The Arm’s Length Principle & the Arts: An International Perspective 1985

i – The Arm’s Length Principle 1

ii – Four Alternative Roles 1

Exhibit 1: Four Alternative Roles, 1985 1

iii – Trends 1985 5

(a) Convergence 5

(b) Lotteries 5

(c) Commercial Realism 5

Funding the Fine Arts: An International Political Economic Assessment 2001

i - Fiscal Arguments 6

(a) Business Economics 6

(b) Political Economics 7

(c) Welfare Economics 7

ii - Previous Trends 1985 7

iii - Emerging Trends 2001 8

(a) Cultural Sovereignty & Supra-National Cultural Affairs 8

(b) Equifinality, Egalitarianism & Re-Definition 9

Exhibit 2: The Arts Industry 9

(c) Market Realism: WIPO, WTO & WWW 11

(d) Subsidiarity, the Second Wave & the Little Sisters 12

Postscript 2016 13

i – Five Alternative Model 13

Exhibit 3: Knowledge Domains 14

Exhibit 4: Five Alternative Roles, 2016 15

ii - Previous Trends 1985, 2001 15

iii - Emerging Trends 2016 15

(a) Conserver Society 15

(b) Cultural Sovereignty & Globalization 16

(c) Vocabulary 19

End of Line 20

References 21

Bibliography 1985, 2001 22
The Arm’s Length Principle & the Arts: An International Perspective (1985)

In September 1985 my research officer, Claire McCaughey, and I, as Research Director, submitted a policy research study to the Canada Council (for the Arts) entitled: The Arm’s Length Principle & the Arts: An International Perspective – Past, Present & Future. The report presented, among other things, three principle findings.

i – The Arm’s Length Principle

ii – Four Alternative Roles; and,

iii - Trends

i – Arm’s Length Principle

The report established the historical and legal basis of the arm’s length principle. The principle applies to the role of the State in funding selected activities, e.g., the Fine Arts, through an intermediary institution such as an arts council. The total financial amount of support is determined by the State but its distribution is based on apolitical criteria such as excellence as determined by, among other things, peer evaluation. By the Fine Arts I mean what in French is called Les Beaux Arts or more crudely in English, the arts-for-arts-sake arts. Thus the criterion of success is excellence, not profit or votes.

ii – Four Alternative Roles

The report presented a four-fold model of alternative roles for the State in support of the Fine Arts. In summary:

<table>
<thead>
<tr>
<th>Exhibit 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Four Alternative Roles for Public Support of the Fine Art</strong></td>
</tr>
<tr>
<td><strong>1985</strong></td>
</tr>
<tr>
<td><strong>Facilitator</strong></td>
</tr>
<tr>
<td><strong>Patron</strong></td>
</tr>
<tr>
<td><strong>Architect</strong></td>
</tr>
<tr>
<td><strong>Engineer</strong></td>
</tr>
</tbody>
</table>

The Facilitator

The Facilitator State funds the fine arts through ‘tax expenditures’, i.e. taxes foregone or forgiven. Government can choose not to tax certain types of income and/or expenditures made by citizens because related activities are considered merit goods. A charitable donation made by an individual or an organization is an expenditure example. In this case government mandates that a donation to a ‘recognized’ charity should, in whole or in part, be subtracted from income tax due to the government. The exemption from income taxation of copyright income by resident artists in the Republic of Ireland (Eire) is an income example relevant to the arts.
The Facilitator supports diversity rather than specific types or styles of art. Specific standards are not supported because the Facilitator relies on the preferences and tastes of corporate, foundation and individual donors. The policy dynamic of the Facilitator State is random in that public funding reflects the changing tastes of private donors. In the Facilitator State the economic status of the artist and fine arts enterprise depends on a combination of box office appeal and the changing tastes and financial health of private patrons.

The strength of the Facilitator lies in the diversity of funding sources. Individuals, corporations and foundations choose which art, artists and arts organizations to support. The Facilitator also has weaknesses. First, standards of excellence are not supported, and the State has no ability to target activities of national importance. Second, the valuation of private donations in kind, for example, a painting donated to a museum or art gallery, can be problematic. Third, the Facilitator cannot necessarily restrict benefits to the domestic arts community, e.g. reconstruction of the Versailles palace was funded in large part through tax-exempt contributions made by American taxpayers to the Versailles Foundation in New York City. (1) Fourth, it is very difficult to calculate the cost of tax credits and expenditures to government. (2)

In the United States, government plays the role of Facilitator, promoting the fine arts through tax expenditures channeled by donors. The Facilitator role has its origins in three American traditions: the separation of church and state, the competitive market economy, and private philanthropy, which before and after imposition of income tax has represented the single most important source of support for the fine arts. 

The Patron

The Patron State funds the fine arts through arm's length arts councils. The government determines how much total support to provide, but not which organizations or artists should receive that support. A council is usually composed of a board of trustees appointed by the government. Having been appointed, however, trustees fulfill their grant-giving duties independent of the day-to-day interests of the party in power, much like the trustee of a blind trust. Granting decisions are generally made on the advice of professional artists working through a system of peer evaluation.

The arts council supports creativity with the objective of promoting standards of professional artistic excellence. The policy dynamic of the Patron State is evolutionary, responding to changing forms and styles of art as expressed by the artistic community. The economic status of the artist and the artistic enterprise depends on a combination of box office appeal, the taste and preferences of private donors, and grants received from arm's length arts councils.

The very strength of the arm's length arts council is often perceived, however, as its principal weakness. Fostering artistic excellence is often seen as promoting elitism, with respect to both type of artwork produced and audience served. Support of artistic excellence may result in art that is not accessible to, or appreciated by, the general public, or by its democratically elected representatives. In most Patron States there are recurring controversies in which politicians, reflecting popular opinion, express anger and outrage at support for activities that are, for example, perceived as politically unacceptable, pornographic or appealing only to a wealthy minority.

Compiler Press © April 2016 2
With an arm's length council, however, politicians can claim neither credit for artistic success nor responsibility for failure. Great Britain is the prime example of the Patron State. Government adopted the role of Patron during World War II by creating the Committee for Education, Music and Art for raising morale during the Blitz. (3) After the war it created the Arts Council of Great Britain and its sister agencies in Scotland, Wales and Northern Ireland. The role of Patron evolved out of traditional arts patronage by the English aristocracy. The government continues the Patron role, even though various task forces and committees of Parliament have recommended incentives to enhance charitable giving. (4)

*The Architect*

The Architect State funds the fine arts through a Ministry or Department of Culture. Bureaucrats, in effect, make grants. The Architect tends to support the fine arts as part of its general social welfare objectives based on an historic tradition in western European culture since the fall of Rome – practised first by the Church in praise of God then in praise of the Monarch and/or Aristocracy and, today, in praise of the citizen or the culture of the specific nation-state. Since the arrival of ‘democratic’ government, the Architect role has evolved from ministries of church affairs and culture to ministries of education and culture to a separate and distinct ministry of culture.

The Architect tends to support art that meets ‘established’ rather than ‘professional’ standards of artistic excellence. The policy dynamic of the Architect is revolutionary. Inertia can result in the entrenchment of established standards developed at a particular point in time leading to stagnation of contemporary creativity, as has been observed with respect to France. (5)

The economic status of artists in the Architect State is determined by membership in official artists’ unions. Once an artist gains membership in such a union, he or she becomes, in effect, a civil servant and enjoys some form of income security. The economic status of artistic enterprise is determined almost exclusively by direct government funding. The box office and private donations play a small role in determining their financial status.

The strength of the Architect role is the fact that artists and arts organizations are relieved from depending on popular success at the box office, resulting in what has been called an “affluence gap”. (6) Moreover the status of the artist is explicitly recognized in social assistance policies. The weakness of the Architect is that long-term, guaranteed direct funding can result in creative stagnation.

For example, since before World War II the government of the Netherlands has played the role of Architect. The government funded numerous literary, media, performing and visual arts institutions as regular budget items. Furthermore, the government provided a guaranteed annual income to visual artists. (7) Effectively, the government set minimum salary and working conditions. The “Tomato Revolution” of the 1970s, in which the audience protested the content of Dutch theater, demonstrates the revolutionary policy dynamic that can result from the Architect role.

[D]issatisfaction expressed in poor attendance, position papers, meetings and ultimately tomatoes, smoke bombs and invectives, gave government a clear indication that there was a serious gulf between the public’s perception of need and what tax money was purchasing . . . . Now in a revival of one
of the world’s fundamental rites, the death/ castration of the parent cleared the way for the child’s assumption of power and prestige. Mythic relationships prevail even in government support system! (8)

_The Engineer_

The Engineer State owns all means of artistic production. The Engineer officially supports only art meeting political standards of excellence. Funding decisions are made by political commissars intent on furthering political education or re-education, not artistic excellence. The policy dynamic of the Engineer State is _revisionary_ with funding decisions constantly revised to reflect an ever-changing party line.

The economic status of the artist is determined by membership in official Party-approved artists' unions. Anyone who does not belong to such a union is, by definition, not an artist. All artistic enterprises are state-owned and operated; that is, all artistic means of production belong to the State.

The Engineer role is attractive to a “totalist” regime because it focuses the creative energies of artists toward attainment of official political goals. There are several weaknesses associated with the Engineer role. First, Art is subservient to political objectives. Second, the creative energy of artists cannot be completely channeled. Repressed artistic ambition results in an “underground” subversive of either party aesthetics or capitalist values, _i.e._ a “counterculture”. (9) Third, counter-intuitive results can occur. For example in the old Soviet Union, it was works of the Czarist period that received critical acclaim in the West, not the works of socialist realism.

The exemplar of the Engineer role was the old Soviet Union. Between the Communist Revolution in 1918 and 1932 the Soviet government played the role of Architect. The “People's Commissar of Enlightenment” viewed Art as an integral part of human development. While the workers were considered owners of the “artistic means of production” they were not considered ready to operate them. First they needed to be educated through access to the capitalist art of the past after which true proletarian art would emerge. Censorship and control over content were relatively rare. (10)

In 1932, with the second Five Year Plan implemented by Joseph Stalin, the costs of industrialization and the need to develop a new socialist society combined to change the role of the State from Architect to Engineer:

This second page in socialist cultural policy saw the rise of the doctrine known as Socialist Realism . . . [that] downplays the notion that the “means of production” in the arts belongs to the masses, substituting the idea that it is the final product, the artwork itself, that is the property of the proletariat. Under this scheme, the social responsibility of the artist lies in “satisfying” the “owners,” that is producing works that can be immediately accepted by the masses. (11)

Henceforth all art produced in the Soviet Union had to be socialist realist, that is, realist in form and socialist in content. Artistic activity was organized into “creative unions” to monitor new works and ensure conformity with the aesthetic principles of the Communist Party. Artists who produced work that did not conform
were expelled and no longer recognized as artists. A form of author’s rights derived from the Civil Code tradition was operative but granted only a one-time payment to a creator who did, however, retain ongoing moral rights. There were no subsequent royalty payments because the work belonged to the people, i.e. it entered the public domain.

In summary and expressed as ‘pure types’, Western Europe, the British Commonwealth, the United States and the former Soviet Union and its satellites evolved very different superstructures for publicly funding the fine arts in the post-World War II period. In the United States, the tradition of separation of church and state, free market competition and private philanthropy led the USA to adopt the role of Facilitator. In Britain and Commonwealth countries, government distanced the arts from the State, preferring to apply the arm’s length principle through autonomous arts councils acting as the Patron. The European tradition is Architect reflecting the role played by absolute monarchs and the medieval Church. An exception to the Architect role in Western Europe was the former West Germany where the constitution forbade federal involvement in cultural affairs due to the Nazi experience. After unification, however, a national Ministry of Culture was created, albeit with less power and influence than in other western European countries such as France. A tradition of Czarist “autocracy” together with Communist ideology led the Soviet Union to adopt the role of Engineer – owner of all artistic means of production.

**iii - Trends**

The Report identified three emerging trends:

(a) Convergence;

(b) Lotteries; and,

(c) Commercial Realism.

**Convergence**

By 1985 it was apparent that Nation States were beginning to diversify their roles. Thus in the USA, traditionally a Facilitator, the National Endowment for the Arts (an arts council Patron) was founded. In the UK and European Community, (traditional Patron and Architect, respectively) began to encourage private donations through tax exemption, i.e., a Facilitator. Canada, traditionally a Patron, established the federal department of Canadian Cultural Heritage, i.e., an Architect.

**Lotteries**

By 1985 lottery funding of the Fine Arts remained a matter of controversy within the arts community in Canada and the USA. Legalized in Canada in 1970, federal lottery funding was offered to the Canada Council in the early 1980s. It refused for two reasons. First, it was argued (incorrectly) that such funding would be unstable. Second, the question was asked: How can such a beautiful thing as Fine Art be supported by a vice like gambling? In Europe and Australia, on the other hand, the Fine Arts accepted lottery funding.

**Commercial Realism**

By 1985 the vocabulary changed (unfortunately in my opinion) from the Arts or the Arts Industries to the Cultural Industries. UNESCO played a major role in this changed terminology. Given the overwhelming presence of the American entertainment industry on the screens, sound systems and bookshelves of the ‘free’
world (and behind the Soviet Union’s Iron and China’s Bamboo Curtains too), many Nation States recognized the need to subsidize and support both for profit and non-profit components of the so-called Cultural Industries so that their national voice could be heard on the world stage.

I use the phrase ‘Commercial Realism’ with profit as its objective in contrast to ‘Socialist Realism’ of the Communist or command economies of the Second World creating the ‘new socialist man’ as its objective. In this regard the First World can be defined as the advanced market economies of democratic member states of the Organization for Economic Cooperation and Development (OECD). The Second World refers to the non-democratic, command economies of the Communist Bloc. The Third World refers to the developing economies of the Southern Hemisphere, generally members of the so-called non-aligned states. The Fourth World refers to the aboriginal and tribal peoples around the world who do not have their own Nation-State.

Potential trade disputes were mitigated by sections of the 1949 General Agreement on Tariffs and Trade (GATT) that grant Member States exemptions for the Arts: Articles: III, 10; IV; XX a, d & f. Subsequently, in 2005, the UNESCO Convention on the Protection and Promotion of Diversity of Cultural Expression established such exemptions as part of international law.


**Funding the Fine Arts: An International Political Economic Assessment**

(2001)

In 2001 the Association of Nordic Theatre Scholars invited me to update the 1985 report. It was subsequently published as “Funding the Fine Arts: An International Political Economic Assessment”, *Nordic Theatre Studies*, Vol. 14, 2002. It is important to note that the USSR had ceased to exist by this time and the Second World of command economies including the People’s Republic of China (that gave up Marxist economics but retained Leninist politics), gradually melted into the global free trade economy of the World Trade Organization (WTO) in 1995.

The update, in addition to summarizing the four-fold model, presented, among other things, three principle findings:

- i --Fiscal Arguments;
- ii - Previous Trends; and,
- iii - Emerging Trends

**i - Fiscal Arguments**

The fiscal policy of a State involves the choice to tax and/or spend. Such choices are primarily political intended to gain electoral benefit. There are at least three economic perspectives that can be used to assess such choices: (a) Business Economics; (b) Political Economics; and, (c) Welfare Economics.

(a) Business Economics assesses the economic size and importance of an industrial sector with respect to employment and contribution to Gross Domestic Product (GDP). The greater the employment and contribution the more likely the State will support it.
In the case of the Fine Arts, measured as a standalone sector, employment and contribution to GDP is small. Furthermore, in the case of the live performing arts there is William Baumol’s ‘income gap’ (12) between what can be reasonably charged at the box office and the cost of production. In fact the live performing arts are an ‘unproductive industry’. Other industries enjoy increasing productivity as new and improved capital increases output per worker. In the live performing arts increased productivity is not possible. It takes the same time to rehearse and perform a Vivaldi concerto today as when first performed. In other words, the live performing arts are a black hole in business terms. Subsidies and tax expenditures and/or private donations must increase over time if rising production costs are to be met.

(b) Political Economics considers the ‘political’ constituency for the Fine Arts. On the demand-side the audience tends to be ‘elite’ and ‘effeminate’, i.e., highly educated, financially well off and slightly more female. On the supply-side, producers also tend to be highly educated but financially not as well off and slightly more male.

On the demand-side, a financially affluent, numerically small and predominantly female audience presents political problems. Is it welfare for the rich? Is it politically productive to subsidize upper-class rather than working-class women, particularly in predominantly ‘jock’ or sports dominated cultures?

Furthermore, the fact that the Fine Arts are led by an avant-garde ruthlessly critical of the ‘Powers-that-Be’ also presents political problems. Why should government fund its critics?

(c) Welfare Economics is concerned with the balance between equity and efficiency. In this view the Fine Arts are a ‘merit good’. A merit good is one whose consumption or production generates benefits external to market price. It is the opposite of a demerit good, e.g. smoking or, at the extreme, criminal activity. A demerit good is thus one whose consumption or production generates costs external to market price. As with ‘public goods’, the private market cannot profitably provide the quantity or quality that a society considers adequate. Today, for example, education is considered a merit good because it not only improves an individual’s career prospects but also makes them a better citizen.

To individual donors and many within the private and public sectors the Fine Arts are a merit good. The merit audience is as old as the Fine Arts themselves. Globally aristocratic and ecclesiastic patrons of past centuries funded them. Today, public and private sector patrons support them. It is the tradition of “multiple funding sources”, i.e., box office revenue plus public and private donations that supports the independence of the Fine Arts.

ii - Previous Trends 1985

With respect to previously trends, convergence continued between 1985 and 2001. Australia, a traditional Patron, made the Sydney Opera a federal budgetary ‘line item’, i.e., a specified budgetary item, like an Architect. In 1994 the federal government tried to enfold the Canada Council for the Arts with the Social Sciences & Humanities Research Council (SSHRC) and the International Cultural Relations Bureau of External Affairs & International Trade Canada. The effort failed by one vote in the Canadian Senate. The federal government did, however, succeeded in compelling the Canada Council to adopt its wordmark acting like an Architect even though the Council is legally an agent of the legislative not the executive branch. In
the USA the culture wars resulted in significant funding cuts to the NEA and, in effect, legislative censorship of federal funding of the *avant-garde* like an Engineer. In the UK, the Arts Council of Great Britain founded in 1945 was dismantled by the Thatcher government, support was regionalized and lottery funding became an increasingly important source of funding.

Lotteries became increasingly important not only in England. In Canada, however, much of the new funding went to regional, local or community-based arts activities, not the Fine Arts. At the state level in the USA revenues from the Massachusetts ‘arts lottery’ were so large that funds were capped and the excess diverted to support activities far removed—roads, sewers, *et al.* Remaining funds favoured community-based rather than the professional Fine Arts.

Commercial Realism continued to mature between 1986 and 2001. As a political constituency the entertainment arts industry is better organized and funded than the Fine Arts. It also tends to be less controversial because international rather than local standards are at play. It also promises to deliver profits and jobs. The result: public funding, especially tax breaks for the TV and movie industries, were increasingly made to support commercial realism rather than the Fine Arts, *e.g.*, Canada’s efforts to make Toronto or Vancouver ‘Hollywood North’.

**iii - Emerging Trends 2001**

Four emerging trends were identified in 2001:

(a) Cultural Sovereignty & Supra-National Cultural Affairs

(b) Equifinality, Egalitarianism & Re-Definition

(c) Market Realism, WIPO, WTO & WWW

(d) Subsidiarity, the Second Wave & the Little Sisters

(a) Cultural Sovereignty & Supra-National Cultural Affairs

By 2001 the battle for cultural sovereignty (a term deriving from Quebec’s attempt to separate from Canada) was fought on two fronts. First was the economic front where Canada, France and Sweden, among others, pressed the World Trade Organization to maintain the exemption of artistic goods & services. Together with other Nation States, they wove a web of international film and television co-production agreements intended to generate the high production standards demanded by audiences especially in the American marketplace. The European Union adjusted its regulatory environment attempting to engineer a financially viable industry. The European Investment Bank assisted European media companies compete against Hollywood and Silicon Valley. Such measures generally followed earlier Canadian examples.

The second front was international institution building and related supranational cultural affairs such as the International Alliance of Culture Ministers (IACM), detailed in the original 2002 article. Principally focused on exemption from free trade restrictions, these multilateral efforts culminated with the 2005 UNESCO *Convention on the Protection and Promotion of Diversity of Cultural Expression*. It established such exemptions as a settled matter of international law. One hundred and forty-eight countries approved; the United States and Israel voted against; four abstained.
(b) Equifinality, Egalitarianism & Re-Definition

Among other things equifinality refers to different initial conditions leading to the same outcome. In this case by 2001 most Patron states had created *de facto* ministries of culture adopting the Architect role. Most adjusted their tax systems to encourage corporate and private giving to charitable causes including the Fine Arts adopting the Facilitator role. Most Architect states similarly adjusted their tax systems to play a Facilitator role and many created *de facto* arm’s length arts councils thereby adopting the Patron role. With respect to the Entertainment Arts, Facilitator, Patron and Architect states adopted the Engineer role striving to create a financially viable industry often in collaboration with foreign allies through co-production agreements.

Egalitarianism has historically been contrasted with Elitism. Between 1985 and 2001 there was a notable trend away from traditional politics of ‘elite accommodation’ towards the politics of polls. Elite accommodation refers to the government of the day accommodating the needs of leading figures in various sectors of society to maintain political stability. The ‘politics of polls’ refers to polling of the general population to accommodate popular needs and get elected or re-elected. The elite (traditional high arts) and contrarian (*avant-garde*) nature of the Fine Arts led to a decline in its political influence and fiscal resources.

Without clear definition the Fine Arts were unable to effectively compete in the court of public opinion with sectors such as business, education, health, science and technology. The Fine Arts exists within the wider context of an Arts Industry including the Amateur, Applied, Entertainment, Fine and Heritage Arts. In summary:

**Exhibit 2**

*The Arts Industry*

<table>
<thead>
<tr>
<th>ART</th>
<th>AMATEUR Self-actualization</th>
<th>APPLIED Marriage of aesthetic/utilitarian</th>
<th>ENTERTAINMENT Amusement, diversion, enjoyment, recreation</th>
<th>FINE Enlightenment</th>
<th>HERITAGE Enrichment, social cohesion, continuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literary</td>
<td>Non-profit</td>
<td>For-profit</td>
<td>For-profit</td>
<td>Non-profit</td>
<td>Non-profit</td>
</tr>
<tr>
<td>Media</td>
<td>Non-profit</td>
<td>For-profit</td>
<td>For-profit</td>
<td>Non-profit</td>
<td>Non-profit</td>
</tr>
<tr>
<td>Performing</td>
<td>Non-profit</td>
<td>For-profit</td>
<td>For-profit</td>
<td>Non-profit</td>
<td>Non-profit</td>
</tr>
<tr>
<td>Visual</td>
<td>Non-profit</td>
<td>For-profit</td>
<td>For-profit</td>
<td>Non-profit</td>
<td>Non-profit</td>
</tr>
</tbody>
</table>

The Natural Sciences are made up of three elementary disciplines - biology, chemistry and physics. The Arts are made up of four - literary, media, performing and visual art. Each uses a distinct medium of expression:

- Literary Arts - the written word;
- Media Arts - the recorded sound and/or image;
- Performing Arts - the live stage; and,
- Visual Art - the visual image.

*Amateur Art*

Amateur art is motivated by self-actualization, -education and -realization including of one’s own cultural heritage. It is less concerned about
pleasing an audience and more about developing self-expression and understanding. Amateur art is practiced during and after primary, secondary and tertiary school. It is in the amateur arts that talent is first disciplined in an artistic craft and an informed and appreciative audience is initially cultivated.

Amateur art is part of the public sector in the schools; part of the nonprofit sector in amateur or community institutions such as amateur theater and orchestras; and, part of the profit sector through private teachers and instructors. It provides four kinds of experiences:

- arts education, i.e. education in how to create art;
- education through art, i.e. art as a distinct way of understanding the world and of problem-solving;
- education of citizen consumers with respect to recognizing quality in advertising - commercial and political - and industrial and product design; and,
- therapy - physical and psychological.

**Applied Art**

Applied and decorative art includes advertising, architecture and urban design, the crafts, jewelry and fashion as well as industrial, product and interior design. To a degree, it involves the use of style for enjoyment and persuasion. Production is motivated by the challenge of marrying aesthetic to utilitarian value. At its best it contributes ‘elegance’ to the human environment defined as simple but effective, or ‘the best looking thing that works’. From buildings to urban planning; from product design to effective advertising; from corporate ‘imaging’ to designer fashion: applied and decorative art probably, but not proven, has the most pervasive and significant economic impact of any segment of the arts industry accounting for 45% of the total arts labor force. (13)

**Entertainment Art**

Entertainment art generates enjoyment, amusement and recreation. In the entertainment arts, America currently leads the world. Thus entertainment programming (film, recordings and TV) is reported to be the second largest net export of the United States after defense products. (14)

Entertainment art is dominated by for-profit global media conglomerates with linked interests in television, film, music, video and print media. The five largest firms in the world had combined revenues of $45 billion in 1988 and accounted for 18% of a $250 billion world-wide entertainment market. (15) Only one of the five, however, was American-owned - Time/Warner. There has been significant merger and acquisition activity in the ten years since 1988. Concentration and foreign-ownership have probably increased. There is, however, to my knowledge, no more recent comprehensive study of global integration and convergence of the broadcast, cable, motion picture, publishing and recording industries.

**Fine Art**

Fine art is motivated by ‘art-for-art’s-sake’. It is the primary research and development segment of the arts industry. It generates ‘enlightenment’, i.e. it sheds light on the nature of the human condition – on the individual and society.

It is primarily in the fine arts that new talent and technique are developed; new scripts and scores created; and, new images and styles set. Results
of fine art ‘R&D’, like the results of scientific research, are sometimes adopted by for-profit enterprises in and out of the arts industry. And, as in pure science, fine art is not financially self-supporting. It operates, primarily, in the nonprofit sector relying on public and private patronage. As in the Natural Sciences, a thousand new plays (experiments) must be tried if one is to become a box office smash. The right to fail is an essential artistic and scientific freedom - a freedom that requires patience and risk-taking on the part of patrons, investors and audiences.

**Heritage Art**

Heritage art subsumes the amateur, applied and decorative, entertainment and fine arts as residuals of contemporary and past creation preserved for and/or by subsequent generations. It feeds back on contemporary art setting standards and inspiring creators. It generates ‘enrichment’ through the marriage of scarcity and aesthetic value including a sense of social cohesion and continuity. Heritage art thus links us back to our past reminding us of who we are and from where and when we come. It can also, however, impose the deadening hand of the past on contemporary creators who must compete not just with domestic and foreign peers, but also with works tried and tested through time.

Between 1969 and 1989, heritage art yielded the highest return of all financial investment opportunities. (16) Furthermore, theft of antiquities is the most lucrative international crime. Ounce for ounce, an antiquity can be more valuable than drugs. It can yield a higher return, at lower risk of being caught, and generally produces less jail time if one is convicted. (17)

Using this definition the Arts Industry includes all profit and non-profit (including public) enterprise and institutions including incorporated and unincorporated businesses as well as self-employed artists that:

i - use one or more of the Arts as a primary factor of production, *e.g.*, advertising, fashion, industrial and product design;

ii - use one or more of the Arts as a tied-good in consumption, *e.g.*, home entertainment hardware, magazines and newspapers; and/or,

iii - produce one or more of the Arts as final output, *i.e.*, create, produce, distribute and/or conserve goods and services in the literary, media, performing, visual and/or heritage arts.

While the Fine Arts represent a tiny part of the whole it plays three crucial roles. It is the research & development sector, standard setter and talent training ground for the entire industry.

(c) Market Realism, WIPO, WTO & WWW

With the end of the Market/ Marx Wars, also known as the Cold War, economic globalization formally began with creation of the World Trade Organization (WTO) in 1995. The market triumphed. With the collapse of the Communist Bloc socialist realism ceased to be an aesthetic ideal displaced around the world by what I now call Market Realism, *i.e.*, does Art pay? In diplomatic terms the WTO is a ‘single undertaking’, that is, a set of legal instruments constituting a single package permitting only a single signature without reservation. To join a Nation State must accept all agreements with a single signature.

One of these agreements is the *General Agreement on Tariffs & Trade* (GATT). Articles: III, 10; IV; XX a, d & f exempt the Arts from free trade restrictions, *e.g.* the ‘morals clause’ and film quotas. The WTO also regulates trade
in intellectual property or ‘IP’ through the *Trade Related Intellectual Property & Services Agreement* (TRIPS) administered by the World Intellectual Property Organization (WIPO). Over the period there were ongoing tension between the USA and other countries over exemptions and TRIPS. As previously noted while tensions remain, the 2005 UNESCO *Convention on the Protection and Promotion of Diversity of Cultural Expression* established such exemptions as part of international law.

Behind the scenes, however, lurked an emerging nervous system like the human nervous system but encircling planet Earth – the World Wide Web, the WWW, ‘the Web’ or the Internet. It began to transform economics, education, entertainment, health care, information, news and the nature of work. It began to break down traditional business models in the motion picture, music and publishing industries, *a.k.a.*, the Entertainment Arts. Distribution costs on the Web are virtually zero. The ability of national and sub-national cultures to globally voice their aesthetic achievements was enhanced. However, as became apparent after 2001, excepting China and Russia, their voices sounded mainly through American cyber instruments such as the so-called FANGs (the front teeth of a serpent) – Facebook, Amazon, Netflix and Google.

(d) Subsidiarity, the Second Wave & the Little Sisters

The subsidiarity principle was adopted by the European Union to mean, at one and the same time, activities that can best be achieved:

(i) by reason of scale or effect only at the Union level; and/or,

(ii) as closely as possible to the citizen, *i.e.*, local or regional.

Thus, on the one hand, it adjusts the Union-wide regulatory environment including the electromagnetic spectrum and communications media. On the other hand, the Union targets many cultural policies and programs at the regional or sub-national level, *e.g.*, Sicily and Calabria, not at the national level, Italy. Regional cultures, languages and Arts are fostered in a way traditional Nation States did not in their quest for national unity. In fact suppression of regional cultures often played a part in creating national unity.

In the English-speaking world a similar phenomenon was the Second Wave of arts councils created in the 1980s. Funded by lottery monies a new set of ‘quasi- or semi-arm’s length’ councils emerged at the provincial and state level in Canada, the USA and the UK. This Second Wave supported amateur, community, folk, grass roots and/or heritage art, with limited support going to the Fine Arts.

Related to growing support to aboriginal, heritage, provincial and/or regional cultures is the concept of ‘The Little Sisters’. Such regional cultures, or ‘little sisters’, contend with the homogenizing and standardizing influence of a global ‘Big Brother’ that in 2001 was American. Protection of regional and indigenous cultures may become as important in the 21st century as the ‘Green’ or environmental movement of the 20th. If it is important to maintain the rain forest is it not equally important to preserve the indigenous cultures that live within? This was formally recognized with the 2003 UNESCO *Convention for the Safeguarding of the Intangible Cultural Heritage*. Significantly, Canada, Russia and the United States did not subscribe to the Convention.

The 2001 update concluded that as the 21st century opened, the Fine Arts were between a rock and a hard place. On the one hand, market realism and the
search for cultural sovereignty led Nation States to develop a financially viable Entertainment Arts industry. This left the Fine Arts competing against a better organized and politically acceptable sector of the industry. On the other hand, new public monies from lotteries in the Anglosphere and through subsidiarity in the EU flowed to the amateur, community, heritage, provincial and regional arts. Again, politically more acceptable sectors of the industry.

This unenviable position reflected, among other things, the shift from the politics of elite accommodation to the politics of polls isolating the ‘elite’ Fine Arts from an increasingly egalitarian political economic process. What were the Fine Arts to do? As noted above, I suggested one strategy: a well-grounded definition of the Arts Industry and the role of the Fine Arts within it.

Postscript 2016

In October 2015 the editor-in-chief of the academic journal Córima. Revista de Investigación en Gestión Cultural requested Spanish translation rights for both the 1985 report and 2001 update plus a 2016 update. This Postscript is my response to the latter request.

This Postscript provides three things:

i - extension of the four- to a five-fold model and constellation of the Arts within what the OECD (18) calls the global knowledge-based economy;

ii - updates previous trends; and,

iii - identifies emerging trends 2016.

i - The Five-Fold Model

Between 2002 and 2006 I completed my doctorate and published my dissertation The Competitiveness of Nations in a Global Knowledge-Based Economy. It became apparent that even a well-grounded definition of the Arts Industry and the role of the Fine Arts within it was insufficient defense. Rather the Arts as a whole needed to be located within the emerging global knowledge-based economy.

In such an economy there are three principal knowledge domains distinguished by their differing objectives, methodologies and tolerance of difference through time:

Natural & Engineering Sciences (NES) – the hard experimental sciences leading to physical technology;

Humanities & Social Sciences (HSS) – the soft human sciences or sciences of the artificial leading to organizational technology; and,

The Arts – literary, media, performing & visual arts leading to design technology.

In summary:
Exhibit 3
Knowledge Domains

<table>
<thead>
<tr>
<th>Natural &amp; Engineering Sciences (NES)</th>
<th>Humanities &amp; Social Sciences (HSS)</th>
<th>The Arts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge is fact-based and subjected to objective testing in which replicability is the criterion. It is concerned with objective truth, understanding and manipulation of the physical world. It exhibits decreasing tolerance through time for difference and error as old knowledge is progressively and reductively displaced by the new, i.e., NES knowledge progresses vertically up the ladder of time.</td>
<td>Knowledge is value-based and subjected to mixed value-free/normative testing in which historical context plays a critical role. It is synthetic in that it concerns reconciliation between objective and subjective truth. It exhibits shifting tolerances through time as old knowledge is often recycled in a pedagogic spiral to which new knowledge is added. New knowledge therefore does not necessarily displace old knowledge and revisionism is common, i.e., seeing old things in new ways as well as seeing new things in old ways.</td>
<td>Knowledge is concerned with subjective truth; a search for <em>kosmos</em> or the right ordering of the multiple parts of the world. It is holistic in aesthetic contemplation or gestalt. Testing is personal and subjective: It tends towards increasing tolerance of differences, styles and tastes. It is value laden. New knowledge does not displace the old. Shakespeare still speaks, Bach still plays and Tutankhamen still sits on his throne. Modern creators compete not just against each other but against the best that has ever been!</td>
</tr>
</tbody>
</table>

The Custodian

In such an economy it is necessary for the State not only to foster and support these domains as Facilitator, Patron, Architect and Engineer but also to act as Custodian maintaining the national knowledge base similar to but different from what in the HSS is called national patrimony. The Custodial State is directly responsible for access to and conservation of the national knowledge-base, i.e., the public and private domains of knowledge. This is evidenced by institutions like national archives, museums, libraries and arts centres. It is also evidenced by cultural patrimony legislation controlling the export of national treasures and by departments of government mandated to protect, preserve and promote national culture, *e.g.*, Heritage Canada or, in French, *Patrimoine Canada*. Through intellectual property legislation, government is also responsible for the preservation and extension of the public domain or national knowledge-base. The national knowledge-base also includes tacit knowledge embodied in Natural Persons as skills, repertoire and technique. Such knowledge is, among others, embodied in Living Treasures recognized by the 2003 UNESCO *Convention for the Safeguarding of the Intangible Cultural Heritage*.

Accordingly, with respect to the Fine Arts there are five alternative but not mutually exclusive roles for the State:

In summary:
Exhibit 4
Five Alternative Roles, 2016

<table>
<thead>
<tr>
<th>Five Alternative Roles for Public Support of the Fine Arts 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custodian</td>
</tr>
<tr>
<td>Facilitator</td>
</tr>
<tr>
<td>Patron</td>
</tr>
<tr>
<td>Architect</td>
</tr>
<tr>
<td>Engineer</td>
</tr>
</tbody>
</table>

**ii - Previous Trends 1985, 2001**

Assuming the Arts Industry consists of Amateur, Applied, Entertainment, Fine and Heritage Arts then trends established before the turn of the century continued. Convergence led States to adopt a similar mix of roles with accent on their historical starting point. Furthermore, egalitarian values increasingly dominated with Amateur and Heritage Art receiving increased funding from lotteries in the Anglosphere and subsidiarity in the European Union while the elite national Fine Arts received a lower priority.

Similarly the quest for cultural sovereignty became increasingly focused on Market Realism with States striving to engineer a commercially viable entertainment arts industry usually involving co-production agreements with other countries to achieve global production standards. Thus the Entertainment Arts and increasingly the Applied Arts as fashion and product design received increasing support while the non-profit Fine Arts receive a lower priority. In other words, the Fine Arts remained caught between a rock and a hard place that tightened further with post-2001 economic trends.

**iii - Emerging Trends 2016**

In 2016 at least three major trends are at play:

(a) Conserver Society;

(b) Cultural Sovereignty & Globalization; and,

(c) Vocabulary.

(a)-Conserver Society

The Great Recession of 2008 was followed by what some call the Long Recession or ‘secular stagnation’, i.e., low growth, of the global economy. Rather than fighting the slowdown in economic growth with bold fiscal stimulus governments around the world responded with austerity to reduce deficits and debt. Attempts by central banks to stimulate the economy through innovative monetary policies such as quantitative easing (QE) have, by 2016, failed to revive global growth.
This period of slow growth is reminiscent of the 1970s during which the Club of Rome published its 1972 study *The Limits of Growth* (19) and in 1976 the Montreal-based futures studies institute GAMMA published its report on a slow growth economy entitled *The Conserver Society*.

In this scenario when the pie is growing everyone benefits: a rising tide floats all boats. When, however, the economic pie does not grow sectors begin fighting to maintain or increase their share at the expense of others. It is an economy in which everyone struggles simply to hang on to what they have. The resulting stress has arguably contributed to ‘the sharing economy’ in which individuals and households share their capital assets such as cars and houses through Uber, Airbnb, et al.

Austerity has placed the Fine Arts under increasing pressure as public sector support has been slashed. Major institutions survive but are increasingly reliant on the ‘Rolex’ world of corporate sponsorship (Rolex’s New Year’s Vienna Philharmonic Concert) reminiscent of the department store Mitsukoshi Gekijô’s resurrection of kabuki theatre. In this world traditional Western art forms like opera, symphonic music and live theatre become increasingly dependent on corporate sponsorship as elite Legacy Art. Meanwhile declining public support has forced the avant-garde to rely entirely on its wits and erratic, volatile private patronage.

(b) Cultural Sovereignty & Globalization

When the Dot Com Bubble of 2001 burst a number of trends were set in motion. First, the myth, prevalent at that time, that the internet economy would end the business cycle was replaced by more realistic expectations. These included, however, realization that the digital was unlike all previous communication revolutions. The shift from manuscript to print, from painting to photography to motion pictures to television, from sheet music to sound recordings to radio, were one-to-one transformations or essentially upgrades of existing media. The digital revolution, however, involved converting all forms of communication – sight, sound and text - into one. In future, the 6G (21) internet protocol promises the conversion of physical objects themselves into the ‘internet of things’.

Second, the 2001 bankruptcy of a major American firm, Global Crossing, allowed, for the first time, non-American companies to take ownership of one of the hardware backbones of the World Wide Web specifically in South-East Asia. This facilitated, among other things, growth of India as a software powerhouse and development of its off-shore call centres serving much of the Anglosphere.

Third, while the American monopoly of internet hardware was broken it was American firms that most successfully innovated services on the Web especially the FANGs – Facebook (2005), Amazon (online 1995), Netflix (streaming 2007) and Google (1998). Relying on GATT exemptions noted above other Nation-States struggle to maintain cultural sovereignty that, at the extreme, include internet censorship by the so-called Great Fire Wall of China, data compression technologies used by some Islamic States to remove offensive images from television broadcasts, various measures of the Russian Federation and EU protection of personal information.

Fourth, the film industry in a number of countries took off after 2001 including India’s Bollywood, China, South Korea and Nigeria’s Nollywood. Film, a media art, is arguably the new opera in that it combines all other art forms – literary, performing, visual and even heritage arts - into one product, a motion picture or television program. While reflective of their indigenous cultures with the exception
of South Korea (and to a lesser extent India), none have succeeded in developing successful export markets. South Korea, through government engineering, has seen its music, film and television programming gain significant audiences in many East Asian economies.

Fifth, globalization of the American entertainment arts industry is fueled by Asian and European investment. The most recent example (2016) is acquisition of Legendary Pictures (22) by a Chinese-based firm. Sony Columbia-Tri-Star Pictures is Japanese owned. MCA/Universal was at one point Japanese-owned (1990) then Canadian owned (1995) then French-owned (2000) before it returned to American ownership in 2009. In the publishing industry Hachette (French owned) is one of the five largest English language publishers in the world while Bertelsmann (German owned) plays a significant role in the Anglophone publishing industry.

The United States is the third largest market by population after China and India but is also the richest market and sets global production standards. Entertainment can breakeven in the domestic American market then reap profits from global sales. It is said American entertainment is the second largest export of the United States after airplane manufacturing.

The huge financial size of the American market also leads foreign firms, through international co-production agreements, to produce ‘American cultural clones’. An interesting sci-fi example is the 2012 motion picture Iron Sky coproduced by Australian, Finnish and German investors. Telling the fictional tale of a Nazi colony on the Moon invading Earth, the action takes place in Washington and New York City, not Berlin, Canberra or Helsinki and was produced in English.

Sixth, the trend of most concern to me is corporatization of author’s rights, i.e., appropriation of an author’s rights by a body corporate or corporation. Such rights are embodied in the original 1886 Berne Convention for the Protection of Literary and Artistic Property. The Convention was inspired by Victor Hugo and the International Literary & Artistic Association (Association Littéraire et Artistique Internationale). Such rights include imprescriptible moral rights such as paternity, i.e., the right to claim authorship even by an employee. Such rights emerged out of the 18th century European Enlightenment and have been embedded in the European Civil Code and its many global variations.

Of its original signatories only the United Kingdom rejected moral rights by exercising the Convention’s provision allowing national treatment, e.g., authors of foreign works published in the UK receive the same protection as UK authors in the UK. Moral rights can be waived by contract.

The United States was not a signatory. It did not join the Berne Convention until 1989. It did so only after giving up on the so-called Pan American Copyright Convention (1946) and UNESCO’s Universal Copyright Convention (1952). The USA, like the UK, practices Anglophone Common Law and Equity. The former is the law of precedent. In the case of author’s rights or copyright the legal precedent is printer’s rights of the 16th century, not author’s rights of the 18th century Enlightenment. From its beginning the USA used copyright as a weapon in industrial warfare against the printing industry of its parent country, the UK. In fact the USA and the Austro-Hungarian Empire were the great copyright pirate nations of the 19th century. (23)

Complicating matters in the Anglophone is that Legal Persons, i.e., bodies corporate or corporations, increasingly enjoy the same rights as Natural Persons, i.e., flesh and blood human beings, especially in the USA. In effect, this means all of an
author’s rights can be assigned in favour of a body corporate. Where moral rights are recognized, e.g., Canada, they can be waived by contract. Furthermore, an employee enjoys no right of paternity, e.g., the right to claim authorship while patents can only be filed in the name of a Natural Person (inventor), i.e., an employee, not a corporation.

When the USA became bound by the Berne Convention in 1989 it was obligated to recognize moral rights in its Copyright Act even if, as in Canada, they were subject to waiver by contract. Congress in 1989 took steps towards recognizing moral rights, e.g., the Visual Artists Protection Act of 1990 which eventually became Section 106A of the U.S. Copyright Act. However, the rights of paternity and integrity are available only to artists of ‘recognized’ reputation. Recognized by whom? By the Courts! Thus Kent Twitchell’s Ed Ruscha mural was painted over in 2006 without his approval. In 2008 he won the largest settlement under VARA for $1.1 million against the U.S. government and 12 defendants. (24) Similarly, the Architectural Works Copyright Protection Act, Pub. L. 101-650 was passed in 1990. (25) Its moral rights provisions, however, have not been fully incorporated into the U.S. Copyright Act. It is an open question whether the United States has fulfilled its obligations under the Berne Convention.

In 1995, under pressure from the USA, the TRIPS Agreement, part of the WTO undertaking, explicitly excluded moral rights as well as the intellectual property rights of Fourth World aboriginal and tribal peoples. It also successfully pressed for inclusion of computer software as ‘literary and artistic property’ for purposes of the Berne Convention. Beyond Victor Hugo rolling over in his Pantheon crypt, this means computer software is the only intellectual property protected three ways: by copyright, patent and trade secrets. Software is *sui generis*, one of a kind, and, in my opinion, deserving distinct protection like integrated circuit topographies, not as ‘literary and artistic property’.

The historical American drive to convert literary and artistic property into industrial property like patents and trademarks hit a slight speed bump with the 2016 Transpacific Partnership. Note 97 to Article 18.69: Rights Management Information (RMI) reads:

> A Party may comply with its obligations under this sub-subparagraph by providing for civil judicial proceedings concerning the enforcement of moral rights under its copyright law.

Arguably American failure to fulfill its obligations under the Berne Convention has not been challenged because, among other things, Asian and EU entertainment companies have significant financial investments in the Anglosphere market where it is more profitable under Common Law & Equity. Specifically, it absolves them of all moral rights to creators. It makes contracting so much easier and cheaper than in their own home markets.

This trend threatens to undermine the economic and social wellbeing of artists in all sectors of the industry. In effect author’s rights are being converted into industrial property owned by corporate proprietors. Put another way, in pursuit of cultural sovereignty through a financially viable Entertainment Arts industry many countries may be selling their cultural souls, author’s rights, to corporate devils.
Vocabulary

The initial 1985 policy research study was drafted in the context of the Arts with focus on the Fine Arts. The 2001 update was drafted in the context of the Cultural Industries in which the Fine Arts played a smaller role. The present 2016 Postscript is drafted in the context of the Creative Industries. What’s in a name?

As previously noted the term ‘Cultural Industries’ entered the lexicon in the mid-1980s under the influence of UNESCO. The term, to my mind, is too broad and amorphous. Thus, according to the Oxford English Dictionary (OED), Culture refers to: “The distinctive ideas, customs, social behaviour, products, or way of life of a particular nation, society, people, or period. Hence: a society or group characterized by such customs, etc.” To then apply the term ‘industry’ confuses matters further: Thus according to the OED, current English usage of ‘industry’ derives from the French: “Productive work, trade, or manufacture. In later use esp.: manufacturing and production carried out on a commercial basis, typically organized on a large scale and requiring the investment of capital.”

The term “Creative Industries” entered the lexicon in 1994 with the Australian Government’s cultural policy report: The Creative Nation. To my mind the term is both too narrow and too broad. Thus the OED narrowly defines ‘creative’ as: “The creative faculty; creative work; (Advertising) creative material produced for an advertising campaign, such as the copy, design, or artwork.” On the other hand, restricting Creative Industries to the Arts implies other industries are not creative including those flowing from the Natural & Engineering Sciences (NES) as well as the Humanities & Social Sciences (HSS).

The problem is epistemological, i.e., it concerns the theory of knowledge. To answer we must parse a little Latin and Greek. Deriving from the Latin the OED broadly defines Art as: “Skill in doing anything as the result of knowledge and practice.” The question is: What knowledge and practice?

To the Greeks it was Logos, logic. To the Romans it derives from Ratio, reason. The difference: Ratio leads to calculatory rationalism as in contemporary economics; Logos leads, in Greek, to its opposite - Techne or Art. When combined this leads to physical technology, i.e., logical or reasoned art emerging from the NES.

Similarly, the word ‘Science’ derives from the Latin scire “to know” which, in turn, derives from scindere “to split”, a.k.a., reductionism. The opposite of Reductionism is Design. The word Design derives from the 16th century Renaissance Italian. Design is eternally linked to a form of causality utterly rejected by physics and the positivistic philosophy of science – teleology: “the doctrine or study of ends or final causes” (OED). In effect, Design involves putting things together (creation) rather than taking them apart (criticism).

Techne or Art is the technology of the human heart, the technology of emotion and, at least in the West, aesthetically restricted to the distant senses of sight and sound. It concerns not the objective world of matter/energy but the subjective world of emotion/feeling. Its power has long been feared. Thus Plato warned in The Republic:

… we must remain firm in our conviction that hymns to the gods and praise of famous men are the only poetry which ought to be admitted into our State. For if you go beyond this and allow the honeyed muse to enter, either in epic or lyric verse, not law and the reason of mankind, which by
common consent have ever been deemed best, but pleasure and pain will be the rulers in our State (Book X).

Art employs skills and techniques to manipulate human emotion, whether a brush stroke, a colour, a curve, a pirouette, accent or tone of voice, wording or raised eyebrow. Such skills are learned experientially, by doing. Professional training at national theatre, film (media) and dance schools, music conservatories as well as visual arts and design academies generally achieve the highest standards. It is for such institutions that the State must, minimally, exercise a custodial role. There are at least two reasons.

First, like universities these experiential institutions of learning educate, train and polish national talent hopefully to global standards. Faculty are generally practitioners able to direct talent to appropriate producing companies and other employment and educational opportunities including master classes. They are the bones producing the life blood of the Arts Industry. In this regard I cannot resist stressing two things.

(a) the institutional importance of repertoire theatre in the international success of Australian and British actors, directors and playwrights; and,

(b) the absence of an organized recruitment system existing in the Sports Industry that actively seeks out, fosters and promotes talent from peewee (young children) to the major leagues.

Second, these institutions are critical because of the ‘churn factor’, i.e. the turnover of personnel. It is sometime said of the Fine Arts that nothing fails like success. Usually it implies artistic excellence is not matched by financial gain. In this case success in cultivating world-class talent often leads such talent away from their home country towards the glitz, glamour, fame and financing of Hollywood and its ilk. Cream rises to the top. This is churning, continually training replacements for the last generation of successful talent to leave the nest. It is for this reason, among others, I have long advocated national and regional ‘creativity havens’ in contrast to tax havens for rich individuals and corporations. In brief, all copyright related income of a Natural Person (not legal ones) becomes tax exempt in a given jurisdiction as in Ireland today. Such a haven is intended not only to retain local talent but also to encourage world-class talent to relocate stimulating the local arts scene. If successful it can, however, be anticipated that other jurisdiction will, as with movie tax credits, eventually compete.

End of Line 2016

Over some thirty years between the original 1985 policy research study, the 2001 update and this 2016 Postscript the Fine Arts have found themselves in an increasingly tight squeeze between a rock and hard place. On the one hand, political calculus shifted from elite accommodation to politics by polls. This has seen increasing support for egalitarian community or local-based arts activities especially in the Amateur and Heritage Arts. On the other hand, the drive to cultural sovereignty has seen increasing public support for both the Applied and Entertainment Arts. The result has been stagnating or declining public sector support for the Fine Arts as well as the commercialization of its internal culture and the corporatization of author’s rights, a foundation stone of Les Beaux Arts. The Long Recession of 2008 caused by continuing government austerity has tightened the
squeeze even further threatening conversion of the living Fine Arts into the Legacy Arts of the West, i.e., dead art forms, leaving its avant-garde to rely entirely on its wits and the kindness of strangers.

In my view two things need be done. **First**, the Fine Arts must be seen by the public as part of a larger whole – a national Arts Industry. Its distinct market segments – Amateur, Applied, Entertainment, Fine and Heritage – must be seen as working together, each playing its part in the health and growth of the industry. The Fine Arts, for its part, is to be cast as the research & development sector, training ground and standard setter for the industry. This requires definition according to the Standard Industrial Classification System, part of the National Accounts of every Member State of the United Nations. It requires an estimate of its size and contribution to employment and GDP. This includes the balance of trade in artistic goods & services, broadly defined.

**Second**, the Fine Arts must be seen by the public as the burning heart of a distinct knowledge domain, a distinct way of knowing – the Arts – that together with the Natural & Engineering Sciences and the Humanities & Social Sciences fuel competitiveness in the emerging global knowledge-based economy.

**References**


Bibliography 1985, 2001


Lord David Cecil, Melbourne, Grossets, 1954.


A Submission to the Subcommittee on the Revision of Copyright: House of Commons, Research and Evaluation, Canada Council, 4 March 1985.


“French Arts in the Doldrums: Bonjour Tristesse”, 3 August 1985, 77-84.


Macaulay R.W., Day D., Sherman G., Report to the Honourable Susan Fish, Minister of Citizenship and Culture by the Special Committee for the Arts, Toronto, Spring 1984.


Port Authority of New York and New Jersey, The Arts as an Industry, Cultural Assistance Center and the Port Authority of New York and New Jersey, 1983.


