

## The art of funding the arts

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The combination of art and money is and remains interesting. In earlier times, an artist had a client and was paid per job, if he was employed by a rich man, a patron, he produced works in paid employment. The best art works produced this way we can still see every day in museums and are heard in concert halls and churches.

It was not until the 19th<sup>th</sup> century that the romantic image of the artist arose who mainly had to follow his own expression, regardless of job or employer. The autonomous artist was born. That expanded the possibilities of art enormously and also brought us a lot of beautiful art, which can be seen in museums and heard in concert halls.

Only around World War II government subsidies for art came into being. A system that continually expanded and refined through national, provincial and municipal policy. With principles such as uplifting the poor, distribution and accessibility. It also meant a substantial growth in the number of works and artists.

Only that expansion and refinement of the subsidy system now ended. In the Netherlands more or less a quarter of the funding has gone. Many cultural institutions have stopped existing, many artists earn less than before and a lot of support structures no longer exist. And still a lot of young people want to become an artist.

### What next?

Kunsten'92, the lobby organization of the sector, published an agenda for tomorrow and the day after: [Culture works for Netherlands](#). This booklet argues that we can not do without art and culture, especially in times of change: "Even now can art and culture is of paramount importance to the welfare of our people, for the renewal of education, economic innovation and development Netherlands' international profile."

The question is: how will all this art be financed? Only through subsidy? Not a chance. Even if there will be more funding for arts and culture, the cuts will not be reversed, the situation of the past will never return.

The agenda rightly says: "The art, culture and heritage sector is a growth sector which largely operates in the market, but where investments by the government are a crucial prerequisite for a strong infrastructure." But then it only goes on about those investments from the government, and not on the market in which culture operates.

Yes, there is a reference to the makers and creatives seeing little revenue of their work, being at the beginning of the value chain, where the money is being made by exploitation by providers and distributors at the end of the value chain. The only call is for better client-employer relationships and to provide better access to the European market.

The agenda also notes the need to invest in an entrepreneurial cultural sector. But here is nothing about the market and about financing, only more about more government funding and how to make it easier to justify that funding.

### **When funding and when other kinds of financing?**

The responses of Kunsten'92 are totally inadequate for the development of a properly functioning market for art and culture. There is no answer to the question: how to respond to a permanently changing world with less grants, lots of cultural offerings and a faltering market.

Apparently Kunsten'92 has no idea how a functioning market looks for culture. When is subsidy in order, when are other forms of financing better suited? If the government is investing in culture where they really cannot support itself, fine. Or where R & D is carried out, just as hundreds of millions of subsidy go to the industry to encourage innovation and innovate. As the interviews show with successful artists in the second part of the agenda of Kunsten'92, without grants they would not have achieved their artistic and economic success.

Investing means there are costs to be made before the benefits are reaped. It may be through a grant, but also through a loan or other form of financing. When is subsidy the appropriate means and when a loan? How can loans work to be complementary to subsidy? That debate has not even started yet. Each government, each fund has its own subsidies, but rarely, if ever, there is a clear vision of financing other than through grants.

The Scientific Council for the Government (WRR) published [Revaluing Culture](#) and spoke of the need to broaden the financial instruments and to prevent further inequality in access to finance. There are new forms of funding imaginable and research shows that the sector lacks growth opportunities through lack of access to bank financing. At the same time it is clear that the earning power of cultural institutions and artists is very uneven: in the periphery the earning power is less and the same applies to smaller institutions. Recruiting gifts and crowdfunding are only a partial solution.

### **A new agenda**

What we need is not only a sophisticated grant system, but also a sophisticated financing offer of microcredits, loans, crowdfunding and investment possibilities. Knocking at the banks for funding is not a viable route for cultural SME's (and that applies to SME's in all sectors). The funding need is too small and not profitable, there are few securities and there is no knowledge of the sector. What we need is a lot more knowledge about different forms of finance and how they can work together. How for example combine grants with loans and with crowdfunding?

The commercial market will not solve this, there is clear evidence of a market failure. Therefore it is time for a new agenda for tomorrow, where interest groups and governments develop a

financing agenda together. On that agenda should be:

- A new positioning of grants and other funding
- The development of a sophisticated range of financing methods thereby improving access to finance
- The development and dissemination of knowledge on the use and combination of different forms of funding.

The Dutch Ministry of Culture has done something new: to invest in a revolving loan fund for the cultural sector: the Talent Loan. An initial [evaluation](#) of these loans has just been published, and yes, it works. It is only a first step towards a new agenda for tomorrow for a holistic offer of financing possibilities, beyond grants.

Art and money, it remains an exciting topic for discussion.

*PS To be transparent, I was one of the co-writers for the evaluation of the Talent Loan. This text is entirely my own.*