

Policy and Planning with a Purpose or
The Art of Making Choices
in Arts Funding
by J. Mark Schuster
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Policy and Planning with a Purpose
OR
The Art of Making Choices in Arts Funding

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Policy and Planning with a Purpose
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“How do you know that what you are doing you are doing well?”

“How does the Arts Council know that what it is doing it is doing well?”

“How does the Arts Council know that what you are doing you are doing well?”

“How do you know that what the Arts Council is doing it is doing well?”

and

“How does the government know that what the Arts Council is doing it is doing well?”

These are the questions on which we hope to focus over the next two days; let us not lose sight of them. These simple but profound questions are questions that are not only reasonable to ask but which are incumbent upon us to ask when public resources are at stake. Thus, I have revealed my cards, taking a strong normative stance from the outset. Because we are discussing the deployment of public resources, we are obliged to be asking these questions. Just because we are discussing the arts and culture, we are relieved of neither the obligation nor the desirability of asking these questions. We would expect the same of any sector in which public resources are to be invested. Why should we expect less for the arts and culture?

These questions are no longer something that we can avoid by ignoring them (if, indeed, they ever were) or by cleverly and strategically morphing them into something they are not. The readings that we have distributed¹ and the discussions that we will have are and will be linked to these fundamental questions. My brief is not to tell you what to do; that

¹ Karen King and Mark Blaug, “Does the Arts Council Know What it is Doing?” in Mark Blaug, ed., *The Economics of the Arts* (Boulder, Colorado: Westview Press, 1976; selections from Alan Peacock, et al., *Calling the Tune: A Critique of Arts Funding in Scotland* (Edinburgh: Policy Institute, 2001); and J. Mark Schuster, “The Performance of Performance Indicators in the Arts,” *Nonprofit Management & Leadership*, Vol. 7, No. 3, Spring 1997.

would be highly presumptuous of me. Rather, my job is to prod and provoke, to ask a lot of questions, and to set the stage for our working sessions.

How many Arts Councils do you know that have the self-confidence—or is it the *chutzpah*?—to send out a reading entitled “Does the Arts Council Know What it is Doing?” Today and tomorrow we are going to test the Arts Council’s will in this regard. Unfortunately, few, if any, government arts agencies are inclined to be particularly self-analytical. I, for one, applaud the Irish Arts Council for bringing us together to open up these questions to the light of public scrutiny.

The King and Blaug piece and the responses to it are, of course, dated. Yet, in many ways they are timeless. It might have been fun to witness the Arts Council of Great Britain squirming under their glare—that is, if the Council had actually been aware that they were being glared at. But it would have been refreshing and exhilarating to see the Arts Council of Great Britain rise to the challenge. And how different are King and Blaug’s points of criticism from those in John O’Hagan and Christopher Duffy’s 1987 report, *The Performing Arts and the Public Purse: An Economic Analysis*, commissioned by the Arts Council of Ireland itself?² Or from Alan Peacock’s quite recent critique of arts funding in Scotland, which we also distributed to you? I expect that many of the issues raised by King and Blaug over twenty-five years ago—and by the others more recently—very much remain matters of policy debate in Ireland today. These issues of effectiveness and accountability have not receded into the background, and they most certainly have not gone away; rather, they are coming more and more to the fore. It will be worth our while to ask ourselves, why?

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Our topic is quite simple, really:

“How does one make informed choices in arts funding and in arts policy?”

Some of us might prefer to pretend that there are no choices to be made. Art is good, and more is better. Arts funding is good, and more is better. How often have we heard our friends and colleagues expressing these sentiments, if not in these exact words? And the logical outcome of adopting such a posture follows as night follows day: *quod erat demonstrandum*, more money would afford us the luxury of not having to make choices and we could just get along with our lives making and enjoying art.

But, like it or not, making choices is the fundamental action that is taken by government arts agencies, whether they are providing funding, running projects, lobbying government, commissioning research, holding seminars, or pursuing policy through some other mechanism. Our interest—and here I include artists, arts administrators, government personnel, citizens, and taxpayers—is in *how those choices are to be made*.

² John W. O’Hagan and Christopher T. Duffy, *The Performing Arts and the Public Purse: An Economic Analysis* (Dublin: The Arts Council/An Chomhairle Ealaíon, 1987).

Why is all this important? Why is it pressing?

William Bulger, the long-term President of the Senate of the Commonwealth of Massachusetts, was a strong and ardent supporter of the arts. But even he wavered at budget time. His concern was not that anything untoward was happening with the programs of the then Massachusetts Council on the Arts and Humanities, quite the contrary. Nevertheless, he finally came to see the state arts agency as a black hole of government funding, perfectly capable of swallowing up whatever resources were put at its disposal and with very little way of detecting exactly what that money was accomplishing. With no further justification or accountability than “We gave the money to the arts, Senator”, he felt that it was hard to justify any particular level of budgetary support. When your friends come to that conclusion, you have to pay attention.

It is well known that the National Endowment for the Arts has been buffeted in the recent past by controversies surrounding its grant-making decisions. Usually, those controversies have been framed as part of a deeply ingrained battle between good and evil, between Philistinism and enlightenment, between the forces of the fundamentally conservative religious right and the liberal left, between freedom of expression and censorship, and it is clear that all of these forces are at work here.

But there is another way to understand these controversies, one that lies directly on the path to today’s seminar. The controversies surrounding the photographs of Mapplethorpe and Serrano (who have become the American poster boys for arts funding controversy) were not the first such controversies concerning Endowment funding, nor will they be the last.³ However, they did mark something of a watershed in the way that the Endowment was allowed by Congress to defend its programs and activities. From its inception the Endowment had relied on a *procedural* defense of its work: “I can assure you that we have followed the grant-making procedures that we have agreed upon with the Congress, Senator, and if on reexamination I find that those procedures were not followed correctly in this instance, I will rescind the grant.” But there is something deeply unsatisfying about such a defense when public resources are at stake. Congress and the American people are entitled to a *substantive* defense based on the goals and objectives of the agency and on how well those goals are being pursued by whatever program or grant is in question. In other words, behind all of the *sturm und drang* of these controversial moments was a quite reasonable expectation that a public agency might be held accountable for pursuing its goals and objectives, for having a policy and for pursuing it.

To be sure, neither the arts field nor the Endowment has been eager to enter the funding fray on these terms. It is uncharted territory, threatening to those who worry that they might lose money, or prestige, or influence, but it might just as well be thrilling to those who might gain respect and legitimacy. In any event, they are slowly being moved

³ For an interesting account of controversial funding decisions at the National Endowment for the Arts well prior to the Mapplethorpe and Serrano controversies, see Michael Straight’s essays, *Twigs for an Eagle’s Nest: Government and the Arts, 1965-1978* (New York: Devon Press, 1979)

toward that territory, just as are other arts funding agencies around the world, the Arts Council of Ireland included.

One of the most interesting sections in the Second Arts Plan of the Arts Council of Ireland is the section in which the evolving “arts planning environment” is considered. Here a number of forces, some within the control of the Arts Council but many outside of its direct control, are discussed and the case is made that they will inexorably change how the Arts Council can and should conduct its business.⁴

Thus, the title for our seminar, “Policy and Planning with a Purpose,” and the subtitle of my presentation, “The Art of Making Choices in Arts Funding,” are hardly accidental.

On Policy

In August of 1999 the Pew Charitable Trusts of Philadelphia announced a \$50 million initiative, “Optimizing America’s Cultural Resources.”⁵ Over a year of discussion, the initiative’s title had changed from “Optimizing America’s Cultural Policies”⁶ to “Optimizing America’s Cultural Resources,” but this cosmetic change was unable to fend off the sense of outrage from the field. Why was a “policy” called for? The specter of state *dirigisme* loomed large.⁷ Were we not better off leaving well enough alone, getting by without a policy—at least without an explicit policy? John Pick, an actor, arts administrator, professor, and confirmed iconoclast who has written a number of books in the field of arts administration and cultural policy takes a rather dim view of cultural policy, seeing policy as an expression of high-minded ideals that often bears little relationship to the actual actions proposed.⁸ So, if you feel yourselves breaking out in hives at the mention of “policy,” or if it makes you want to reach for your metaphorical revolvers, you are in good company.

But this view, of course, conveniently forgets that the state does not become involved in matters such as arts funding (or cultural policy) by happenstance or, indeed, without intent. Is it not unreasonable to insist that a public agency have a clearly articulated

⁴ The Arts Council/An Chomhairle Ealaíon, *The Arts Plan 1999-2001: A Plan for Government, a Strategic Framework for the Arts*, Dublin, May 1999, pp. 7-10.

⁵ http://www.pewtrusts.com/ideas/ideas_item.cfm?content_item_id=267&content_type_id=16&issue_name=Cultural%20policy&issue=20&page=16&name=Pew%20Press%20Releases

⁶ http://www.pewtrusts.com/ideas/ideas_item.cfm?content_item_id=335&content_type_id=22&issue_name=Cultural%20policy&issue=20&page=22&name=White%20Paper

⁷ In the words of King and Blaug, the problem is that “of avoiding the Scylla of *laissez-faire* while likewise avoiding the Charybdis of artistic paternalism.” King and Blaug, “Does the Arts Council Know What it is Doing?” p. 103.

⁸ John Pick, *The Arts in a State: A Study of Government Arts Policies from Ancient Greece to the Present* (Bristol, UK: Bristol Classical Press, 1988).

intent, one that is specific enough that we can know whether or not the actions that that agency is taking are in line with that intent? And if that intent is not clearly spelled out, should that not be an occasion for the taxpayer to wonder exactly what he or she is paying for, much as King and Blaug, Peacock, and others have wondered?

Whether or not it is considered appropriate to utter the words “cultural policy” in polite company, each society has one, and it ought to be made explicit so that we can all judge how well we are doing. This might require inferring that policy from the many disconnected actions of a variety of government and quasi-governmental agencies, or it might mean paying close attention to published documents that purport to be descriptions of that policy.⁹ It will also require a lot more information and evidence that will allow us to appraise the pursuit of that policy.

The word “policy” has many uses and connotations;¹⁰ for our purposes it is reasonable to insist upon a standard definition that focuses on intents, goals and objectives. According to Webster’s dictionary:

Policy: *[1] a definite course or method of action selected (as by a government, institution, group, or individual) from among alternatives and in the light of given conditions to guide and usually determine present and future decisions; [2] A projected program consisting of desired objectives and the means to achieve them.*

Once one admits to the possibility that having a more or less explicit policy might be a desirable thing, one then needs to think about what the attributes of that policy ought to be.

First, that policy cannot be too far out of line with government policy in general. In many countries it is said that arts funding is based on the British arm’s length principle, with an intentional separation designed into the funding system so that it is insulated from the direct influence of the government of the day. The extent to which such separation is actually possible has been the matter of some debate. In my view, the most honest characterization of the actual application of the arm’s length principle comes from a book written by Robert Hutchison, former research director of the Arts Council of Great Britain. Arm’s length principle or not, he says, the Arts Council of Great Britain had to function “within the grain of government policy.”¹¹

⁹ One must recognize that there is often a difference between an espoused policy and the actual policy that is being pursued.

¹⁰ For a useful discussion of the multiple uses of the word “policy”, see Brian W. Hogwood and Lewis A. Gunn, *Policy Analysis for the Real World* (New York: Oxford University Press, 1984).

¹¹ Robert Hutchison, *The Politics of the Arts Council* (London: Sinclair Brown, 1982).

To adopt a policy suggests that we can arrive at some sort of agreement on what the goals and objectives of that policy should be, and here comes the rub. What can we reasonably expect to agree upon? And who should “we” be anyway?

The temptations here are clear. Three forces seem to be at work. First, in order to gather agreement on goals and objectives, it is rather tempting to let the specification of those goals and objectives become quite general, the “Motherhood and Apple Pie Policy.” The more general they are, the easier it is to garner agreement because everyone can imagine that there is something for them included under that umbrella. Consider the most general specification of all: the aims of the Arts Council as they were laid out in 1951 and amended in 1973:

“The Council shall by such means and in such manner as they see fit, within or without the State:

- stimulate public interest in the arts,
- promote the knowledge, appreciation and practice of the arts,
- assist in improving the standards of the arts,
- organise or assist in the organising of exhibitions of works of arts and artistic craftsmanship.”

These aims are unexceptionable but hardly useful as a guide to action. They beg more questions than they answer. What exactly did the crafters of this statement have in mind when considering action “without the State?” How is it, given these aims, that grant making becomes the main activity of the Arts Council? Is it the intent to leave the Arts Council as unfettered as possible? Perhaps, but I have already argued that to leave it at that leads to a vague sense of mission and, ultimately, an undermining of the credibility, influence, and effectiveness of the agency.

The Arts Council has generated countless planning and policy documents over the years, most recently the sequence of Arts Plan, the third of which is under discussion today. On occasion those documents have attempted to provide a direction that is more precisely spelled out. Yet, the various evaluations, critiques, and responses to these earlier plans point to some of the difficulty of determining useful policy. The evaluation of the First Arts Plan pointed out many things about that plan and its execution. I want to focus on just three of its conclusions:¹²

- The main difficulty with the First Plan’s objectives is that they are specified in a manner which is open to different interpretations and the issue of how to resolve potential conflicts in these objectives was not addressed.

¹² Indecon with PriceWaterhouse/Coopers, *Succeeding Better: A Review of the First Arts Plan 1995-1998*, excerpt reproduced as Appendix 1 of *The Arts Plan 1999-2001: A Plan for Government, a Strategic Framework for the Arts*, Dublin, May 1999, p. 54.

- A further difficulty is that the specification of the objectives in most cases makes assessment of progress in achieving the objectives very difficult and in some cases impossible.

And, casting a broader analytical net,

- The main categories of objectives in the Arts Plan concerning quality, creation and access are common to the key objectives in nearly all government supported Arts Plans.

The first two of these conclusions speak directly to our reason for coming together. How can one determine a policy that will be useful as a guide to and a gauge of action?¹³ The third introduces us to another question: what makes an arts policy for one place different from an arts policy for another place? Should we expect them to be the same or not? If you have read the Second Arts Plan, you will have noticed that there are moments when it is clear that you are actually reading an Arts Plan *for Ireland*, but that those moments are rather few.¹⁴

In order to gain widespread agreement to a policy (and its derivative plan), the second temptation is to let the plan include a bit of something for everyone, the “Everything but the Kitchen Sink Policy.” The inclusion of multiple priorities, far more than one should expect a single agency to manage well, becomes a strategy for pleasing multiple constituencies as well as a strategy that seems to avoid the necessity of making hard choices. But it should be clear that multiple priorities could easily become conflicting priorities, particularly if one is operating within a resource constraint.

From my reading of the First and Second Arts Plans, my guess is that their authors would recognize both of these temptations.

The final temptation, one to which I have already alluded, is the temptation to focus policy agreement on *process* rather than on *outcomes*, the “Form Over Function Policy.” How much easier it turns out to be to agree on a funding process than on a set of desired outcomes. Fair enough, but one should not be surprised when the legislature, the citizens, and society at large want to judge a government agency’s work on the basis of outcomes rather than on the basis of process. Again, this is not to say that careful consideration of process is unimportant; more and more debate in arts funding and arts policy is focussing on the design of the process so that it is both transparent and effective. It is easier to

¹³ King and Blaug have a different spin on this problem, suggesting that this behavior might be willful: “The vague, imprecise nature of the statements concerning the aims of the Arts Council...has enabled the Arts Council to evade the problem of defining precise criteria in their selection procedures.” King and Blaug, “Does the Arts Council Know What it is Doing?” p. 118.

¹⁴ This remark is intended less as a criticism of the Plan than as an observation of how difficult it is to produce a policy (and a plan) that makes choices, established priorities, and serves as a guide to action and evaluation.

agree on process than on outcome because with a focus on outcomes it becomes clearer as to whether one is likely to gain or to lose. With a focus process one can always imagine that one will do well.

The Arts Council itself has recognized that the development of the first two Arts Plans did not engender much true debate. Perhaps the field's intuition about the power of these temptations suggested that it was not necessary to become fully engaged in a process of making choices, for none of these types of policy offers a particularly good guide as to how an arts council would be expected to make choices except in the most general of terms.

Moreover, these temptations are not merely hypothetical propositions. Some years ago one of my Master of City Planning students at MIT wrote his masters thesis on the emerging literature of local cultural plans.¹⁵ He wondered whether cultural plans were all the same thing or whether they could be usefully categorized into types. He noticed that different plans were developed for quite different reasons, and he wondered whether the motivation for the plan led to interesting and substantial differences in the final result. A priori there was no reason to expect that a cultural plan would mean the same thing to each of the communities that undertook to compile one. His research focused on the final chapter of each plan, the chapter that summarized the goals, objectives, and strategies of the resulting plans. And he noticed a very interesting phenomenon: from one plan to the next the final chapters were virtually identical. Is it so obvious what a local cultural policy and a local cultural plan ought to be? Should not one expect that at the local level one would find more variation in policies and plans to account for truly local differences? This is something that those who would make policy need to ponder.

On Planning

Once policy has been determined, the need for planning is clear. The plan lays out a strategy, a set of actions that are designed to get us from where we are to where we want to be. A plan is based on the best available assessment of what actions are likely to achieve the desired result with the most economical use of resources. And a plan is constantly revised as we monitor how we are doing in achieving the aims laid out in policy.

There is a lot to keep track of here. Where do we want to go? What are the tools that are available to us to get there? What are the costs associated with the deployment of each of those tools? How effective is each at achieving the desired results? What other criteria might we wish to bring to bear in determining how well we are doing at implementing programs and projects to pursue that policy and at achieving its goals?

¹⁵ David Katz, "Comprehensive Community Cultural Planning: Towards an Analysis," unpublished Master of City Planning thesis, Massachusetts Institute of Technology, February 1990.

Any agency that is planning draws from this generic list of tools to implement its programs. Note that grant making is one subset of the incentives tools, but also note that there are many more options available to an arts council for the implementation of its policies. To be sure, not all options may be available to the arts council; an arts council would not on its own, for example, be able to establish a new set of property rights for artists in their work. That would be the responsibility of the legislature. All of the tools can be used by the sum total of the government agencies that are involved in the cultural policy of the state, writ large. And an arts council's corner of that turf is not as small as has traditionally been the case.

Another way to put this is that the role of planning is to introduce a formalized way of making choices and of exploring the implications of those choices. Paying attention to the generic tools is one way of highlighting this point.

As with policy, there are temptations in planning. One imagines that an "inclusive" plan is a good idea, assuring that something is given to everyone who has a legitimate claim on public resources.¹⁸ And if the agency that is adopting the plan is not going to be held accountable for actually vigorously pursuing its plan then what the plan says hardly matters. Still we ought to expect our public agencies to have a plan, a strategy to accomplish what they have been created to accomplish.

As I thought about the styles of planning that one might adopt, I found myself thinking about the metaphor of various water distribution systems. What do we want an arts council to be? Should it be a pipeline delivering large amounts of water to major industrial users? Should it be a fire hose, designed to put out fires and solve major problems that begin to fester? Or a sprinkler system that keeps everything safe when a fire threatens one area? Should it function like a porous soaker hose, providing water gently and continually throughout the system? Or should it function like an agricultural extension service, advising various users on the water options that are available to them: digging one's own well, hooking up to the government provided system at some cost, or implementing water saving devices and mechanisms? Should it control the use of water through differential pricing mechanisms? Should it regulate the quality of water that can be provided by whatever provider? Or should it provide an irrigation system with canals, locks, and sluice gates that can be controlled as the supply of water and the need for water change? Or should it function like a lawn sprinkler, which can be controlled and directed to some extent, but which also provides a minimum of water to all of the ground it is designed to cover. One can easily over stretch this metaphor, perhaps I have already done so, but it is useful because it once again highlights the fact that there are choices to be

¹⁸ The local officials that my masters student interviewed for his thesis on local cultural plans (see footnote #15) made this point very clearly. They liked cultural planning because they felt that it was the one form of planning in which they had engaged which could easily incorporate the needs and desires of all components of their community. But this, of course, is confusing diversity of input with diversity of output and outcomes.

made and that the range of choices in arts support may well be broader than simply “history plus or minus.”¹⁹

On Purpose

If one takes policy making and plan making seriously, then there is little left to be said about purpose. We should, however, reinforce the idea that purpose has two connotations, both of which are important. The first is to have a set of goals or objectives—a purpose—in mind, and the second is to go about pursuing those goals with intentionality—with a purpose.

By organizing this seminar the Arts Council has made the statement that it intends to become more deliberative and more intentional. King and Blaug understood this when they pointed out that the effectiveness of an arts council could only be judged in terms of “what...was needed to be done.” This requires a careful consideration of what, in fact, needs to be done. How do we know, and why is it in the public interest?

How one feels about all of this depends, in large part, upon what you feel the purpose of government support is: Is it a reward for good work? An incentive for good work in the future? A contract between the public sector and the recipient to deliver goods or services with certain desirable attributes (which, in any contract, would presumably be spelled out)?²⁰ Is it to recognize a glorious history or to support a promising initiative? Is it an entitlement? In short, the question of purpose is key.

To some having to assert a clearly articulated purpose when it is perfectly clear (to them) what their desirable attributes are looms as a failure. Why don’t they just appreciate me for what I am? To others it is a driving force.

On Making Choices

What is the intent of all of this policy making and plan making if it is not to inform the Arts Council’s decisions (unless it is a full employment scheme for management consultants)?

¹⁹ This phrase was a favorite of Frank Hodson, former chairman of the National Endowment for the Arts, who used it whenever he felt unnecessarily constrained in the degrees of freedom that seemed to be accorded to him and to his agency. The most common complaint was the strong predilection within the arts funding system to give each applicant last year’s grant plus or minus, despite the norm that the Endowment was limited, by legislation, to providing project grants.

²⁰ It is interesting to note that the Arts Council of Great Britain one of its periodic policy documents announced that it was going to recast its funding as a contractual relationship between the Arts Council and the client. The Arts Council of Great Britain (on behalf of the English arts funding system), *A Creative Future: The Way Forward for the Arts, Crafts and Media in England* (London: Her Majesty’s Stationer’s Office, 1993), p. 47.

For some, it might seem unproductive to ask how choices are to be made in arts funding and support. For them only one form of decision making is possible: peer panel review. Many arts councils and, increasingly, even arts ministries entrust the peers of those who are applying for government support with the responsibility for making informed choices. For many arts funding bodies, particularly Anglo-American ones, to consider any other possibility feels like heresy.

But to have a single-minded focus on peer panel review neglects several factors. First, peer panel review can only operate in the context of many other prior choices: Which funding programs will we have (and which will we not have)? What budgetary allocation will each program receive? Who will be eligible (and who will be ineligible)? Under what conditions?

Moreover, peer panel review is based upon two fundamental assumptions:

- (1) Your peers are the individuals who are best able to judge the qualities of your work, and
- (2) The decisions that your peers make in response to those qualities best reflect the public interest in arts funding.

Here, at the core of the arm's length funding system, lies a fundamental problem: while the first of these assumptions may well be widely-held, the second is much less self-evident. And this is without even addressing the question of how the peers, themselves, are to be chosen, or, more generally, how one designs, through a set of choices, the broad policy framework and implementation plan within which these further choices are to be made.

For some reason, we tend to think of arts councils as re-granting agencies that simply pass money through to its intended beneficiaries. In the purest form of this sort of system, there is little to be added by the arts council other than some minimal accounting to assure a reasonable level of public accountability. We could choose, I suppose, to design our arts councils so that they would have a minimal influence on the direction of the field, being reactive rather than proactive,²¹ but if that were our goal, perhaps some sort of formula funding system or direct line item budgeting would be more efficient from an economic point of view. But formula funding is anathema in the arts field.²²

²¹ Some arts councils have been quite proud of the fact that they have no explicit policy and that they intend to be reactive rather than proactive. It strikes me that this stance is a bit disingenuous, undermining the agency as an agent of public action. What other reason is there to create an arts council than to expect it to do something proactive?

²² For an account of just how great an anathema formula funding is, see my discussion of how Frank Hodsoll's move to introduce more information into the peer panel review process was defeated by the field through branding it (incorrectly) as "formula funding": J. Mark Schuster, "The Formula Funding Controversy at the National Endowment for the Arts," *Nonprofit Management & Leadership*, Vol. 2., No. 1, September 1991.

We want arts councils to make choices because we want them *to choose us* as recipients of their largesse. So, a system with minimal decision making is just as objectionable as one that is overly determined.

A focus on choice making has a fortunate implication: it naturally inclines us to think about what an economist would call the “opportunity cost” of our decisions. The concept of opportunity cost asks us to consider the cost of the opportunities that we gave up when we made a choice. Thus, we begin to think of tradeoffs. If we do A, we cannot do B, but maybe B would have been a better choice, more in line with our policy. A sense of foregone opportunities and tradeoffs should be one of the building blocks of any policy and any plan.

A focus on choice has another fortunate implication: it draws our attention to the moments at which arts councils say “no” as well as to the moments at which they say “yes.” My guess is that we would learn far more about an arts council if we looked at how, when, and why they say “no” than by just looking at the affirmative decisions (which are, by their nature, much easier to observe). How and in what circumstances would we want the arts council to not do something or to say “no”?

King and Blaug’s version of this is particularly pointed: “What is a ‘waste’ of money in the field of the Arts, and how would one recognise waste if one saw it?”²³ Even the most ardent supporter of an arts council has got to admit the possibility that it can make poor, uninformed choices at times. Stephen Weil, in his writings on performance indicators, makes a related point. Paraphrasing him, “Without a definition of success, of course, [Arts Councils] also lack a definition of failure.”²⁴

Choices depend on many factors. They depend on the attitude you want to choose to adopt vis-à-vis the sector. We have already seen this in the choice of tools to implement policies, but it is also revealed in more basic structural decisions about arts support.²⁵ They depend on the resource constraints with which you are operating. They depend on the degree of information and evidence with which you are operating. And it goes without saying that they depend on what you want to accomplish.

From a recognition that one is going to be making choices, it is not too far a logical leap to beginning to worry about making *informed* choices. Whatever else this implies, it

²³ King and Blaug, “Does the Arts Council Know What it is Doing?” p. 102.

²⁴ Stephen Weil, *A Cabinet of Curiosities: Inquiries into Museums and their Prospects* (Washington, D.C.: Smithsonian Institution Press, 1995), “Creampuffs and Hardball: Are You Really Worth What You Cost or Just Merely Worthwhile?” p. 36.

²⁵ For a well known discussion of this see Harry Hillman-Chartrand and Claire McCaughey, “The Arm’s Length Principle and the Arts: An International Perspective—Past, Present and Future,” in Milton Cummings and J. Mark Davidson Schuster, eds., *Who’s to Pay for the Arts? The International Search for Models of Arts Support* (New York: American Council for the Arts, 1989).

certainly implies the collection of intelligence in the context of which decisions are going to be made. Which brings us, finally, to performance indicators.

On Performance Indicators

While the phrase “performance indicators” (or “performance measures”) provides a convenient short hand for the idea that we want to capture, one has to admit that it has unfortunate connotations. (I explore those connotations in my earlier paper that we have distributed to the participants, and I do not propose to go over that ground once again here.) What is important for us today is to understand “performance indicator” as a convenient phrase used to represent the information that one would want in an information-rich decision-making environment. That information might take the form of highly refined aggregate performance indicators, or it might take the form of less manipulated but still highly relevant qualitative and quantitative data. The key here is keeping our eye on what information one needs to make choices well.

Stephen Weil, one of the most principled and clearest thinkers on policy issues relating to museums, has described what he terms the “new accountability” in museums, in which museums are increasingly being required “to demonstrate not only (a) that they can *account* for the resources entrusted to them and (b) that they use those resources *efficiently* but, above all, (c) that they also used those resources *effectively*.”²⁶ Indeed, any arts organization whose board and staff are not discussing how to make most efficient and effective use of its resources, whether public or private, is living in a rapidly disappearing never-never land.

But note that this also sounds very much like what the Arts Council has identified as the impact of public sector reform on its own operations; it will be expected to conduct strategic planning, monitor its impact and effectiveness, and increase the transparency in its decision making.²⁷

So part of what we want to be doing in our two days together is defusing the negative, *dirigiste* connotations of performance indicators. Weil, in another paper, puts it nicely. He sees the utility of performance indicators as identifying and beginning to address important questions relevant to a museum’s operations. He goes on to quote Robert Bud, Head of Life and Environmental Sciences at the British Museum, who characterizes a performance as a “can opener—an instrument of little interest in itself, but which enables the user to get more readily at what might really matter.”²⁸ To paraphrase myself,

²⁶ Stephen Weil, “Creampuffs and Hardball”, p. 35.

²⁷ The Arts Council/An Chomhairle Ealaíon, *The Arts Plan 1999-2001: A Plan for Government, a Strategic Framework for the Arts*, Dublin, May 1999, p. 8.

²⁸ Stephen Weil, *A Cabinet of Curiosities: Inquiries into Museums and their Prospects* (Washington, D.C.: Smithsonian Institution Press, 1995), “Progress Report from the Field: The Wintergreen Conference on Performance indicators for Museums,” p. 22.

information is good and more is better (though, just as with public support for the arts themselves, we cannot ignore the presence of the important constraints of time and budget).

King and Blaug in their discussion of the 1955-56 Annual Report of the Arts Council of Great Britain give a simple illustrative example of how such information might be used. They quote the Annual Report as saying, somewhat defensively, “The Arts Council did not decide to give half its money to London; it decided to act as patron to certain institutions already established, and of these the most meritorious and representative were situated in London.”²⁹ Of course, no one really imagines the members of the Arts Council of Great Britain sitting in one of their meetings debating the percentage of their support that should be provided to London institutions and activities. But is it so unreasonable to ask them to notice when such percentages might be getting out of line? Or to ask whether or not that (unintended) result is acceptable and in line with policy? After all, one might want to track both the implications of individual decisions and the implications of the aggregate of those individual decisions.

The literature on performance indicators is a rich one, pointing to a number of aspects that one would want to consider. I mention here just a few:

- One should distinguish between measuring inputs, outputs, and outcomes and be sure that there is appropriate emphasis placed on outcomes;
- One should be wary of total performance indicators (one indicator that purports to measure an index of overall performance) as opposed to multiple indicators reflecting various aspects of policy management;
- One needs to carefully consider what conceptual variable it is that one wishes to measure, what variable can actually be measured, and how it is to be measured;
- One might distinguish, as Weil suggests, between red flags, effectiveness measures, integrity measures (which ask, how well do its activities match what the institution says it is doing?), and efficiency measures³⁰;
- One might distinguish, as I have suggested, between performance indicators to affect behavior, performance indicators to evaluate behavior, performance indicators to monitor behavior, and performance indicators to infer behavior³¹; and

²⁹ King and Blaug, “Does the Arts Council Know What it is Doing?” p. 113.

³⁰ Weil, “Progress Report from the Field,” pp. 23-24.

³¹ Schuster, “The Performance of Performance Indicators in the Arts.”

- One should be sure to collect longitudinal data as well as cross-sectional data so that one can make both types of comparisons.

The biggest fear in moving toward the use of performance indicators is that it will become to tempting to let the indicator speak by itself without further interpretation. Take, for example, the compilation of League Tables, a habit to which the Arts Council is not immune.³² League Tables are more notorious for what they do not say than they are praised for what they do say. Unfortunately, the attempt to make a forceful argument through a single indicator that purports to measure one critical aspect of performance may be a political success at the same time as it is an analytical failure.

But this is not a reason not to collect data, or information, or even indicators. The data do not decide; it is we who allow the data to decide—if that is what we choose to do.³³

Weil, in a footnote, recalls a presentation at a conference on performance indicators in which the presenter began and ended her presentation with a simple slide:

“Data do not a decision make.”³⁴

We could do worse than to adopt this as our maxim as well over the next two days.

On Arts Councils

Much of what I have had to say applies to government agencies of whatever stripe. Yet, the situation of Arts Councils does, at times, seem to be unique. How so?

Unlike other government agencies, arts councils, particularly in English-speaking countries, have come to see their primary role as being a pass through, funneling money from the state to the sector. This old habit has only recently begun to be disrupted as discussions of policy, planning, and strategy have made their way onto arts councils’ agendas, sometimes by choice and other times by fiat.

³² See The Arts Council/An Chomhairle Ealaíon, *The Arts Plan 1999-2001*, p. 7. Interestingly, the consultants who compiled the background research on which this league table is based seem to have designed and formatted their report in a way that requires a bit of effort on the part of the reader to construct this overly simple comparison; one hopes that this was intentional: The International Arts Bureau, *A Comparative Study of Levels of Arts Expenditure in Selected Countries and Regions* (Dublin: The Arts Council/An Chomhairle Ealaíon, March 2000). For a further discussion of the mathematics and politics of league tables, see, J. Mark Schuster, “Making Compromises to Make Comparisons in Cross-National Arts Policy Research,” *Journal of Cultural Economics*, Vol. 11, No. 2, December 1987.

³³ This is not to suggest that there are not situations in which it might be desirable to use one or another form of formula funding, only that that choice ought to be well informed, efficient, and effective.

³⁴ Weil, “Progress Report from the Field,” p. 29.

Perhaps more so than other government agencies, arts councils are inhabited by true believers. And true believers are not naturally inclined toward taking a self-reflective, self-critical stance. But the attitude of art is good and more is better hardly sets the stage for responsible, accountability management of a public agency. Here, too, old habits die hard. It is not by accident that, according to the evaluation of the First Arts Plan, “With a small number of exceptions most Arts Council funding to arts organisations is provided as a general organisational subsidy rather than targeted to achieve a specific task.”³⁵

Finally, though not unique among government agencies in this regard, arts councils have an unusually close relationship with the field with which they engage. Indeed, this relationship is enshrined and celebrated in the peer panel review system. To some, however, this would appear to be a prime example of what public choice economists would describe as “regulatory capture.”³⁶ This, of course, raises the question of just what is it that policy is intended to get the targets of that policy to do? Presumably, policy is intended to get the targeted individuals and institutions to do something that is in the public interest that they would not choose or be able to do on their own. The game, according to the public choice economists, is to get the policy to do what you would like.

This, of course, raises a question that I have politely sidestepped: Whom is the Arts Council to serve? Is it to serve the public interest? Or is it to serve the field of the arts? Or is it to serve the political class? My answer is the first, but presence of the second and the third in the debate is what makes policy and planning so complicated. No wonder arts councils have proven reticent to change their stripes.

Yet, change is afoot. The notion that an arts council can and should become a strategic development agency and that that would be a more responsible use of the public resources that have been devoted to the arts and culture is no longer as strange as it once was. A year ago I had the opportunity to conduct a research project for the Pew Charitable Trusts. The goal was to document the evolving information and research infrastructure for cultural policy in a number of countries. Nearly everywhere I went I was told that the arts council no longer thought of itself as merely a grant-making agency; rather, it was taking concrete steps to become more strategic, stressing the development of the field, and, as a result, to inform its activities it was relying more on information and on research than ever before. This was true in Great Britain, in Canada, and even within the French Ministry of Culture, and it seems to be true in Ireland.

³⁵ Indecon with PriceWaterhouse/Coopers, *Succeeding Better*, p. 55.

³⁶ Regulatory capture: “The situation that occurs when regulators advocate the interests of the producers they are intended to regulate.” Graham Bannock, R. E. Baxter, and Evan Davis, *The Penguin Dictionary of Economics* (New York: Penguin USA, 1999).

On Balance

What can we hope to accomplish by all of this? Some believe that more money will flow from the government if an evidence-based case can be made in the context of responsible policy and planning. It is claimed that the recent funding in Ireland came, in part, from setting out in this direction. Who can say? But I, for one, care less about absolute amounts of resources. I believe that the reason for setting out on this course is to develop a more robust Arts Council that is not constantly undermining its position by appearing to be rudderless. For the same reason, arts institutions themselves can become more robust by giving careful thought to information rich planning. Instead of spraying resources at them in an indiscriminate manner, robustness will attract resources. And, in the call for performance indicators, which is merely a slogan for the much more fundamental change toward evidence-based planning and policy, is the ever so slight suggestion that the case for additional public funding is not necessarily to be made through other instrumental arguments but rather through managerial effectiveness and strategic clarity.

In the end, even if you find it difficult to embrace the idea that the Arts Council ought to adopt a set of performance indicators for its use and that it ought to encourage its clients to do much the same, you still ought to be eager to encourage the Arts Council to make informed decisions, decisions that benefit from a full range of pertinent, up to date information. If not, what is the alternative?

The Arts Council's need for a system of performance monitoring is nothing more nor less than the individual institution's need writ large. How does each actor in the system know that what it is doing it is doing well? And how does each actor know that what the other actors are doing they are doing well?

In closing, Stephen Weil puts it far better than I am able to. Reversing the order of his closing questions, and addressing them both to the Arts Councils and to the artists and arts institutions that it assists:

- Are you truly able to accomplish anything that makes a difference, or are you simply an old habit, or possibly even a kind of indulgence?
- Could somebody else do as much or more than you do for less?
- Are you really worth what you cost or just merely worthwhile?³⁷

That is where the burden of proof will, and should, lie.

³⁷ Weil, "Creampuffs and Hardball," p. 38.

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