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Practical uses for contingent valuation methodology
in cultural policy:

Is CVM an appropriate evaluation methodology to
support national public policy and decision-making in
the contemporary arts?

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I am very grateful to the Cultural Policy Center at the University of Chicago for this invitation to address a conference devoted to a searching enquiry into cultural value and its measurability. My organisation makes value judgements in the arts many times a day, and the opportunity to take a step back and think about the process with the aid of an emergent if controversial methodology has been very instructive – the conference itself promises to be even more so. Other speakers are talking about specific issues to do with the application of the methodology or the design of the process. In this paper I would like to address broader questions to do with the kinds of cultural value and evaluation problems experienced by organisations like mine, and some of the

constraints that might limit the relevance of CVM from our perspective.

First I need to sketch some background about my organisation and its work in the Irish context. I am the chief executive of the Arts Council, a body set up by statute in 1951 to act as the agency to promote, support and assist the arts in Ireland (meaning the twenty-six counties of the Republic Ireland). I am a professional bureaucrat, not an economist, and I am setting out to offer a putative user's pragmatic perspective on this question, reflecting my own experience, and my reading of a sample of the literature on the subject over the last couple of months. I hope that what I have to say will make up in some measure by freshness of perspective what it might lack in methodological experience.

The Arts Council follows the prevailing funding agency model to be found in various modified forms throughout the developed world. Our remit covers all aspects of the contemporary practice of the arts: architecture, dance, film, literature, music, opera, theatre, and traditional arts. Our resources currently stand at about €50m (\$xx) provided in direct grants from the Irish government's department of Arts, Heritage, Gaeltacht and the Islands. With a population of 3.7m, and allowing for some additional direct annual expenditure by Government directly on contemporary arts institutions and programmes, this yields an approximate arts expenditure of €x per head of population. Relatively speaking, Ireland is close to the bottom of the table of European and other developed country norms in terms of expenditure on the contemporary arts, although in recent years there have been significant increases in financial provision, both by central government and by local government, albeit in each case off a low baseline.

The last ten years have seen marked changes in the planning and policy environment for the arts in Ireland. Following forty years during which the arts portfolio was part of the miscellaneous responsibilities of the Taoiseach's (Prime Minister's) department, the first ever Minister for the arts was appointed only in 1993, and the current Minister (the second to hold the post) has produced a draft revision to the Arts Acts of 1951 and 1973, indicating political recognition of the need for modernisation. Funding to the Arts Council – the biggest single recipient of Government grants – has grown dramatically: this year our spending is 80% greater than in 1997, and 270% greater than in 1992. Since the early 1990s, these annual allocations to the Arts Council have been supplemented by rolling five-year government-distributed capital expenditure programmes, which have had the effect of dramatically augmenting the physical infrastructure for the arts throughout the country, both in the regional cities and towns, and in more rural centres also. This in turn has quickened the pace of locally led demand for more comprehensive arts services and supports, which until recently were sparsely served and largely Arts Council-driven.

The other significant change in the cultural policy context for the arts has been the introduction of formal fixed-term planning statements about national priorities in developing supports for the arts. The Arts Council has produced these "Arts Plans" (we're just turned in our third, for the period 2002-2006), and so far, the

government has adopted and funded them. They set the context for all our work, and do many of the things you would expect of a national arts strategy – define remit and values, specify medium-term goals and methods of reaching them, rank priorities and assign budgets. I should add that the Department of Arts produces its own strategy plans, as an element of "programmes for government", usually derived from the pre-election manifesto(s) of the Government coalition parties. For Government, the democratic processes of election and parliamentary scrutiny and debate act as the consultative and validating mechanisms for all their strategies, including those for the arts and culture.

For the Arts Council, besides yielding greater accountability and transparency, the processes of consulting and reflection involved in producing our own comprehensive planning statements, and of negotiating them with government, has produced a virtuous cycle of reflection and reinterpretation of our mission, which has resulted in a change in our sense of our role as an organisation.

We have progressively found ourselves articulating an arts policy where previously we generally left people to infer one from our funding choices. This in turn has had the effect of highlighting where area policy connects or fails to connect with cultural policy more generally (for example in relation to the heritage arts, to broadcasting, to language), and with public policy in contiguous areas like education, local government and foreign policy. It has also enabled us to identify areas where we think it appropriate to intervene as advocates or stimulators of action by others on the supply side – for example, in audience development, in voluntary or amateur participation, in arts leadership and management.

We have identifying more and more policy purposes that are served by mechanisms other than grants – direct developmental action by ourselves or others which represent more effective mechanisms for achieving our policy goals. This has had the net effect of encouraging us to change the definition of our role, from funding agency to development agency (recognising that funding is only one of the mechanisms at our disposal to promote our strategic purposes). At the same time, we have found that evidence-based planning and policy-making has created a changed climate in terms of impacts and analysis. The scenario of the 1980s, when funding was so low relative to demand and to desired outcomes as to make rational analysis impossible, has been replaced by one where we have put a price on the kinds of effects we would like to achieve, having taken a view on the level of support we believe the arts command in the political marketplace in which we bid for scarce public resources.

This is the context in which I would like to examine the compatibility of contingent valuation methodology with the processes of cultural policy in Ireland today, focussing on questions about how cultural policy choices and resource allocation decisions get made.

In the view of policy bureaucrats like me, good arts and cultural planning is always threatened by incoherence of one kind or another. This can be external (decisions made by local government that take no account of national

programmes, public policy that lags behind conditions on the ground, regulation that is insensitive to variations in practice) – or internal (strategies to promote artistic excellence being confounded by poorly articulated programmes to maximise amateur or voluntary participation). Typically, this threat is tackled by efforts within organisations like mine to state their own aims and objects as clearly as possible, to explain the values and the conceptual frameworks underlying them, and to test outcomes against stated intentions or even targets. Our strategies having been developed in a transparent environment involving public consultation, we utilise conventional evaluation methodologies set out to test whether the actions we take have the effects we intended them to have.

I recognise that the case for the arts as unambiguous public benefits warranting sustained public expenditure is not universally seen as proven, and that what I have just said incorporates a number of major implicit assumptions about the value of the arts to people at large, and not just to the relatively small number who engage and participate in them. Let me just state that in Ireland currently, artistic and cultural policy provision places a value on the private and non-private long-term effects of the arts.

One of the fundamental difficulties I see in using CVM in relation to any aspect of public policy in the arts is the interdependence of different aspects of policy, both within the competence of an individual policy authority, and terms of combined or shared policy responsibilities. Much of the literature I have read focuses either on public goods of a universally-available nature (oceans, wildernesses), or on highly specific individual projects (museums and other defined physical projects). You could say that it would make more sense to use CVM in Ireland to look at the public's attitude to theatre provision, for example, or art galleries. However, at some level, contingent valuation seems to me to make some assumptions about "all other things being equal" – which of course they are not, and also fails to cope with the interdependence of decisions for different aspects of arts provision. The process of arts policy choices is one of ranking priorities, and in circumstances of low or no growth in resources, and of variable levels and kinds of demand, reassigning funds from one to another over time.

In our current strategy plan, we have stated that we want to improve the sustainability of the arts in Ireland, and we have identified six linked strategies to bring this about. One of these is to make an arts career a realistic ambition for excellent and innovative artists. (The others have to do with the development of audiences, the quality of management, the local and international contexts, and the potential for active participation). We have a series of programmes offering direct and indirect supports – direct supports to artists for example attracts about seven percent of our expenditure. Measures of success in our terms will be trends in artists' incomes, professional development opportunities and working conditions, and in the regulatory conditions (like intellectual property rights, re-sale rights) governing the benefits derived by them from their work. There are other, linked strategies in our plan for audience development, for enhanced local policy provision and for promoting better arts management and leadership.

We in the Arts Council are not alone in caring about artists and their needs – under the provisions of a Finance Act of 1969, creative artists in Ireland pay no tax on income derived from sales of their work; artists also benefit

from cash and in-kind support from other local or public or private sector agencies, and from fees, salaries and royalties from the public sector broadcaster, partially funded by public levy (licence fees).

The population of artists on whom our actions will impact directly is a few thousand; the indirect beneficiaries of the product of their work are all the people of Ireland (and many more – but these are free riders from the point of view of this discussion). Given current levels of demand from the public, some of the work of artists is remunerated in fees and purchases – so it is not a pure public good, either in the sense that it is experienced equally by all, or in the sense that it has no measured or measurable economic value. Equally, the problems of information, distribution and market failures means (to us) that a sustainable population of arts practitioners requires some measure of support if Ireland is to benefit from the products of artists' imaginations.

I may have chosen an unusually intractable set of problems, in offering programmes of support for living artists and their work for discussion here. Yet in Ireland, the rhetoric of politicians and cultural bureaucrats will attest that support for the individual creative artist (whether or not these supports are seen as well-designed or accurately-targeted) is at the heart of the philosophy of public support for the arts and culture. Also, the work of artists (art) is surely of sufficiently broad application to warrant a discussion about how we might attempt to assess its value to the public.

What does CVM have to offer to the analysis of be used to assess the public's willingness to pay for the sustenance of creative artists? Given inevitable levels of information failure, could a meaningful questionnaire be produced and reliably administered? What analogues might be offered which would help to set the costs against other ways of funding innovation? – one of our programmes (Aosdána, an academy of creative artists providing a minimum income to about a hundred artists per annum) costs about the same as the endowment of a junior university lectureship. Can the effectiveness of our programmes be separated from the fiscal measures provided by Government? Who might commission such surveys?

Another issue relates to the variable levels of need public support. To degrees that vary from artform to artform, artists' earnings sometimes lag far behind their level of popular success and recognition – this is because of the time taken to establish a reputation, and because of a degree of market failure. Do we need to perfect our understanding of the internal economy of artistic practice before we can meaningfully pose questions about its aggregate value?