given the earlier characterisation of them as generating social cohesion. It is still possible for festivals to retain a social criticism function, depending on their type, setting and organisational structure. It is conceivable that certain performances, or entire festivals, could act as a focus of community self-identity while acting either explicitly or in a derivative fashion as a critique of society at large.

The social improvement argument is as applicable to festivals as to any performing arts event. Its validity and strength will depend on the levels of participation reached and whether the benefits are distributed among a wide spectrum of the population.

It is unlikely that the future generations argument will be articulated as a primary objective of any festival. It is possible, however, that this task of continuing and nurturing an artistic tradition or works of excellence is precisely the outcome of a festival. This argument is likely to be more significant where domestic talent and resources are encouraged.

Other market failure arguments relate primarily to cultural aesthetic objectives. Festivals are a unique opportunity for the pursuit of excellence in the arts. This comes from the stimulation of artistic competition generated by the festival, as the presence of companies, including foreign ones, of high artistic standards may act as a stimulus for other art producers.

Festivals also provide an opportunity for innovation and experimentation. On the supply side, festivals may be viewed as an instance of risk-pooling, since audience levels may be more guaranteed than otherwise, thus making it economically more viable to experiment with new material or techniques. The range and variety of works, in addition to the informal contact between artists, also make festivals ideal forums for new ideas and initiatives. At the level of the individual artist, festivals provide an opportunity for encouraging those contemplating pursuing an artistic career, or a venue where new talent may be discovered, encouraged or promoted. On the demand side, festivals are a time of heightened audience participation and audiences may be more open to participating and more responsive to new productions given the special atmosphere created by a festival, and the fact that productions often take place in unusual surroundings and milieux.

These positive effects on consumers relate to the educational aspect of a festival. This educational aspect stems from the perception of a festival as a unique, cultural episode in the cultural life of a community. One could argue that the very presence of arts activities during a festival helps break down attitudinal prejudice and that increased exposure to the existence of the arts is of value even for those who do not attend. These can be seen as short-term beneficial effects. Success, however, cannot be measured solely in terms of increased participation levels, although this could be a long-term objective, coming as a result of prolonged exposure and education.

6.1.2 Equal Access

There is, also, the question of festivals and equality. Given their flexibility and adaptability, festivals are a suitable channel for the regional dispersal of the arts. They provide regional areas with the possibility of a much wider range of artistic performances than would normally be possible. There is, obviously, a limit to the degree of geographical dispersion that is feasible. Some areas may lack the artistic facilities and this may influence the art form or type of performance possible: infrastructural deficiencies may, similarly, act as a constraint.
To measure the vertical equity dimension of festivals, audience composition surveys would be needed to see whether festival audiences diverge significantly from the overall pattern of participation outside of festival times. Another dimension of equality is that festivals may affect the aggregate level of provision of arts. First, there may be a demonstration effect at work: this means that the existence of a festival serves as an impetus for artistic preparation outside of the festival period, increasing the quantity of performing arts output available outside the festival. The second is a substitution effect whereby the overall output level of arts remains unaltered yet the festival affects the timing of these performances: instead of being spread throughout the year, they are concentrated in a shorter time-span. Only empirical quantification can determine which of these effects is the stronger.

6.1.3 Economic Benefits

In recent years a great deal of interest in festivals has centred on their economic significance in the life of a community or region. The claim that festivals represent ‘value for money’ and that this justifies their public subsidisation, must be examined. Those who favour public subsidisation of the performing arts are apt to point to the existence of the economic benefits associated with festivals and use these as arguments for further subsidies. There are issues, other than the existence of benefits, which are important when reviewing the case for subsidisation, and when the economic benefits have been enumerated and categorised, the economic costs of a festival must be weighed against them to determine if these are net or gross benefits. Finally, the opportunity cost of subsidising festivals must be borne in mind in deciding the worthiness of any further investment.

The first area of economic impact, and one of particular significance in the current economic climate of Ireland, is employment generation. The scale and structure of festivals in Ireland is such that direct, full-time, permanent employment associated with festivals will not be statistically significant. The Salzburg Festival, however, employs a permanent staff of 120 people (see Frey and Pommerehne, 1986). In an Irish context it is more likely that part-time and/or temporary staff would be employed for the duration of the festival. In addition to these direct employment effects there is the employment which is indirectly generated by a festival. This results from the beneficial spin-off effects of a festival on the local economy, e.g. on ancillary services such as hotels, restaurants, etc. Finally, there is the possibility of an induced employment effect, i.e. as the income of those employed, directly or indirectly, is spent this could create further employment (see the later discussion on incomes).

Even if, in employment terms, the direct effects of a festival are negligible, its indirect and induced effects may be sources of further growth for the economy. Empirical research would be needed to quantify the exact magnitudes of these effects for Ireland, but it is probably reasonable to suggest that their numerical significance is slight.

In practice, an easier way of quantifying these economic benefits is in terms of the income generated by expenditure on tickets and other goods and services. An initial expenditure or injection of money into the local economy generates some multiple of its original impact on the local economic base. Vaughan identifies three components of income creation as follows:

The direct income generation consists of the wages, rents and profits paid to the residents of the City, out of the receipts from tourist expenditure, by local businesses such as hotels, restaurants, retailers, etc. The indirect income generation is composed of the wage, rent and
profit payments, which can be attributed to expenditure by tourists, made by the suppliers of the businesses directly serving the visitors. The induced income generation is the local income created by local residents spending any income they receive, directly or indirectly, as a result of tourist expenditure. (Vaughan, 1977, p. 11)

The following are examples of different categories of spenders, each of which will have a different economic impact depending on the amount of initial expenditure, degree of leakage and multiplier value: local residents; local area day trippers; rest of country (overnights); visiting groups of artists; visitors from abroad; local sponsorship; grant-aid.

The decomposition of the overall multiplier effect into direct, indirect and induced effects will be the summation of all these individual categories of spenders. The objective of the multiplier analysis is to calculate the local effects of spending generated by cultural facilities or events. As it is created by a recycling of a percentage of the original purchasing of goods and services into the local economic base, the multiplier varies directly with local expenditure and inversely with non-local expenditure.

Only non-national expenditure represents a leakage, at the level of the national multiplier, since non-local expenditure simply creates a multiplier effect outside the festival region. A large econometric model could calculate the overall economic impact with a high degree of accuracy, but using certain simplifying assumptions concerning multiplier values, a minimum of data may be needed to accurately estimate the true results. The multiplier value chosen is obviously crucial since the final result is dependent on it.

There is a number of additional points which must be included in the calculation of economic benefits. First, trade may be created at other times of the year, outside the festival period, which may be directly or indirectly associated with the presence of the festival. Second, festivals act as a form of free advertising for a region: this may occur through media coverage, e.g. newspaper items and reviews, or by word of mouth. Third, no account has been taken of the imputed tourist value of a festival. Research on the profile of the tourist market is needed to segregate pure festival tourists, whose sole attraction is the festival, from non-pure tourists who visit for a number of reasons, one of which is the festival. Finally, an imputed investment value must be included, as the presence of arts facilities may induce new industry to locate in the area. The existence of cultural facilities may be a factor, however small, in encouraging businesses and industries already located in the area to continue or increase their investments rather than relocate.

If grants are paid by local authorities to subsidise a festival, this is one obvious cost, presuming they are paid from local taxes. Of greater importance, perhaps, are the possible negative social externalities associated with festivals. These include noise, litter, traffic congestion, security and health costs and infrastructural damage. These may, in turn, lead to trade and tourism diversion for those averse to such externalities. When these costs are accounted for it is possible to determine whether the economic benefits of a festival are gross benefits or net benefits.

There is also the question of whether these net benefits are real or illusory, i.e subject to double-counting. In relation to expenditure by local people during a festival, it is possible that this is simply an instance of substitution. It could either alter their time preference for spending, e.g. higher during the festival but lower before and after it, or it could be
that they divert expenditure from other areas into arts expenditure. In either case it is conceivable that there would be no real, overall increase in expenditure. A second example would be expenditure by non-local nationals during a festival. It is possible that this is just a case of economic benefits accruing to one region at the expense of draining other regions of resources. This would, once again, be an example of the expenditure pattern being altered without increasing the overall level of expenditure.

A final point which must be borne in mind in evaluating the net economic benefits of a festival is the distributional aspect. If there is a reasonable level of geographical dispersion of festivals, it may be argued that this represents a clear instance of regional income distribution. The greater the geographical concentration of festivals, the weaker the distributional aspect of the economic spillover effects. A second dimension of this issue is the distributional impact within a particular region. The majority of the benefits are likely to be concentrated among a small number (hoteliers, publicans, etc.) whereas the costs, especially the externalities, will be borne uniformly by all in the locality.

6.1.5 Conclusion

Even if the distributional objective is not violated, the existence of real, net, economic benefits does not, of itself, constitute a sufficient ground for public subsidisation. The opportunity cost of any venture must be calculated. (Opportunity cost attempts to quantify the benefits forgone.) By deciding to invest money in one venture, other possibilities are closed off. Only if it can be shown that the investment returns from a festival are more favourable than alternative investments does a prima facie case for subsidisation based on economic benefits exist.

In recent years there has been an upsurge of interest in the economic dimension of festivals. The above analysis has attempted to show that the connection between benefits and subsidies is not automatic. Indeed, the tenuousness of the link suggests that it may be inadvisable, on economic grounds, to canvass for subsidisation on grounds of economic return alone. In the first place this argument depends on the economic viability of an arts project. Second, given that in national terms the arts industry is relatively unimportant and has limited expansion possibilities, policymakers are likely to be reluctant to devote great amounts of energy to devising policy and examining its performance if its impact on aggregate economic variables is deemed to be marginal. Finally, while the economic impact of a festival may be significant, this will always be just one element in the case for government subsidisation: this case must ultimately rest upon the totality of benefits generated.

6.2 Community Arts

Not alone is the term 'community arts' difficult to define, it is a label which is often only reluctantly tolerated by those supposedly engaged in them. The first task of this section is to delineate the area of study, i.e. to ask what constitutes community arts? As a first step to discussing the community arts movement in Ireland, the experiences of two periods of history will be reviewed for their relevance to the current Irish situation. There is the experience, first, of the United States in the 1930s and, second, the community arts movement of the 1960s. The funding of community arts is then discussed, in two parts: first, the rationale for such funding is examined and, second, the actual funding situation in Ireland is discussed.

6.2.1 Experience in United States in 1930s

The parallel between the United States in the 1930s and Ireland in the 1980s is striking. In both cases there is a close link between prolonged periods of unemployment and the flourishing of arts groups. In both cases unemployment schemes were introduced, in neither instance
aimed specifically at cultural activities, yet arts groups availed of these schemes and their employment opportunities.

Prior to the 1930s in the United States, the Federal Government showed little official concern for the state of the arts. The arts were perceived as elitist and not warranting public support. In the nineteenth century some successful business people were patrons of the arts and persuaded city governments to become involved in subsidisation. The 1930s, however, witnessed the first major intervention by the Federal Government in the world of the arts, in the form of the New Deal’s Work Progress Administration. The purpose of the project was simply to reduce the unemployment caused by the Depression. As Netzer says:

The impetus for this effort was not special concern for artistic activity and still less a commitment to a permanent federal role in support of the arts. (Netzer, 1978, p.54)

Prior to this, as part of the Federal Emergency Relief Administration, the Civil Works Administration was created in November 1933. The latter organised the Public Works of Art Project, one of the goals of which was the raising of public taste, but the programme only lasted four months. A temporary Emergency Work Programme was also established in early 1934, employing people on arts-related projects administered at state level.

In January 1935 the Works Progress Administration (WPA), a large-scale national employment programme was launched, replacing the Civil Works Administration. Cultural activities were administered within the professional and service section of WPA and were designated as Federal Project Number One. There were five separate programmes within Federal One: Art; Music; Theatre; Writers; Historical Records. Federal One differed from earlier New Deal programmes in its explicit concern with maintaining professional standards. Each programme was consequently administered by a leading professional in its field. The Federal Theatre Project is of particular relevance to the Irish situation.

The objective of WPA, as mentioned, was to alleviate the unemployment problem of the Depression and its requirements were not always suitable for arts groups. This difficulty was particularly acute in relation to the eligibility requirements for recipients. Many artists were ineligible and the relocation of programme beneficiaries was severely restricted. This resulted in a widespread tendency towards a concentration of funds and personnel in large centres of population. The Federal Theatre Project had plans for regional theatre, which were thwarted, so while New York became a major centre of activity other areas benefited little from the scheme.

Regardless of the political motivation behind the WPA it did have the beneficial effect of greater resource utilisation. All art forms and types were represented, from musicals and opera to experimental and contemporary. Apart from the economic significance of the scheme, it was remarkable for its radical nature, both politically and aesthetically.

Federal One had, as a result, regularly been subject to criticism. In August 1938 the House Committee on un-American Activities, under the chairmanship of Martin Dies, began an investigation of Federal One. Theatre and writing activities were subject to special scrutiny. The main criticisms included inefficiency in use of resources, lack of conformity with WPA regulations, certain artists considered to be indecent or subversive, the presence of known communists on the payroll, and
insufficient censorship restrictions. However instrumental the Dies committee may have been in the demise of Federal One, its decline cannot be solely attributed to the committee's recommendations. Pressure from the committee, though, did result in the Emergency Relief Fund Act of 1939, abolishing the Federal Theatre Project and transferring the remainder of Federal One projects to state control. By 1943 all WPA activities had been terminated. The earlier nullification of Federal One's most controversial project was a real victory for the anti-New Deal lobby.

This experiment in public funding of the arts did not result in a permanent role for the Federal Government in supporting the arts. In retrospect, this is hardly surprising given the ephemeral nature of the schemes and their initial objectives. Some historians have argued that it may have had negative long-term consequences for the public image of the performing arts (see McKinzie, 1973). It left them with the stigma of work relief projects and the taint of Rooseveltian politics.

The parallels with the contemporary Irish situation are striking, even allowing for the differences in economic, social and political contexts. The experience of Federal One does suggest, however, that certain precautions should be taken in the funding of arts groups. It emphasises how unpredictable and volatile funding can be if it is donated for some reasons other than artistic purposes and the promotion of the arts. Second, it highlights that the form of funding chosen has implications for the extent of direct political interference allowed: the clash between political and artistic objectives is likely to be heightened in a situation where funding is given to meet some short-term common objectives.

6.2.2. Community Arts in 1960s

If the United States experience yields many insights pertinent to funding, the flourishing of community arts groups in the 1960s gives some understanding of the philosophy behind community arts. One tier of the community arts movement provides few conceptual difficulties, namely locally based amateur productions. The other aspect of the community-arts movement is where community arts 'is a general term for a group of cultural activities which the practitioners recognise as having common features but whose precise boundaries remain undrawn' (Kelly, 1984, p.1).

Such a characterisation implies that community arts are not restricted to any one art form, i.e. they are not concerned exclusively with any specific activity or group of artistic activities but with an approach to creative activity. This artistic philosophy is close to that of arts centres and explains why in Ireland community arts groups often work in close liaison with such centres.

This philosophy may be contrasted with what may be termed the renaissance philosophy of art, which is still largely the hegemonic view, perpetuated in the fine arts. Here, the finished product is of primary significance and its meaning and value seen as distinct from its means of production. In community arts this is not so. The divide between audience, artists, and works of art is less rigid since it is the creative resources of the community which constitute the work of art. Production requires the constitutive, active involvement of the community, not just passive appreciation. Community arts, therefore, are rooted in the historical specificity of society.

Kelly (1984) in his provocative book outlines three major strands in the emergence of community-arts groups, all of which relate to the 1960s, the last period of radical aesthetic reassessment. 'All of these must be linked to and viewed in the context of the wider socio-political movements of the 1960s. From its beginnings, community arts was a
concrete manifestation of the idyllic, political-egalitarian aspirations of the 1960s. It was only one strand of activism among others, one cultural expression of an apparently permanent economic boom. It was concerned with taking art 'into the streets' and giving it 'back to the people'.

The political flavour of much of this early history is unmistakable. It was a post-Modernist movement living out the international upsurge of radical activity. There are interesting national variations on this theme of political consciousness, though. in the United States, neighbourhood arts are closely linked with the question of racism and ethnic arts; in the United Kingdom the political dimension of community arts is expressed more in terms of social class; and in Ireland the oppositional, confrontational nature of community arts is less evident or acute than in other countries. This may be due to its later development or be linked to the general political culture of the country.

Creative Activity For Everyone (CAFE) is now recognised as a national organisation for community arts groups in Ireland. It is a non-profit making company, limited by guarantee, and accepts membership from any group or individual who shares its objectives. Its origins may be traced back to the summer of 1983. As a result of an initiative taken by City Workshop, a seminar on the role and place of creative activity for everyone was held. There were three further meetings in the following year and from its inception it was agreed that CAFE should be an all-Ireland organisation. Emphasis was also placed on development through regional meetings while it was recognised that a strong central administration would be needed for communication purposes.

CAFE is committed to achieving both social and cultural equality through creative activity. Since they see them as linked, social and cultural equality must be achieved simultaneously, they argue, and not in isolation from each other. Cultural equality is seen as the right of equal access to the means of cultural production, distribution and reception, and widespread and collective creativity is viewed as a force for change within society. CAFE was established to co-ordinate and strengthen the efforts of all groups interested in pursuing these objectives. They attempt to forge links and alliances with parallel groups at home and abroad.

6.2.3 Of the policy objectives mentioned in Chapter 3, community arts would appear to have most to contribute to the distributional objective. The versatility and adaptability of community arts groups make them appear, initially, ideal as instruments of equity policy. It is significant that in Ireland community arts groups tend to cater for urban audiences composed mainly of those of lower socio-economic status, and this may be attributed to a number of factors. It may simply be that such a close association is congruent with the philosophy of community arts, or it could be that, as in the United States during the 1930s, the funding schemes reveal an implicit bias towards such a pattern. It may be linked to the fact that supporting institutions and organisations tend to be concentrated in these geographical and socio-economic areas. If this apparent urban bias is an inherent feature of community arts, though, there may be a limit to its effectiveness as an instrument for bringing about more equal access. It is important also that community arts is not viewed simply as a substitute, for the fine arts, for the lower socio economic groups, as otherwise the objective of achieving a broad socio economic representation will be jeopardised.

The conflict between artistic excellence and greater equality is nowhere more evident than in community arts, and there is a constant fear that greater access in this regard can only be gained at the cost of diluting
artistic standards. Excellence in community arts is definitionally more elusive and less accessible to measurement than in conventional arts, and the criteria used in the conventional arts are totally inappropriate for community arts. This incommensurability has been a handicap in the past, when community arts groups have been competing with other organisations for public funds.1

The educational possibilities of community arts are also important. They are easily adapted to either school or non-school situations: many community arts groups provide people with their first experience of professional theatre and since community arts is not restricted to any one art form the likelihood of education in more than one art form is increased. Finally, the research and innovation arguments are particularly strong in the case of community arts. They operate at a high level of creativity, originality and experimentation. This imposes additional costs, which are particularly high considering that box-office returns, even in the case of success, are likely to be small.

From an examination of the current funding arrangements two further justifications for public subsidy may be gleaned.

The first relates to economic spillover effects, particularly employment generation. The connection between unemployment and community arts has already been mentioned several times. As will be seen in the next section, while directly supporting the arts for employment reasons is not the explicit policy of the government, the acceptance of community arts groups into employment schemes is a tacit recognition of their employment potential.

The second justification is the social improvement argument. Social improvement, however defined, is seen as a by-product of successful contact with community arts. Community arts groups often cater for cultural fringe groups and those considered most alienated from society: funding agencies and sponsors are sometimes attracted to community-arts groups precisely because of their special access to certain sections of society. The obvious tension between social improvement and social criticism highlights the paradoxical nature of this phenomenon. Funding agencies which subsidise with a view to social improvement are unlikely to tolerate excessive criticism. This could lead individual arts groups in an invidious or compromising position and it may be questioned whether such an apparent incompatibility could persist in the long run.

6.2.4 Funding Structure

Having outlined the possible justifications for government subsidisation of community arts groups, it remains to be seen what funds are currently (March 1987) made available. Public funding for community arts in Ireland comes from a number of sources, for many different reasons, and at different levels. These sources are listed and classified below. Category (A) consists of employment-generation and training schemes. These are not available to service the specific needs of the arts, but are related to the existence of extensive market failure in the labour market and the government's consequent role in times of high levels of unemployment. It is through a coincidence of short-term interests that arts groups qualify for, and avail of, these funds. This type may be called acquired funding, in contrast to the funding of category (B) which is intentional funding. The funds from these sources are donated specifically for the promotion of the arts. The level of funding from this category is significantly less than that available from the former category.

The first source within category (A) funding relates to the Youth Employment Agency (YEA). It was established in 1982 in response to the growth of youth unemployment. The YEA is primarily concerned with
the co-ordination and expansion of training and employment schemes for young people. In 1985 its total budget amounted to IR£144 million, IR£96 million of which came from the Youth Employment Levy, the additional funds coming form the European Social Fund. It spent IR£7 million on its own direct activities in 1985, and advises the government on the allocation of funds to various programmes. There are two main programmes which are of interest to community arts organisations, Community Enterprise Programme and Special Projects Section.

Table 6.1
Funding Agencies for Community Arts, 1986

<table>
<thead>
<tr>
<th>Category (A)</th>
<th>Category (B)</th>
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</thead>
<tbody>
<tr>
<td>(Acquired Funding)</td>
<td>(Intentional Funding)</td>
</tr>
<tr>
<td>1 Youth Employment Agency</td>
<td>Local Authorities</td>
</tr>
<tr>
<td>Community Enterprise Agency</td>
<td>Arts Council</td>
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<tr>
<td>Special Projects Section</td>
<td>Arts Community Education (ACE)</td>
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<tr>
<td>2 Department of Labour</td>
<td>Foundations²</td>
</tr>
<tr>
<td>Teamwork</td>
<td></td>
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<tr>
<td>Social Employment Scheme</td>
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<tr>
<td>Work Experience Programme</td>
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<tr>
<td>Employment Incentive Scheme</td>
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<tr>
<td>3 ANCO</td>
<td></td>
</tr>
<tr>
<td>Community Youth Training Programme</td>
<td></td>
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<tr>
<td>Community Training Workshops</td>
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<tr>
<td>External Training Unit</td>
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</table>

1. The White Paper on Manpower Services published in September 1986 will effect major changes in the administrative structures of such schemes. The discussion relates to the funding structure prior to this reorganisation.

2. Foundations are included in the list of intentional funding agencies though they represent private not public funding. ACE is a joint private-public venture.

The objective of the Community Enterprise Programme is to support and stimulate community initiative with a view towards creating employment. To be eligible, projects must be commercial and have the direct involvement of the community. Groups may be communities of an area or of interest/activity, including worker co-operatives. The YEA gives advice, plans grants, and will fund an 'Enterprise Worker' for one year, covering management costs and subsidising wages. Although few arts organisations have availed of this scheme in the past, it is likely to be of growing significance. One example is the Grapevine Arts Centre in Dublin which received IR£52,000 from the Community Enterprise Programme for the development of the 'City Centre.' The second programme, the Special Projects Section, has not been availed of very often by arts organisations since its brief is more specific.

The second source within category (A) is the Department of Labour which runs four schemes of interest to community arts groups, the most important of which are Teamwork and the Social Employment Scheme (SES). Teamwork was initiated in 1985 to provide community-based employment, in contrast to its predecessor, the Youth Employment Scheme, which catered only for jobs in industry. It provides for employment of a minimum of six months' duration and the target group is unemployed people between the ages of 17-25. It is estimated that Teamwork allocated IR£700,000 to arts programmes in 1985/86 which resulted in a huge increase in activities. The Teamwork budget was cut...
from IR£8.5 million to IR£6 million in 1986/87, of which IR£4 million was already committed. This led to a severe curtailing of new projects and between February and September 1986 most community arts projects were considered ineligible. From the community arts groups' point of view, Teamwork funding is essentially an erratic short-term form. It does not allow for long-term development or planning. The lack of formal liaison between the Arts Council and the Department of Labour meant that there were no clear guidelines for discriminating between applications from community arts groups. It also shows the danger of relying on schemes not specifically designed for the arts or where the arts are not regarded as a funding priority.

SES is the most recent temporary employment scheme, which operates on a much larger scale than Teamwork. Its budget is in excess of IR£40 million, most of which is funded by the Exchequer, though in 1985/86 IR£2 million came from the European Social Fund. The aim is to provide temporary community-based employment for people over 25 years of age. All community-based projects sponsored by the Public Sector bodies or voluntary organisations are eligible for funding under SES. Eligibility for the scheme is assessed by a monitoring committee. The major criteria are: local trade union approval; clearly identifiable community need; non-profit making organisation; no evidence of job displacement. Once again there is no other criterion imposed on community arts groups in deciding on an application and no operative liaison between the Arts Council and the Department of Labour. There is difficulty with renewing applications under the scheme, which causes difficulty for arts groups in terms of continuity of productions. In 1985/86 it is estimated that IR£1.3 million was diverted to arts activities, making it the biggest formal financial commitment to community arts in Ireland.

The Work Experience Programme caters mainly for school leavers and first-time job seekers. The Employment Incentive Scheme is intended to encourage companies to take on new employees. It amounts to a subsidy to the employees. Both of these schemes have been used primarily to fund the use of non-creative personnel by arts groups.

Within category (B) funding the Arts Council is of greatest significance. It first became involved in the funding of community arts in 1976. The increase in funds to community arts must be seen in conjunction with the Arts Council's increased funding of arts centres, regionalisation policies and arts education, to get a full picture of the changing composition of the Arts Council's budget allocations. In 1979, the first attempts at drawing up clear definitional parameters for community arts were made.

The area of community arts involves two different, but complementary, types of activity. The first is that of professional groups who see as their primary aim the development of a special relationship with community groups. The second is the amateur arts. (Annual Report, 1979, p.32)

The following year it was stated that 'it is where the concern with the community is all-important for an arts organisation that the Council deals with it under the heading of community arts' (Annual Report 1980, p. 47). In a time of stringent finances, priority was given to the professional sphere, and to amateur organisations where it was hoped that improved standards would materialise. In accordance with the Council's general funding policy on regionalisation, and access, the 1980s have witnessed a greater effort to involve local authorities in funding community arts.

In 1983 the criteria applied by the Council in applications for grant-aid
were enumerated. These were: the educational value of the activity, the size of the audience, the number of people directly involved, the level of professional arts involvement, and the level of funding provided by local authorities.

In the following year, 1984, the Arts Council once again refined its policy in relation to community arts to take account of new movements in the arts. It was stated:

The first type of arts organisation is that which operates in a direct and close way with the community... The second type of organisation is that which believes that the direct involvement of its audiences in the process of the arts activity is at least as, and often more, important than the finished object such as the sculpture, video or novel. (Annual Report 1984, p. 33)

The establishment of ACE (Arts Community Education) in 1985 has been the most significant development within category (B) funding in recent years. ACE is a three-year experimental community arts and arts education programme. It is a joint venture of the Arts Council and the Calouste Gulbenkian Foundation. The total budget for ACE is approximately IR£300,000, subscribed to equally by the Arts Council and the Calouste Gulbenkian Foundation. The scheme is administered by an eight-person committee, all of whom have experience and expertise in arts education and community arts. In 1985 over 120 declarations of intent or applications were received. These were considered, evaluated and selected in line with the scheme's nine guiding principles (see Appendix 1). More detailed applications were sought from selected groups and only a small number of projects are adopted to ensure adequate funding. The programme is scheduled to conclude in 1988, and it is hoped that the experiences with ACE will inform future arts-education and community arts policy in Ireland.

The administrative structure and funding arrangements of ACE provide a stark contrast to the type of funding dealt with in category (A). Although it is less financially important as a source of funding, its significance derives from being a source of direct, intentional funding with clear objectives and accountability procedures. It represents a more rationalist approach to the funding of community arts and offers the hope of a clear development path for community arts in the years to come.

Footnotes
1 Much of the discussion on this topic draws on the work of Netzer (1978).
2 'Community arts was woven, then, from three separate strands. Firstly there was the passionate interest in creating new and liberatory forms of expression, which the Arts Labs both served and fuelled. Secondly there was the movement by groups of fine artists out of the galleries and into the streets. Thirdly there was the emergence of a new kind of political activist who believed that creativity was an essential tool in any kind of radical struggle. With the advent of groups such as InterAction, Welfare State and Action Space (whose concerns were as much to do with the alternative society as they were to do with art) these strands were woven into a distinctive pattern of activities' (Kelly, 1904, p. 11).
3 Between February and September 1986, Teamwork phased out its funding of community arts and cultural groups, in favour of allowing other groups avail of its limited funds.
Appendix 1 Arts Community Education

Since ACE is one of the few arts projects in the country with a clearly articulated list of guiding principles and objectives, these are reproduced in full below.

The guiding principles are:
ACE will choose projects which demonstrate and promote new understanding and practice of the arts in these areas.

ACE will develop and support projects in community arts and arts education only.

ACE seeks to develop exemplary role models of practice in community arts and arts education. Accordingly much attention will be paid to the preparatory work and to the evaluation procedures proposed for each project.

ACE projects will normally seek to become integrated into the regular pattern of community or school life during the period of their support by ACE. Thus they should be independent of ACE funding at the end of the agreed period of financial support.

ACE projects will normally be funded for a period of at least one year and for a maximum of three years.

ACE projects will be expected to seek support both financial and administrative form a wide range of other arts, education, and community agencies at both local and national level.

ACE will initiate and develop its own projects as well as responding to proposals from other agencies and individuals.

ACE will not merely have a distanced funding relationship with projects it adopts and supports. From the beginning ACE will enter into active dialogue with those who propose projects of interest in order to clarify, extend, or develop the scope of the initial proposals. Such discussions will be without prejudice to the final choices made by ACE.

ACE is a project with financial and other resources. It is not merely a fund. It seeks to intervene creatively in the development of practice and attitudes in community arts and arts education. ACE is a forum for debate and practice, an opportunity to develop the arts in the Republic of Ireland. As such it welcomes not only the proposal of projects, but also submissions on the theory and practice of community arts and arts education in the Republic of Ireland, declaration of interest, constructive criticism and expressions of support for the values expressed in this document and demonstrated in the work of ACE.
Appendix II: Wet Paint: A Community Arts Case Study

This appendix contains a profile of a new Irish company called Wet Paint. There is no suggestion that Wet Paint is a typical or model group. The purpose of the profile is to illustrate many of the arguments and statements in the report, particularly in the section on community arts. No explicit reference is made to these previous arguments: it is left to the reader to make the necessary connections.

Origin, Purpose Operation

Wet Paint was formed in 1984 with the objective of developing an arts education/community arts initiative concerned with the personal development and social education of young people. The formulation of the company’s policy was the result of a number of different influences. On the one hand there was a concern for the social circumstances of young people, the influx of foreign culture, and the apparent inaccessibility of the arts for young people. The policy was also motivated by an understanding of the value of arts education, of participation in the arts and the potential contribution of indigenous drama. In response to this situation, Wet Paint attempted to develop programmes aimed at stimulating self-awareness and self-expression among young people. In using theatre as an initial vehicle for this process, the objective was to create a theatre that was both recognisable and accessible to young people. It was hoped that this would engender an appreciation of drama and engage young people in a process of reflection, critical thinking and creative action.

The company is a non-profit making organisation, limited by guarantee, and recognised by the Revenue Commissioners as established for charitable purposes. It has status under Section 32 of the 1984 Finance Act whereby gifts of money to the company will qualify for tax relief. It is Ireland’s first, and only professional, young people’s theatre (YPT) and is a legal member of CAFE (Creative Activity for Everybody). An agreement with the City of Dublin Youth Services Board (CODYSB) has enabled it to establish an independent artistic and administrative base: this includes not only office space and meeting/workshop facilities but a small theatre facility which is currently being renovated and decorated.

Wet Paint has also sought to identify the human resources and expertise necessary to develop its venture. This was achieved by securing professional administrative and programme development staff. It has also availed of outside specialised personnel at the levels of Board of Director and finance group, and in establishing an in-service training programme for the creative staff. Its audience catchment area is that delineated by the Dublin City boundaries, and in certain cases the Dublin County Region, particularly Tallaght, and the target group is young people between the ages of 14-21. It is also committed to working with young people from disadvantaged areas and those at risk and the programmes are especially developed for working in an out-of-school context.

The present policies and orientations of the company have evolved over the last three years. In 1984 it was involved in activities which gave it general exposure, i.e. street theatre. In the following year its work in festivals, carnivals and community arts still had a broad audience appeal. For much of this period the company’s financial situation was particularly insecure, and it operated on a very small budget and with few facilities. It was only in 1986, since its partnership with CODYSB, and its current funding from the Department of Labour, that it has been able to fully develop and initiate its programme. In order to devote its full energies to this task the company has declined many opportunities, e.g. festivals in Ireland and abroad, sponsorship deals, etc. To accept these invitations would have detracted from its primary objectives and interfered with the operation and development of the company.

A central mechanism whereby this policy is implemented is through its partnership with CODYSB which began in 1985. In conjunction with CODYSB Wet Paint has established an organisational network of 400 groups who are working with young people in an out-of-school context. An up-to-date mailing list and master file is maintained for each group which has a direct involvement with a company. Member groups are categorised according to specific criteria and the composition is as follows: youth clubs at 50 per cent and national organisations at 10 per cent are the two main categories, followed by uniform groups, special-interest groups, special youth services.

Programme Development

There are two main aspects to its programme development. The first is to create greater awareness and appreciation of the arts, particularly drama, among young groups and organisations. Wet Paint also concerned itself with research into the area of young people’s attitude to, and involvement in, the arts. The first survey it conducted in 1986 was undertaken to ascertain the level of young people’s interest in, and appreciation of, the arts. In response to the results of this survey it has designed a general programme targeted at youth leaders and workers, which relies on demonstrating the relevance of the arts in young people’s lives through examining the potential value of drama. There is a number of different elements in the programme.
- Introductory Workshops. Drama was introduced in these workshops as a creative and educational tool in work with young people.

- Young People’s Theatre Development Workshop. The target groups from the Wet Paint network were consulted in the development of YPT productions at both pre- and post-production stages. These were attended by approximately 2,000 people in 1986.

The process of composing new material reflects Wet Paint's belief in collective creation. Through the different components of the programme, a wide variety of people is involved in the creation of new material. The members of the creative body draw on their own life experience and new ideas are loosely structured into characters and scenes which are then developed in a series of skill workshops. The work programme is symmetrical in that there are discussions and workshops to gather and develop new ideas, the productions are presented and further workshops are initiated to allow for critical comment and reflection. To create a drama piece that is relevant, recognisable and accessible to young people, maintaining close contact with the realities of their life is crucial. The participation of young people is not simply by way of comment on a finished product but rather constitutive of it. It is a case of the arts practitioners bringing their professional skills to young people and developing with them a means to express their ideas, thereby imparting an appreciation of the form itself.

- Young People's Theatre (YPT). The original plays developed by Wet Paint in workshops are presented to young people from the target groups. There have been four YPT productions to date and in 1986 2,500 young people attended the two productions.

- Theatre Access Scheme. This scheme was developed to facilitate young people's attendance at YPT. It is a free ticket project designed to stimulate attendance from young people who have previously had little or no contact with the arts or experience of a live theatre event. The administrative difficulty is circumvented by Wet Paint's organisational network by which the scheme is administered. Not alone does the scheme attempt to break the inaccessibility of the arts but it also has an arts education dimension.

A second aspect of the programme is a movement to facilitate youth groups' and organisations' participation in the development of community-based arts educational programmes. This has been a concern of Wet Paint over the past two years. Through its workshops and network it has attempted to discover what might be valuable and practical for an arts education/community arts initiative for young people. The company conducted a second survey in 1987: this survey was more detailed than the first and was conducted among 125 groups from its organisational network. The aim was to identify the potential for arts programmes within the community in the coming years. The results of this survey have been instrumental in shaping the company's development programmes for the next three years.

Future Development

There are three aspects to the company's three-year development programme (1987-1990), aesthetic, artistic and social education. The programme has been designed in keeping with the levels of need identified by youth leaders and workers and in accordance with the perceived ability of groups to participate. The different facets of the programme are designed to complement each other and allow for development to happen at a number of levels. The components of the programme are as follows:

(i) Access to YPT. Wet Paint is committed to developing further plays of relevance to young people and to continue encouraging participation through its theatre access scheme. It also intends to develop a circuit of community venues to which professional YPT productions, and eventually young people's own work might be brought on tour.

(ii) YPT Development Workshops. This entails a continuation and refinement of the collaborative process already in operation.

(iii) Social Education Workshop Series. Wet Paint has designed an approach utilising drama to explore areas of concern to young people. It intends to develop a series of short plays to establish a forum for discussion and debate.

(iv) Community Youth Drama Programmes. This work is at the core of the development programme. The aim is to introduce youth leaders to the full potential of drama both as an activity and art form encouraging creative education and personal development of young people. It intends to train groups of leaders in the various skills required to enable them develop programmes suited to their own contexts. The objective is to extend and develop the Wet Paint venture so that it becomes organic within communities.
Arts Advice and Information Service. Wet Paint hopes to make a wide range of resource materials available to those involved in the promotion of community arts and education.

There is also a number of longer-term plans such as extending the theatre-access scheme to mainstream theatre and facilitating access to training opportunities within the arts. The feasibility of these and indeed all their initiatives depends crucially on the financial base of the company, which is now discussed.

Finance

An income and expenditure account for the financial year 1986 is given in Table A.1. A number of features deserve special mention. On the income side, the heavy reliance on temporary employment schemes is notable: almost 80 per cent of the company's revenues came from wage and material subsidies from SES and Teamwork schemes during 1986. These schemes were utilised since they offered considerable funding for the period in question. It does not intend to continue utilising such schemes, since the short-term nature of the schemes renders them unsuitable for long-term planned development. It hopes in the future to secure funding from the Arts Council and CODYSB.

A second feature of the revenue figures is the relatively low figure for box-office receipts. Only 6 per cent of total revenue was earned from this source. This is not due to any deficiency in attendance, as over 2,500 attended their actual productions and when all the services provided free-of-charge are included, i.e. workshops, etc., the figure is approximately 4,500. This theatre-access scheme has direct implications for their funding as it means that the company is reliant primarily on sources other than earned income.

Apart from the Department of Labour funds the company has three main sources of funding. The first is the Arts Council. The IR£5,000 Wet Paint received was part of a special awards scheme and represents a once-off donation. Its major sponsor is the CODYSB: it provides over 10 per cent of its total revenue last year. In addition to this, CODYSB provides a variety of services to Wet Paint: these include office space, telephone, theatre space, general administrative and running costs. The imputed value of these services was approximately IR£30,000 in 1986. This represents a huge hidden subsidy to the company. The corollary of this indirect subsidy may be seen on the expenditure side in the artificially low figures for overheads and production costs. It also explains why labour cost absorbs 80 per cent of the total outlay of the company. The third main source of finance is Dublin Corporation which donated IR£1,000 in 1986.

Although Wet Paint is not being presented as a typical community arts group, its funding structure does mirror many of the macro-funding peculiarities discussed in Chapter 6. For the reasons outlined earlier, the balance between earned income and public subsidy is somewhat skewed by the theatre-access scheme of the company. Another question is the absence of private sponsorship: it does have plans to investigate and exploit private sector funds, yet to date it has not succeeded in doing so. The most remarkable feature is the structure of public funding and the preponderance of category (A) funding. It remains to be seen how Wet Paint's efforts to survive without such funding in the future will succeed.

Table A.1. Wet Paint Income and Expenditure Account (IR£)

<table>
<thead>
<tr>
<th>Income</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Labour</td>
<td>Labour Costs</td>
</tr>
<tr>
<td>Wages grant</td>
<td>89,709</td>
</tr>
<tr>
<td>Materials grant</td>
<td>80,341</td>
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<tr>
<td>Subsidies</td>
<td>9,368</td>
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<tr>
<td>Grants</td>
<td>18,600</td>
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<tr>
<td>Arts Council</td>
<td>6,564</td>
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<tr>
<td>CODYSB</td>
<td>13,000</td>
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<tr>
<td>Corporation</td>
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<tr>
<td>Earned Income</td>
<td>Excess of income over expenditure</td>
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<tr>
<td>Box-Office</td>
<td>8,560</td>
</tr>
<tr>
<td>Miscellaneous</td>
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<tr>
<td></td>
<td>1,560</td>
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<tr>
<td>Total</td>
<td>116,869</td>
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</tbody>
</table>

Sources: Wet Paint Accounts. 
City of Dublin Youth Services Board.
References


National Endowment for the Arts.


