

**THE ARTS IN AMERICA, EUROPE AND RUSSIA: PROBLEMS  
AND SOLUTIONS**

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“Art is not just a decorative accessory of everyday life; art is the air that civilised society breathes.”

“Civilisations and the values to which they cling are only remembered for what they build, compose, paint, create.”

These remarks by conference participants illustrate the emphasis on the vital role of the arts as integrator both in national society and in the global village, and as catalyst for social change, which recurred throughout the discussions. There is no justification for treating the arts as luxuries or as footnotes to government policies or to business plans. There was also general agreement that cooperation on the arts at all levels across national frontiers needs to be reinforced. The benefits from cultural cross-fertilisation are self-evident. Participants saw the arts as one sphere where globalisation can bring many positive results.

But given the emphasis on the need to nurture the arts, a wide range of views was expressed on the tensions between public and private sponsorship, on elitism and popularism, on priorities between institutions handling different aspects of the arts, between landmark and smaller projects, and on competing demands for funds not just from the arts but also from sports.

Russian participants described the upheavals on the Russian arts scene after the collapse of the Soviet Union. Even though they were optimistic for the future, they gave the impression that official bureaucracy, shortage of experienced administrators and an inadequate understanding of art sponsorship both at government level and amongst the oligarchs has left the arts scene woefully short of funds.

## **Session I: FINANCING THE ARTS**

*Among the issues discussed were public/private models and how far the taxpayer will foot the bill; how to retrench and retain the philanthropic tradition; and paying the rate for management and performers, including the superstars.*

The classic sources of revenue for arts budgets both from the public exchequer and from philanthropists are shrinking. Public financing of the arts is threatened by the growing requirements of welfare budgets and the state pension systems. The volume of private funding, including corporate sponsorship for the arts, is affected by market fluctuations as well as by high levels of taxation and, in some countries, the failure to grant tax concessions for donors. Increasingly sponsorship of sports events is diverting funds that might otherwise have gone to fund the arts. Instead of responding negatively to such factors and allowing activity to shrink, the arts establishment must seek to diversify and seek new sources of revenue by better marketing and the use of modern technology.

It was stressed from the outset that the arts deserved to have a high priority if only because of the importance of cultural diplomacy. Governments should be more aware of the positive role that cultural diplomacy can play in foreign relations. A recent example of the good that can be achieved has been this year's loan by New York's Museum of Modern Art of the bulk of its permanent collection for exhibition in Berlin. Enthused visitors came massively from all over Germany to see the paintings and sculptures, and the US Administration has conceded that the exhibition helped to generate a much-needed rapprochement with Germany.

The loan of the MOMA collection was made possible by a mix of private sponsorship on the US side and limited public support on the German side to cover the insurance costs. Similarly, close cooperation between museums in Russia, such as the Hermitage, and museums in the West is promoting better understanding between these two worlds.

Naturally, art is about much more than furthering international relations. The arts are not mere afterthoughts – ancillaries to education, to the fight against crime, to social engineering and promoting a country's interests and world standing. They are an integral part of it all. "Art, said one of the participants, is about excellence, about citizenship, about promoting the common good, about heeding Emerson's dictum that 'the mind of this country, taught to aim at low objects, eats upon itself.'"

To discuss the financing of the arts is to discuss the means for promoting the public good. Moreover, sponsorship of the arts is good for business. There is plenty of evidence to show that corporate sponsorship of the arts helps to create a positive image and improve the marketability of a company's products.

The discussion exposed considerable tension between those who want to keep governments out – one US participant was adamant that government has no business in financing the arts - and others who hold to a partnership between governments and the private sponsor as the best vehicle for promoting the arts. Tension has always been inherent in the promotion of the arts, insisted another participant. Only the competing demands on funds have changed. Those who decry public sponsorship should look at the impact that public sponsorship of major arts projects has had on the regeneration of cities, such as Liverpool and Glasgow in the UK. There are many examples elsewhere. Others argued that if for no other reason government arts funding has a key role to play in creating a cultural framework in which immigrant communities can feel comfortable.

It is significant, said one participant, that in Britain the Minister responsible for Culture is also responsible for Sport. Not too much should be read into that, countered another speaker: in the UK it is the Treasury and no other Ministry that determines the amount of money to be made available for the arts. Only a fleeting reference was made to the UK lottery even though this has become an important vehicle for arts funding in the UK.

A number of participants, using the US as an example, worried that private sponsorship of the arts tends to impose the values of the donor and to be far more conservative than public sponsors who are often more willing to encourage the experimental and new talent. This is certainly true of Germany, it was argued, where

there are outstanding examples of state and city authorities displaying vision and imagination in their support of the arts. However, Bavaria was also cited as one example where sound partnerships are being developed with corporate sponsors. In some German cities, notably Munich and Stuttgart, corporate sponsorship has been going up by 400 per cent annually.

Where taxation is concerned, there are two factors that influence private sponsorship: high taxation regimes and tax-breaks for arts funding. Participants all agreed that tax-breaks for philanthropy have a significant bearing on the volume of private funding. The US has been far ahead of continental Europe where reliance on government funding of projects and on subsidies is still very much greater. Speakers pointed to France as one of the worst examples where a high tax regime acts as an important deterrent to private sponsorship. However, many governments are learning from the US example, and progress is being made on tax breaks for philanthropy.

Several speakers differentiated between funding of specific projects and endowments to underpin the running costs of arts institutions. This is of particular concern to smaller museums which, in order to attract greater attendance, need to mount costly temporary exhibitions to supplement their permanent collections.

“Rethink fund-raising, find new models for financing the arts; diversify sources of income for arts institutions – that is the only way to attract more money for the arts”, insisted one speaker. The example of New York’s Lincoln Center was quoted. With an annual income of \$600m only 2 per cent comes from government – local, state and federal sources combined. Endowments provide 40 per cent and only 53 per cent is earned income. A further 5 per cent comes from the sale of goods in the Lincoln Center’s shops.

This contrasts with the French experience where in general arts institutions derive two thirds of their income from government and only one third from all other sources. In current circumstances over-dependence on any one source of income is dangerous. One solution frequently advanced is to charge more for museum admission and for tickets. However, to the extent that this runs counter to efforts to widen public interest in the arts higher pricing is a questionable move. “Indeed, argued one speaker, if there

are to be government subsidies to the arts, they should be directed specifically to admission charges and ticket prices.”

Museums, opera houses, theatres can and should do much more to develop both their in-house shops and internet shopping. This needs to be addressed as a prime revenue-earning activity. Similarly, orchestras, confronted with the evidence of declining income from CD sales must look to new technologies – to digitalisation and cable – to finance their work.

On the expenditure side of the ledger, arts managements have to secure more realistic contracts with their trade union members, it was argued. Fees paid to mega stars is far less of a financial burden than trade union demands that result in over-staffing and bloated wage bills. One speaker asserted the excessive demands of trade unions are more of a problem for arts institutions in the US than in Europe.

Compared to the Western world, post-Communist Russia is confronted by even more acute problems in search of support for the arts. This is epitomised by the fact that there is no specific Russian word for ‘fund-raising’, a concept unknown in the former Soviet Union. Russian participants spoke of the explosion of artistic activity after the 1989 watershed. Underground artists were at last able to surface and the Russian arts world was at last able to discover more about the arts scene abroad. The transition from the old state culture to freedom was traumatic for the artistic community just as much as for many other aspects of Russian society. The old cultural regime had collapsed. Russia had to rethink entirely how the arts should function; indeed, whether Russia should even maintain all the myriad libraries and other state-organised cultural institutions set up to the far reaches of the old Soviet Union. Most of those involved in rethinking Russia’s cultural life were floundering in their new-found freedoms and had to grapple with problems of which they had no first-hand experience.

In the early 1990’s there was little money for the arts. The Russian authorities, concerned with bread and butter issues, showed little interest in public sponsorship. Business and especially the emerging oligarch class was far too preoccupied in consolidating its economic activities to consider arts sponsorship. The theatre, museums, orchestras, galleries, all were in dire straights. Arts administrators as well

as performers were - and generally still remain – impoverished and grossly underpaid. Russian artists seized every available opportunity to go abroad.

Gradually the situation in Russia has changed - not always for the better. For example, even though government is showing a greater interest in the arts, there is also a growing tendency to influence content and to demand respect for President Putin's priorities in the field of culture.

Private money is now more easily forthcoming provided it is calculated to give the right kind of publicity and offer commercial gain to the sponsor. The oligarchs are setting up foundations and are now actively involving themselves in arts sponsorship, but tend to look first for government approval of their arts projects. If President Putin gives the nod to a project, then private sponsorship is more easily forthcoming.

During the past two decades the outside world has developed close links with the Russian arts world. Foreign foundations are important contributors to Russia's artistic life. One participant felt that not enough attention was being paid to the antiquated infrastructure of so many museums and theatres in Russia. Others countered that a great deal has already been achieved. Links between museums in Russia and their counterparts in the West have facilitated the exchange of exhibits and have also helped museum directors and curators to learn a great deal about best practise in Western institutions. The Hermitage Museum of St Petersburg has been a key link in cooperation between East and West. It has undergone a remarkable transformation during the last 15 years. Even though there has been much Western help, oligarchs have played no small role in this, it was claimed. The oligarchs have now become the driving force in supporting the outreach activities of the Hermitage to develop educational projects as far away as even Siberia.

## **DINNER**

There were three after-dinner speeches. The first, by a prominent architect, illustrated how creative insight and social enlightenment can rejuvenate cities and ignite radical change. In isolation show-piece architectural projects achieve little. But as part of a strategic plan for a city's regeneration and linked to comprehensive infrastructure

modernisation, the ripple effect of architectural projects can be out of all proportion to their cost.

The business case for the new Guggenheim Museum in Bilbao or the Millennium Bridge from St Paul's to the South Bank is strong: such projects act as catalyst, transforming and blending into the life of a city that is undergoing regeneration on a much wider scale. The speaker quoted several other examples: Nimes in France, Dallas in the US, the airport under construction in Beijing, where architecture together with wider city initiatives to promote housing projects and road-building, and to kick-start commerce, all combine to transform the environment. The architect should not have to plead for hand-outs. The architectural profession deserves to be recognised for the contribution it can make to the greater good of society. It should not be a question of whether society can afford to pay for the big cultural icons; but whether it can afford not to fund them. The answer is self-evident.

The second speaker, a senior arts administrator, delivered an eloquent plea for generous support of the arts. It would be a stifling straitjacket if the same cost criteria that are applied to economic activity are also used to fund arts projects. Art is not suitable for the accountant's normal cost-benefit analysis. It cannot be measured as a percentage of GNP. That is the reason, the speaker argued, why the arts needs to be supported both by government and also by society. In most of Europe people take it virtually taken for granted that there must be government support for the theatre, opera and museums. They could not survive without public funding.

In Germany, the constitutions of several *Laender* stipulate that art and culture have to be supported. The constitution of the European Union, just signed in Rome, also includes a commitment to safeguard the cultural diversity and protect the cultural heritage of member countries. Yet none of this means that governments are constitutionally obliged to fund the arts. Indeed as public coffers are emptying, the state is increasingly trying to withdraw from the arts world. To compensate, big business, realising that it helps to improve image, is now routinely helping with generous injections of cash.

The speaker believes that the major arts foundations must play a vital role as go-betweens in furthering the trend away from the public sector to greater emphasis on the private sector. Given their resources, they can also act as a cushion in times of economic crisis when government and business seek to reduce their financial commitment to the arts. The US foundations have set the example as models of philanthropy and have become major supporters of international cultural exchange. Europe still has much to learn from the US foundations. European governments need to establish a helpful legal framework and tax regime for their foundations. But governments must also safeguard freedom of expression and ensure that he who pays the piper is not entitled to call the tune.

The speaker conceded that there will always be a fine line between artistic freedom and a funder's justifiable insistence on quality. It is vital to secure the best expert advice to decide on the artistic merit of projects. But there was also a word of caution: do not try to differentiate between art and entertainment. That would be absurd.

The final after-dinner speaker, an important collector, painted an impressive picture of international collaboration by private art institutions and emphasised the extent to which this has contributed to the enhancement of the arts across national borders. The globalising trends of arts exchanges are everywhere to be seen. London's Courtauld Institute now has links with the Getty Museum in Los Angeles as well as with the Hermitage Museum. The Hermitage, lacking facilities to show all its collections, now has a 'branch' in Somerset House where it stages temporary exhibitions. Dresden's galleries are benefiting from the Getty Museum's know-how on conservation. New York's Metropolitan Museum has links with Rome's museums. The list is much longer and serves to emphasise the extent to which such collaboration has developed into a civilising influence on the international community

## **Session II: POPULARISING THE ARTS**

*The issues discussed included the dangers of dumbing down and whether sensationalism should be encouraged as part of widening access to the arts; cross*



*fertilisation from one art form to another; and the scope for international collaboration in the age of globalisation.*

Several of these issues had been rehearsed during the earlier session but were now explored in greater depth. We need what President Reagan used to call ‘this vision thing’ said one of the speakers in opening remarks. Sport, religion and art are the three forms of collective activity that shape our societies. Civilisations are only remembered for what they build, write, compose, paint, draw, construct. In a well-adjusted society, there are distinct yet often overlapping roles for the visionary, the artist, the scientist, the researcher. Whether creative or interpretative they can stretch the frontiers of fantasy, question assumptions and enhance freedoms. They make history. Putting art in this wider context can stir the popular imagination.

It is important that art and artists provoke. No frontier of the arts has ever been extended without provocation. There is no question but that the private patron is crucial to the promotion of art. But if art is to become more accessible then private sponsorship must be specifically targeted to make that possible. “Wealth, said the speaker, should be used to bring more art to more people while at the same time enhancing creativity during a period, such as the present, of great upheaval.” On specifics the speaker worried about governments hijacking art for political purposes and urged that public funds applied to the arts should be primarily targeted at lowering seat prices for performances of music and opera, and the price of admission to museums. He also cited concrete examples of cross fertilisation between corporations like BMW and Audi and German opera houses.

Another participant, also focussing on the notion of cross-fertilisation developed a strong case for cross-over between science and the arts. Bringing these two worlds closer puts a new perspective on both so that they become more accessible to a wider audience. Microsoft is one of the companies that is now actively encouraging closer links between science and the arts.

This theme was not taken up in any detail. Nor did the mention of Microsoft provoke any in depth discussion of the role of the internet in widening access to the arts. Instead there was a more general discussion of globalisation as a reminder that the

frontiers of art need to be extended not just for the expert but also for so many people whose appreciation of the arts is largely limited to Western cultures. Mass migration, which has become such a phenomenon in the contemporary world has created an imperative that makes it essential to understand other cultures. It is easier to achieve this in the field of the visual arts, but efforts should be stepped up to make other forms of arts more transportable.

Time and again the discussion returned to the pros and cons of public and private sponsorship. Governments tend to be too populist and are therefore not the right address to define a vision for the role of art in society, contended one speaker. The private sponsor is far preferable because he comes with no strings attached. Not so, countered another speaker who emphasised the importance of public funds to provide start-up money for projects that can then be taken up by the private sector. Another participant, owner of an art collection in Germany, agreed on the mixed economy approach to arts funding: in his case, the state government is financing the construction of a museum to house the collection which he is donating after incurring considerable costs in litigation to recover some of the paintings. How the running costs are to be met remains however to be decided.

Progressive companies have come to understand that money spent on art helps to create a positive corporate image for customers and moreover helps to enhance the working environment for its staff. One participant outlined the case history of *Deutsche Bank*. Prompted by friendship between the artist Joseph Beuys and a DB board member, Herbert Zapp, *Deutsche Bank* embarked 25 years ago on a policy of bringing art to the workplace, and to do that by encouraging new artists. Since then DB has acquired over 50000 works of art and housed them in its foreign branches as well as in its headquarters building in Frankfurt. The Bank buys from galleries or direct from the artist, but never at auctions. Art is chosen by committees that include experts working for the Bank on a full-time basis. There is a deliberate policy to furnish foreign branches of DB with art bought in the region concerned. The buildings themselves are designed at least in part with the objective of placing the artworks in the best possible context. In the Bank's twin tower Frankfurt building, each of the 40 storeys is named after the artist on display there, and the artists are hung not in order of importance but in order of the artists' age. In 1997, *Deutsche Bank* also decided, in

cooperation with the Guggenheim Foundation to develop a space in its Berlin building where temporary exhibitions of major modern artists are hung.

DB's policy of "art in the workplace" has attracted wide attention and spawned a similar approach by other enterprises. According to the speaker, it has triggered an interest in art for people who would have found museums intimidating but have now realised how much pleasure can be derived from paintings and drawings. Within the Bank, the policy has had its detractors. But it has nevertheless enjoyed strong support from the top echelons of DB's management who are convinced that the funds devoted to art buying have paid handsome if intangible dividends.

A number of speakers endorsed the view that corporate funding of the arts is a sound business strategy and can make a genuine contribution to a company's overall results. DB's carefully thought-out policy has enhanced its standing and deserves to be seen as a model for others. Unfortunately, it was said, this is still a rarity in the marketplace.

### **Session III: DEEPENING KNOWLEDGE OF THE ARTS**

*The issues posed for this session included the role of elites in promoting the universal values of art; ways to educate government in to setting high priorities for the arts as part of general education; and the promotion of professionalism of the arts world.*

Much of the discussion focused on the pros and cons of elitism in art. But before turning to this one of the participants wanted to draw attention to restitution problems. There are still at least 11000 works of art, worth many billions of dollars, that were stolen by the Nazis and have not been returned to their former owners or their heirs. Some are known to be in private collections; others in museums. All are in contention. Together they constitute the last prisoners of war from World War II. This is a problem that needs to be resolved. In some cases, museums have been prepared to cooperate and have returned paintings to the claimants. In other cases, litigation is underway. It is urgent to bring these matters to closure. One of the Russian participants strongly endorsed this plea and agreed that restitution problems must not

be allowed to fester. Unlike those who are claiming restitution for art sequestered by the Nazis, most claims against Russia come from Germany for art taken away during the Russian advance into Germany. But in both cases, people of good will should be able to sit down together and adjudicate the claims.

Elitism is a concept that carries both positive and negative connotations. In defence of elitism one speaker noted that word derives from the Latin for 'choice' and is defined as 'the flower of society'. Elites are groups of people who can justifiably be regarded as superior, and who have the ability to create universal values that are passed from generation to generation. Elitism deserves to be seen as a codeword for excellence. It is a great mistake to see elitism as a threat to the evolution of art and ideas. Elitism is the motor for creating universal values.

Throughout history there have been examples of rich patrons stimulating artistic creation and encouraging young art. One participant was adamant that the only way to perpetuate artistic value is to secure the involvement of the young both in its construct and also as spectators and listeners. Such remarks led another participant to take up the case of the old masters. 17<sup>th</sup> and 18<sup>th</sup> century art needs defending, it was argued. To do so characterises elitism in the best sense of the word.

However, one speaker cautioned that elitism in the arts can also lead to ossification. New York's Metropolitan Opera was cited as an example where wealthy patrons dictate the performances of operas mainly in their traditional forms, and oppose radical new productions.

On a darker side, there are plenty of examples where elitism in art has been used to underpin dangerous forms of nationalism. In a further argument against elitism it was claimed that modern elites distort art appreciation because they are often more concerned with the investment value of works of art than with their artistic merit. Unconvinced, another speaker countered that irrespective of the outcome, anyone who pours money into art is doing a good thing. Much of great art owes its creation to the patronage of villains and dictators. Catherine the Great for all that she did for art, was not the most admirable of rulers.

It is a fact, argued another speaker that elitism in the arts is often interpreted as a way of transmitting rigid elitist values down to the under-classes and telling them how they ought to enjoy art. That is the wrong approach in today's world. It has to be understood that in today's global society the so-called under-classes are creating their own art by creating hybrids composed of African or Asian cultures blended into Western art forms. Many contemporary artists are consolidating Eastern and Western cultures as well as high and low values.

Just as elitism can carry different meanings so also can populism. There is good, bad and indifferent populism. Bad populism occurs when standards are imposed on the artist, argued one participant. Good populism derives from spontaneous creation. In any event no discussion of populism in the arts can ignore the influence of the film industry, possibly the most widely seen art form in the world today.

The Russian participants followed this debate closely without involving themselves much in the merit of the different arguments about elitism and populism. Their principal interest is in widening contacts, in absorbing art which had bypassed Russia during the Communist era and finding the means of entering mainstream artistic activity in a globalising world community. They were the first to recognise Russia's shortcomings in the arts sphere, whether it applied to fund-raising and sponsorship, to art appreciation, to popularising the arts or to the management of the country's heritage. But they also made clear that they were learning and adapting fast, and were eager to leapfrog to greater effectiveness. Participants were given an ironic description of the machinations that surround the staffing of the Arts Ministry. President Putin's aim is to secure commercially efficient use of Russia's cultural assets, including its architectural heritage and most notable works of art. The result has been a political circus around arts administration. The initial appointee was the former head of the Conservatory, Moscow's historic concert hall. Apparently, he turned out to be a very poor manager. Putin's solution has been to leave the Minister in place but limit him to mainly ceremonial functions. Meanwhile the previous Minister of Culture has been made head of the federal Agency for Culture and Cinematography with effective power of management of arts policies. The Arts Minister only has a staff of 20. The former Minister of Culture has a staff of 150 and a

huge office. An unresolved power struggle is underway. Meanwhile arts policy appears to be in suspense.

Russians want to build a new world in the arts. But it is not easy. Mr Putin does not seem to realise that Russian cultural workers cannot survive on \$50 dollars a month – their average pay. Nor does he understand, it was claimed, that it is not enough to pour money into the beautification of St Petersburg; or that it is unhealthy to expect artists to work in ways that please the President. The Russian government needs to acquire a better sense of proportion, a more balanced appreciation of the arts. One answer to all these problems, suggested a Russian speaker, could be the judicious use of public relations. PR experts would be able to convince the authorities that a more nuanced approach to the promotion of Russian art is in Russia's interest. His rationale was summed up thus: The horizon of Russian officials needs to be expanded. They have to appreciate that Russian art consists of more than matrioshka and balalaika; or of the dancers of the Bolshoi and the great paintings of the Hermitage. Contemporary Russian art must also be allowed to speak without inhibition. Russia's *avant garde* needs the support of its friends abroad if it is to regain a pre-eminent position.

### **CONCLUDING REMARKS**

In brief remarks at the close of the conference, one of its convenors said history is a well-stocked department store of artistic achievement. In the struggle against self-destruction in today's dangerous world the arts are an obvious means to reinforce the forces of self-preservation. This makes it all the more important to improve cultural management and to train people to combine understanding of the balance-sheet with a clear appreciation of artistic value. European universities should elevate this to courses for graduate work.

During the luncheon that followed, one participant summed up the conclusions he had drawn from the conference discussions:

- Every country, every city gets the arts regime it deserves and it would be a mistake to generalise too much about the arts.
- Unquestionably individuals by taking initiatives in the arts, play a crucial role.
- The arts can and do act as catalyst for social development and regeneration.
- The creation of a European art forum could stimulate broader interest in the arts and give culture a greater role in European integration.
- Cultural diplomacy deserves to be recognised and supported as an instrument of international relations.
- Art can act as an integrator between rich and poor, between old and young, and on a global scale between different cultures and societies.
- Art needs to be central to education with artists, acting as role models and reaching out to schools and universities and to the workplace.
- It is a given that art deserves to be adequately financed. How the loaf is shared out varies from country to country. While Americans and Russians prefer private patronage, much of Europe still prefers to rely on public funding.
- The wider public needs to take an interest in these issues. One solution would be for the state to focus on infrastructure and the private patron on art content. But the right balance between private and public sponsorship is difficult to achieve.
- It is vital to identify new sources of revenue for the arts, and to diversify.
- Art cannot be allowed to haemorrhage.

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*London, November 2004*