DISTRIBUTION EFFECTS AND THE PUBLIC PURSE

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In a curious reversal of events, the fact of growing direct government support of the arts in the United States seems to have preceded acceptance of the principle that such support is justified. Arnold Berleant and David Cwi, in the articles presented earlier, examine the basis on which a government coerces taxpayers as a whole to provide extra support to an activity which benefits directly only a small proportion of their number, and whose effects on the enterprises of culture and nationhood (and thus indirectly on all citizens) are difficult to demonstrate.

Stated less precisely but more directly than the author does, Berleant's piece argues that the free enterprise economy in the arts has not produced a satisfactory spectrum, distribution and quantity of art, partly because of market failures of the sorts Cwi identifies. He states further that even if markets worked perfectly and all preferences were satisfied, the provision of art would be inadequate in quality and quantity because citizens do not know what they should and will not spend their resources wisely. He goes on to assert that government subsidies have been too small and wrongly directed. Yet, he offers no operational process by which an objective standard can be derived to determine what level of subsidy is proper and how it should be allocated. In essence, Berleant's article implies that some elite of decision makers should be allowed to form art subsidy policy with the charge of fostering "...the development and assimilation of an artistic-aesthetic component into the general culture of our society." The resultant policy would depend on the elite selected, but he suggests no way of choosing among the elite.

Cwi's paper takes a different tack, but arrives in a sense at the same end point: there is no operational standard by which the adequacy and efficacy of art subsidies can be judged. Cwi examines the arguments for subsidies and applies the economist's taxonomy in labeling some as falling within the "merit good" category and others in the one designated remedying "market failure" or providing a "public good." He quite properly notes that a merit good argument is an exercise in advocacy, not analysis, and as such, reflects a special interest no different in kind or standing than that represented by the opponents of gun control. Some market failure does exist in the production and consumption of art, Cwi finds, but it is difficult to go from this conclusion to any general formulation of a subsidy program.
To present baldly my own conclusions on art subsidy as a policy issue, it seems to me first that art subsidies represent the use of government to redistribute income (in the forms of a particular type of service and higher wages for a particular group of workers) from taxpayers as a whole to a much smaller group. This redistribution is the central element in art subsidy policy; its nature, extent, and effects on overall welfare should be, but most often are not, the major topics for policy analysis.

Second, some market failure exists, especially with regard to the “option demand” for art services and in connection with the social contribution that Berleant describes. But art services are by no means pure goods. For example, potential art consumers can be (and are) excluded; the quality of the aesthetic experience may be (and in fact often is) depressed as more consumers participate; and most importantly, there is a substantial class of taxpayers to whom direct access to art experiences may be essentially irrelevant. Moreover, the existence of market failure offers no guide as to the extent of the subsidy justified.

And finally, the level of subsidy and for each art form the combination of art services for fee and art services for free is determined by those with the political power and the will to impose their decision on others. The relative strength of the art lobby compared with other claimants on citizens’ incomes serves as the operational proxy for determining the “merit” of art services; however, art beneficiaries, not unlike other special pleaders, sometimes seek to wrap a social purpose around efforts to achieve their own goals.

An analysis of the distribution effects of general revenue appropriations of art subsidies, considered by art consumer class, throws some light on each of these assertions. Three points should be noted. First, the general cultural benefits ascribed to the presence of art are indeed public goods, and hence, each citizen can be assumed to consume them equally, whether he participates in art directly or not.[2] They can thus be factored out of the distribution equation. Second, there is no distributional relationship between taxpayers and art consumers, and direct art subsidies are likely to continue to be a minute part of total government expenditures. Hence, the distribution of incremental taxes to pay for additional art subsidies will not be functionally related to art consumer class, and can also be ignored in determining distribution effects. Finally, each subsidy instrument as it is applied to each art form will have different characteristics and effects which are lost in the generalizations which follow.