

Symbolic Goods:

The Liberal State in Pursuit of Art and Beauty

Chapter one: Introduction

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\*Bryan Caplan, Robin Hanson, and Eli Lehrer have offered very useful comments and discussions. Comments from readers of my earlier books on culture have proven very useful as well.

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The modern state assembles and presents symbols of beauty and creativity. Governments support museums, opera houses, symphony orchestras, dance, libraries, archives, monuments, and historic sites. They pay for many artistic projects and grant tax exemptions to others. Copyrights define property rights in the products of creative labor. Public sector institutions own, control, or regulate television, radio, and telecommunications networks. Legislatures erect trade barriers to protect national or regional cultures. State universities employ creative artists.

As wealth and leisure time grow, the arts are becoming increasingly important as an economic product. Depending on how we measure them, arts and entertainment now account for five to fifteen percent of gross domestic product in the United States. Entertainment is America's largest export category, and is central to the economies of New York and Los Angeles.

Arts and arts policies also have a strong symbolic component. I define a symbolic good as offering a feeling or perception of affiliation. An individual may affiliate by donating money to a university, charity, or artistic program, thereby associating with a particular cause. A teenager may go to a Madonna concert to express her solidarity for feminism. Rich yuppie lawyers collect contemporary art to look “cool.” Many people buy fancy-looking books to put them on the coffee table, while others go to the opera to project a cultured image, hoping to enter the appropriate social circles.<sup>1</sup>

Our cultural decisions tell the rest of the world what kind of person we are, or at least what kind of person we are pretending to be. Buying art is about identity and pride. Of course the relevant audience often includes ourselves. Most people want to think of

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<sup>1</sup> On symbolic goods, see Cassirer (1975), Todorov (1982), Cowen (2000), Posner (1998) and Posner (2001). Sometimes the individual creates the symbol rather than merely supporting it, such as when Clint Eastwood played the “law and order” character of Dirty Harry. John Cage brought Dadaist ideas to American music. The production of a symbolic good thus involves multiple steps. First some person or institution puts the symbol into place, then others decide how to interpret it, and then others decide whether or not to identify with that symbol.

themselves as a certain kind of person, and use art towards this end, even if they must self-deceive to do so.

Most importantly for this book, individual stances on arts policy are symbolic goods just as artistic commodities are. Citizens take pride in having governments that promote and identify with beauty and cultural status. Arts policy therefore has much in common with flags, national anthems, honorary monarchies, and monuments. A government will endure only if it provides a credible set of symbols to its citizens, and arts policy has become part of the symbolic package of the modern state. It is no accident that totalitarian states have devoted so much attention to the arts.<sup>2</sup>

American conservatives, who often oppose direct funding for the arts, identify with the values of patriotism, virtue, and responsibility. They are skeptical of both popular culture and government support for the avant-garde. Many liberals and centrist Republicans prefer to identify with the image of a government that nurtures creativity and spreads the elevating powers of art. They are more likely to accept controversial or potentially offensive artworks, often in the name of either tolerance or aesthetic revolution. Disagreements about arts policies are also disagreements about which symbolic goods we should create.

From this dual role of art -- as product and symbol -- spring the fundamental issues of this book and of arts policy. How should we think about policies towards goods that are both economic products and public symbols? Does it matter if policy itself is an important symbol? What is the proper role of market and state?

In three previous books ([In Praise of Commercial Culture](#), [What Price Fame?](#), and [Creative Destruction: How is Globalization Shaping World Culture?](#)) I examined how

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<sup>2</sup> I hope to explore the symbolic dimension of politics in further work. The demand for symbols may cover and help explain policies as diverse as war and the welfare state. When choosing a President, Americans ask first and foremost who is the best symbol to represent their country and their way of life, which helps explain why voters place so much weight on candidate personality.

market forces shape the arts, but now I turn to government. No matter how strong markets and the profit motive may be, government influences the terms of artistic production and thus the content of art. The United States, the focus of this book, is no exception to this claim. To extend the "nightwatchman state" metaphor of classical liberalism, modern governments take an active role in supporting, choosing, and displaying art, not just in guarding it from theft.

I address four questions that arise from this marriage between politics and aesthetics, and between economic and symbolic goods. These questions range from the practical to the speculative and philosophical.

### 1. What is American arts policy?

The first question is what American cultural policy consists of. I seek to rebut the common belief that America has no cultural policy, or that the American regime is fundamentally laissez-faire in culture. While the American government has never adopted an official cultural position, American governments at various levels actively influence and promote the arts. Contrary to common opinion, the American government arguably provides more effective artistic subsidies than do the governments of Western Europe, although those subsidies often come in disguised form. American policy should be thought of as an alternative model for state support of the arts, rather than as an approximation of laissez-faire.

American policy is based on indirect subsidies to the arts, rather than direct subsidies. The National Endowment for the Arts (NEA) and various state and local agencies directly subsidize artistic activity, but they are of secondary importance. The more significant governmental role comes through the tax system, universities, research and development subsidies, copyright law, and telecommunications policy. American foreign policy has focused on opening up markets for American goods, including entertainment exports such as Hollywood movies.

More generally, American institutions have encouraged political and economic decentralization, with favorable consequences for the arts, albeit unintended ones in most instances. American federalism encourages states, cities, and localities to compete against each other to become artistic and cultural centers. David Hume, writing in the eighteenth century, remarked that a system of competing polities or small states offered the best chance for artistic flourishing. The United States has mobilized competitive forces in comparable fashion, albeit under the guise of federalism rather than in separate republics. The genius of the American system is to get most arts support off the direct public books, thus encouraging decentralization and the proliferation of the intermediate institutions that comprise civil society.

Even direct government support is scattered across many institutions, such as state and local governments, the Smithsonian, the military, public broadcasting, and federal programs for site-specific sculpture, to name a few examples. Looking back, since the Second World War the most important subsidies to the arts have come through American foreign policy, not American domestic policy. The Department of Defense, with its early subsidies for the computer and the Internet, will have done far more for the arts than the NEA. During the 1950s, the State Department and the CIA provided more support for the arts than does the NEA today, under the guise of spreading the American way of life to other countries. The American government funded cultural exchange programs, exhibits of American culture abroad, and outright propaganda for foreign nations, which often took the form of music and the arts. At times the CIA has tried to "buy" the political loyalties of American artists. In telecommunications, the Federal Communications Commission guarantees free local phone calls and thus encourages Internet use. This has spurred ebay, on-line music, and may well drive the culture of the twenty-first century.

The American model also relies upon European subsidies (and vice versa). To oversimplify, arts policy in America encourages one kind of cultural output and arts policy in Europe encourages another kind. The two regions then trade with each other to remedy their relative deficiencies. To give an example, the United States imports

European expertise in classical music, while Europe imports Hollywood movies and American popular music. The arts policy of one region makes the arts policy of the other region more viable. We should not speak of the American model in isolation from the rest of the world. Rather there is an integrated world setting with regional specializations, both in terms of the kind of subsidies and in terms of the corresponding artistic outputs. Under this globalized system the United States reaps many of the advantages of European direct subsidies – quality high culture from the past -- while avoiding many of the costs, such as excess rigidity, bureaucracy, and a relatively static sense of cultural identity. If Europeans continue to cut their art subsidies, American consumers will suffer.

Before proceeding, note that the word subsidy is used in many ways, and carries many connotations. The very use of the word increases the emotional stakes in the debates. Advocates usually like the idea that government "subsidizes" the arts, whereas market-oriented economists almost immediately identify the word "subsidy" with the idea of "distortion." Libertarians think of a subsidy as requiring "coercion."

We can identify at least four different ways of thinking about subsidies.

An instrumentalist approach focuses on whether a given policy actually encourages artistic production. Under this conception, if there is more art with the policy than without the policy, then we have a subsidy. The concepts of incidence and elasticities -- two ideas from economics -- become central to judging this issue.

An economic approach asks whether a policy leads to more art than a regime of perfect markets would bring. If so, that policy counts as a subsidy for the economist.

A libertarian approach asks whether a given policy involves coercive taxpayer support for the arts. If so, we have a subsidy in libertarian terms.

Finally a positivistic approach asks whether a given policy is called a subsidy, or is generally considered to be a subsidy under law, in the media, or in the court of public opinion.

It is a moot point which perspective or which definition of "subsidy" is correct. Under some definitions only direct grants to the arts count as subsidies, whereas under broader definitions even the very existence of police protection counts as a subsidy. For the time being, unless I explicitly indicate otherwise, I will use the word subsidy very generally to cover all four possible perspectives. I urge the reader not to jump to any conclusions just from hearing the word subsidy. At the end of the day, I will examine the policy recommendations and see what kind of subsidies we actually are talking about. In the meantime the word subsidy is a catch-all phrase for a wide variety of policies that influence artistic production.

## 2. What should arts policy be?

The second question, which follows directly from the first, is how America should structure its policies towards the arts. In contrast to Western Europe, the American attitude towards direct governmental support for the arts has been marked by schizophrenia. In his first address to Congress, George Washington pronounced that nothing was more deserving of government patronage than "Science and Literature." Yet American citizens have never strongly supported direct government involvement in their arts.<sup>3</sup>

The experience with direct funding over the last thirty-five years has polarized opinion rather than produced consensus. Artists, musicians, and the typical consumers of high culture support the NEA more than ever before. But agency critics paint a negative picture. Many Americans do not like the idea that their tax dollars go to support artists, many of whom they regard as charlatans and elitists. Popular culture has exercised a

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<sup>3</sup> Schlesinger (1990, p.4).

greater hold over the American imagination than has high culture, and American popular culture receives little direct government support.

The excesses of the NEA have added to this skepticism about government involvement. Even granting the artistic merits of the homoerotic photographs of Robert Mapplethorpe and the "Piss Christ" of Andres Serrano (as would this author, and many other commentators), many of the NEA grants are hard to defend. Karen Finley smeared her naked body with chocolate, to simulate excrement, and howled and shrieked during her one-woman show. Later she received NEA assistance. The NEA once funded an anthology that contained a one-word poem ("light", by Aram Saroyan). Many NEA grants go to wealthy, established institutions, such as the Chicago Symphony Orchestra, or the Metropolitan Museum of Art, both of which rival or exceed the NEA in terms of access to economic resources.<sup>4</sup>

I seek to steer the debate away from its recent focus on the NEA. More significant and pressing questions are whether copyright law should be reformed and how telecommunications and the Internet should be regulated or deregulated. I also seek to recast the debate over direct funding of the arts. The central question is not, as many people suppose, how much money a given governmental agency should receive. An issue of this kind is likely to remain unresolvable. Instead a more fruitful question is what general steps a government can take to promote a wide variety of healthy and diverse funding sources for the arts. Should we look more towards direct subsidies or indirect subsidies? I take seriously the above-mentioned fact that the Department of Defense, with its research and development subsidies, has done more for the arts than has the NEA.

Except for the 1990s squabbles over the NEA, or the more recent dispute over New York City funding for the Brooklyn Museum, the dialogue on arts policy has simply not taken place. Presidential and Congressional candidates prefer not to devote their attention to

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<sup>4</sup> Straight (1979, p.21). On the poem, see Zeigler (1994, p.31).

the issue, unless they are trying to reap mileage from attacking a few controversial grants.

Many arts lovers are unhappy about this fact, but the cloud has a silver lining. The lack of systematic dialogue may favor piecemeal rather than comprehensive policy, to the benefit of the arts. American arts policy has evolved in decentralized fashion rather than through design. A dialogue that puts “everything on the table” at once would increase the probability of systematic reform and endanger that decentralization. One of the strengths of the American system is precisely its multiple and conflicting origins, its roots in many different dialogues and policy decisions, rather than top down planning.

I will consider, and reject, two views. The first is that the American government could or should aim to adopt a neutral stance towards the arts. The second is that the American government should significantly increase the amount of direct subsidy to the arts, in a manner akin to Western European systems.

Copyright, more than any other issue, shows that the notion of government neutrality towards the arts is a chimera. Is copyright a natural protection of property rights, or is it a grant of monopoly power, backed by the coercive power of government? Do different cases of copyright fall into different categories? Dennis Rodman, a professional basketball player at the time, copyrighted the arrangement of tattoos on his body. At the same time we have no copyright for fashion design, textiles, calligraphic works, most forms of choreography, many kinds of craft design, and most scientific ideas. Nor do property rights in the expression of an idea protect against parody.<sup>5</sup>

For better or worse, the entire system of property rights in the reproducible arts is based on government fiat. The basic idea of copyright may have roots in natural law, but to a large extent the practical application of copyright law is utilitarian, practical, and morally arbitrary. For this reason, the call for government neutrality towards the arts rings hollow, since there is no well-defined starting point or property rights endowments as a

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<sup>5</sup> See Strong (1999, p.149). On Rodman, see Besenjak (1997, pp.52-3).

baseline for defining laissez-faire. If copyright were based on a "moral right to the product of the human mind," it would have to be enforced far more stringently than it is today. It would be possible to copyright mathematical theorems, the theory of relativity, and the discovery of quantum mechanics. Copyright would never expire, and artistic or intellectual borrowings would require payment of a fee, an unworkable system. We thus return to practicality, and direct government involvement in the most fundamental of arts incentives, namely determining how has the right to receive revenue.<sup>6</sup>

In terms of policy more generally, my fundamental sympathies lie with the American system, at least once that system is properly understood. This book can be read as a defense of that system, although I do not think it is necessarily preferable for other countries, especially those countries that trade with the United States and already reap many of the benefits of the American system. Furthermore I do not think it possible to defend each and every aspect of American arts policy. My defense of the American system focuses on the most general features of that regime -- capitalist wealth, competitive markets, decentralized and diverse sources of financial support, and indirect subsidies.

Most importantly for the arts, the American system of decentralized financial support, both public and private, allows for a wide range of artistic styles, genres, and experiments. The American system helps generate artistic innovations, new ways of bringing the aesthetic to consumers, and supports competing critical visions of the "test of time" for artistic contributions.

In essence, the American system satisfies the "Hayekian" standard that institutions should support the generation and dissemination of knowledge. Austrian economist Friedrich A. Hayek emphasized "competition as a discovery procedure" in many of his writings, and stressed the inability of a central authority to plan discovery. The market has the virtue

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<sup>6</sup> A dissident branch of libertarianism, called "Galambosianism," after its founder Galambos, once advocated precisely such a system. Tom Palmer (1990, 1997), a contemporary libertarian, suggests that no copyright protection is the natural starting point.

of mobilizing decentralized knowledge and giving entrepreneurs the ability to test their diverse visions in a setting with many differing sources of financial support.

Hayek's argument has often been viewed as a plea for laissez-faire, but a look at arts policy belies the necessity of that interpretation. In reality, the argument implies that we should have many decentralized sources for producing and evaluating ideas, which may or may not imply laissez-faire. Both tax breaks for knowledge-producing institutions and a publicly subsidized university system may encourage decentralization, to provide two examples. American arts policy uses government to induce a more decentralized pattern of financial support than would arise through a pure market.<sup>7</sup>

These policies do not imply that investments in the arts, relative to alternatives, yield especially high social returns. We should not think in terms of subsidizing the arts at the expense of other activities, or giving the arts special status. Rather we should think of policy as encouraging decentralization for all creative activities, the arts included.

Most deliberate governmental attempts to stimulate the discovery process have failed, and for reasons that Hayek and other economists have outlined. Government does not have the knowledge needed to centrally plan innovation. To provide one well-known example, after the energy crisis of the 1970s the U.S. government subsidized research into alternative energy sources, such as Synfuels and solar energy. The end result was wasted money and little or no net progress with energy conservation. The government had no idea which energy-saving technologies were going to be the winners. Most improvements in energy efficiency have come from decentralized market-based institutions, encouraged by the desire to save money or to earn a profit from a new technology.

Governments usually stimulate discovery best when they eschew central planning and instead provide support according to some non-market criteria. This approach does not

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<sup>7</sup> Whether Hayek intended his own argument as a plea for laissez-faire is less clear. On a variety of issues Hayek is more "interventionist" than many of his followers, though in this case the textual evidence is ambiguous.

require that government can do an especially good job of picking winners, or that government is smarter than the market. It requires only that government distribute its support according to some principle that differs from the financial support otherwise available.

As noted above, the two subsidized institutions that will most benefit the arts in the immediate future -- the computer and the Internet -- received their subsidies from the Department of Defense, not the NEA. The National Science Foundation ran the Internet in its early years. The World Wide Web was developed at the CERN, the European Organization for Nuclear Research, heavily subsidized by a consortium of European governments. Many of the institutions that run Internet servers are non-profits, universities, or otherwise subsidized by governments at various levels.

The free-for-all R&D environment of ARPANET came from the influence of Neil McElroy, Secretary of Defense under Eisenhower. McElroy had no military background but rather had been chief executive at Proctor and Gamble. He believed the company had succeeded by giving its R&D department free reign, and sought to replicate a similar environment for government research. The ARPANET creators used Defense Department funds to develop the Internet, originally designed to be a communications network secure against a nuclear attack. Similarly, the public university system was not designed to employ artists and musicians, although it has ended up serving that purpose. Thomas C. Schelling has coined the propitious phrase "Research by Accident."<sup>8</sup>

Government policies, whether they appear to make sense or not, create variations in the basic environment of rewards. These variations allow some talented people to seize opportunities that otherwise would not have existed. These variations in the reward environment will have bad effects in many cases, perhaps even in the typical case. Frequently individuals exploit the variations for selfish ends with no additional social value; for instance we observe widespread waste and shirking in both the Defense

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<sup>8</sup> See Schelling (1996) on research by accident. On the influence of McElroy, see Gillies and Cailliau (2000, pp.11-12). On the origins of the Internet, see Abbate (1999), and Gillies and Cailliau (2000) on European subsidies to research on the World Wide Web.

Department and in universities. The federal government spends \$80 billion a year on research and development, most of which appears to yield nothing. But in a few cases -- the extreme right hand tail of the distribution -- the variations will support significant creative projects. At the cost of massive governmental waste we get a few occasional large R&D winners, such as the Internet and the computer. In the context of the university and the arts, we get Roy Lichtenstein and Georgia O'Keeffe, both of whom relied on public university support early in their careers, in addition to some boring, overly academic culture.<sup>9</sup>

Critics may point to "what would have happened," had these subsidies not been in place. It is possible that we would have received something even better. Of course we can never observe the counterfactual, but I do not find this argument persuasive. In a given year, the \$80 billion spent on federal research and development subsidies costs less than one percent of national income. Had consumers the option of spending this money freely, we might have received something better than the Internet, but the burden of proof remains on that side. It is plausible that the subsidies have increased net value, relative to the feasible alternatives.

Think of the underlying logic in these terms. The world contains a large number of would-be artists, some potential winners or geniuses. Those artists will have a difficult time succeeding, but they need only a small number of "breaks" to enter the market and capture the attention of potential customers or donors. No single institution will be able to spot more than a small number of winners, due to limited resources and the intrinsic difficulty of the task. If, however, there are many different mechanisms for identifying winners and giving them breaks, a greater number of excellent creators will be identified and helped. Government funding, at its best, increases the number of mechanisms for skimming the pool of talent. The greater the diversity of funding sources, the greater the likelihood that excellent creators will find support.

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<sup>9</sup> On federal R&D expenditures, see Suplee (2000).

This defense of decentralization does not mean that subsidy spending should be increased or that the subsidy successes are replicable. In fact I hold the contrary presumption. The next governmental success story is one that we cannot yet imagine, just as the Internet was a surprise at the time. Identifying the winners ex post does not mean we can choose them ex ante. At most, the Internet example suggests that societies should have many diverse sources of financial support, including governmental ones. It does not mean that any particular source should receive more money. To make the point concrete, it is unlikely that boosting the budget for "post-nuclear planning" will lead to another development comparable to the Internet. So again we do not know exactly what to do, except to opt for a high degree of financial decentralization.

On telecommunications issues there is no status quo in the first place, or technology will rapidly evolve beyond the current status quo. Especially with regard to copyright and the Internet, intellectual property rights are up for grabs. The ease of transmitting music online may outrace the ability of the courts to shut down music trading services, the best known being the now-defunct Napster service. Most likely technology will win, thus making copyright law much harder to enforce. Today the most important question in cultural policy is whether this possibility should be thwarted or supported, or if we might aim for some intermediate state of affairs. I will argue that a desirable intermediate outcome is likely, and that governments should not take drastic steps to limit the reproducibility of cultural material over the Internet. My answers to these questions, to surprising degree, will turn on viewing art as a symbol and not merely as an economic product.

### 3. What does arts policy mean for government and the liberal tradition?

The third question of this book is how politics and economics should handle the aesthetic dimension of human endeavor. Man is not just a thinking being, he is also an imagining being and a creating being. Man loves symbols. Cultural policy forces us to confront the implications of this fact.

The best-known political theorists of the Anglo-American tradition – Hobbes, Locke, Hume, and Madison, to name a few -- are concerned primarily with the practical dimension of politics, rather than with the aesthetic or the imaginative. They ask how political order is possible, how property rights should be defined, and how the general welfare can be secured. In modern terminology, game theory and the utilitarian calculus of interests rule the day. These theories have a Hobbesian slant, by focusing on how to protect individuals against “the perennial evils of human life – physical suffering, the destructions and mutilations of war, poverty and starvation, enslavement and humiliation.”<sup>10</sup> They do not start by asking how our capacities to imagine and manipulate symbols should shape political institutions. These authors were more concerned with maintaining political order, which is understandable given the contexts in which they wrote.

I shift my focus to the aesthetic and symbolic dimensions. When I use the word aesthetic I refer to the arts, as they stimulate the imagination, show beauty, and entertain us. By the symbolic dimension, I refer to the demand for representations, images, and symbols, independent of their immediate practical benefits.

In future work I hope to show that the symbolic dimension is vital to the Hobbesian problem of order. But here I focus on the simpler point that political stability is not the only social issue. The developed Western democracies do not appear to face imminent collapse or revolution, and at least temporarily they appear to have solved the problem of political stability. The liberal tradition therefore should turn its attention to questions of symbolic and aesthetic value, such as what we imagine ourselves to be, what symbols we demand from our government, and what we find to be beautiful.

The issue of arts funding, more than any other, forces the aesthetic dimension of politics and economics onto the table. How should government policy treat goods that are both commercial products and public symbols? How are we to weigh aesthetic ends against

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<sup>10</sup> See Hampshire (2000, p.xi). I have learned much from his brief remarks on imagination.

non-aesthetic values? What role should the government play in supporting or defining matters aesthetic? How much should we care about "art" as opposed to "the status and aura of art," and must those two ideas always arrive tied together in a bundle?

Arts policy is not just a question of whether the NEA should receive another hundred million dollars, or how the tax system should be used to support the arts. Arts policy forces us to confront our views, sometimes inchoate, on how aesthetics and symbolic values fit into a larger political and economic picture. In doing so, we must confront the age-old "quarrel between philosophy and poetry," as described in Plato's Republic.

In contrast to the Hobbesian approaches mentioned above, an alternative tradition of political thought pays close attention to symbols and the aesthetic. Seminal sources for aesthetic approaches to politics include Giambattista Vico's New Science, Kant's Critique of Judgment, the British Hegelians, John Dewey's Experience and Art, and Eric Voegelin, Hans-Georg Gadamer's Truth and Method, among others. Samuel Fleischacker reads Adam Smith as standing in this same tradition.<sup>11</sup> In economics, G.L.S. Shackle has stressed the role of the human imagination behind all choice, most of all in his Epistemics and Economics. Following Kant's third critique, Shackle considers the nature of choices and judgments whose rationality cannot be reduced to rules. For Shackle, choice is a unique moment and is governed by our sense of the aesthetic, rather than by narrower accounts of rationality. Yet modern public choice theory, the branch of economics that focuses on government, has yet to synthesize imaginative choice, and the concomitant demand for symbols, with a positive or normative theory of the state.

Many liberal social thinkers regard the aesthetic approach to politics with suspicion. Historical manifestations of the aesthetic tradition have often exhibited an illiberal slant. Elevation of the aesthetic as a political principle can be used to shut out claims of individual rights and welfare; it is not an accident that many fascists looked towards the aesthetic tradition in political philosophy for their foundations. The aesthetic appears to

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<sup>11</sup> For two later works drawing on this tradition for an account of politics, see Arendt (1982), who was working on these issues when she died, and Beiner (1983). The best single source is Ankersmit (1996). On this reading of Shackle, see Cowen (2001).

be a collectivist notion, since it admits an idea of the good above and beyond the preferences of individuals. It is no accident that Mussolini said: "I am not a statesman, I am a mad poet." Economists in particular are reluctant to admit the independent relevance of aesthetic matters, which they try to reduce to preferences, as I will discuss in the next chapter.<sup>12</sup>

I nonetheless seek to reclaim an emphasis on the aesthetic and the symbolic as starting points for liberal philosophy and indeed classical liberal philosophy, which favors a limited role for the state. I take beauty to be one of the strongest justifications for a free, open, diverse, and decentralized society. A free society not only allows individuals to pursue their own notions of beauty, but it arguably leads to an overall beauty, relative to the alternatives. By emphasizing the link between the aesthetic and individual freedom, I follow the lead of Wilhelm von Humboldt, John Stuart Mill, and Rudolf Rocker. In my earlier books on culture, I have sought to outline a liberal vision of how beauty is compatible with a free society and indeed may require a free society. Whereas the earlier books examined markets, capitalism, and wealth, this work focuses on how the state fits into the picture.

This account of politics rebuts the common presumption that the liberal tradition fails to consider "higher" human values or to outline a noble vision of man and the human condition. Critics claim that the liberal tradition portrays the state as akin to the proprietor of a hotel. The innkeeper must make sure that the guests are taken care of, keep out thieves, and assign each guest to the proper room. But otherwise the innkeeper represents no common interest or common values of the guests, and takes no care to satisfy their higher aspirations. In contrast, I seek to show how we might think of the state as more than a mere innkeeper, but without abandoning liberal principles. I argue that the state can and indeed must be non-neutral across cultural values, but without abandoning the framework of liberal democracy and limited government, and without the state taking a lead role in the direct promotion and subsidization of culture.

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<sup>12</sup> The Mussolini quotation is from Clark (1997, p.47).

#### 4. Why so little agreement?

The fourth and final central question is why government funding advocates and critics disagree so vociferously.

My conservative and libertarian friends find government funding for the arts completely unacceptable. They have often noted that after the so-called “Gingrich revolution” of 1994, “we were not even able to get rid of the NEA.” They speak of the NEA as the lowest of all lows, the one government program that cannot possibly be defended and has no justification whatsoever. In noting that “we could not get rid of the NEA” they mean to point out that cutting government spending is very difficult, if such an obvious basket case were able to survive a conservative Republican Congress. It should be noted that many of these same individuals (though by no means all) are lovers of art under traditional conceptions of that term.

Most of my arts friends, on the other hand, take the contrary political position. They assume that any art lover will favor higher levels of direct government funding. To oversimplify a bit, their basic attitude is that the arts are good, and therefore government funding for the arts is good. They find it difficult to understand how an individual can appreciate the arts without favoring an increase in government funding. They lament how American artists are underfunded and undervalued by the state, relative to their European counterparts.

Edmund Wilson typified this identification with love of art with love of state-supported art when he wrote in 1981: "We came quite late to the realisation that there may be something to the arts. A mere 15 years ago the National Endowment for the Arts was founded along with the National Endowment for the Humanities. Most state art councils are even younger." To the libertarian the identification of "worthwhile" with "subsidy-worthy" provokes extreme protest.<sup>13</sup>

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<sup>13</sup> Pick (1988, p.60).

Why are the two sides to this debate so far apart? How can two groups of people, each well-intentioned, look at the same world and see such a different reality? The puzzle is deepened by the relatively small gap between subsidy defenders and subsidy critics on many other matters. Whatever their broader political differences, both are likely to hold an attachment to the United States, its form of government, and its constitution. It is not as if we are trying to reconcile the views of a Stalinist and a Calvinist.

I take the fact of persistent disagreement over arts policy very seriously. That well-intentioned people so frequently disagree about such a wide range of issues is one of the greatest puzzles for social science. We might expect that when a person encounters a disagreement with others, he or she recognizes that the other person, if sufficiently intelligent and honest, is as likely to be right. To paraphrase Garrison Keillor, we cannot all be in the top half of our peer group with regard to being right, and presumably we realize this. Furthermore, those who disagree with us often have superior training, experience, or raw intelligence. The reality, however, is that convergence of opinion is rare outside of the natural sciences. Policy disagreements usually persist, and often deepen, when the individuals engage in sustained personal dialogue. Nor does it matter how much time they have to talk. Furthermore the presentation of evidence and the citation of expert opinion usually fail to resolve the dispute.

I do not pretend to resolve all disagreements on arts policy, but I do write as a person with a foot in the art lover camp and in the libertarian economist camp. I try to make each position intelligible, and perhaps even sympathetic (if not convincing) to the critics on the other side. I try to show how the other side might believe what it does, and how close the two views might be brought together. Furthermore, I use the fact of persistent disagreement as a kind of datum, as a clue for discovering what the issues are really about.

I consider the possibility that we favor arts policies (as distinct from any particular artworks resulting from those policies) for partly symbolic and aesthetic reasons. We find certain kinds of governments appealing, or not appealing, because of the kind of

state we wish to identify with. A modern American liberal typically takes pride in a state that subsidizes contemporary art, but a religious conservative typically does not. Both aesthetic matters, and matters of pride, are particularly susceptible to sustained disagreement, which helps explain why political dispute in this arena is so deeply rooted, so persistent, and sometimes so vicious.

The partly aesthetic nature of political choice militates against governmental neutrality towards the arts and indeed makes such neutrality impossible. Government itself is part of the broader aesthetic picture. For aesthetic and symbolic reasons, many individuals want government to support the arts of their country. They want an art that has a link to the public sphere, and they want a state that they can be proud of, which means a state that supports art. The state is literally a work of art itself, although it is not always recognized as such, nor is it necessarily a beautiful work of art to many observers. It is akin to a large public mural where many different groups have the ability to paint a piece of it, though without much formal coordination. This mural nonetheless is important to many of its citizens, above and beyond its function of helping to maintain political order.

In this setting, the political problem is a difficult one: we must structure institutions to satisfy the expressive demands for a certain kind of state, while keeping rights violations to a minimum, commanding a broad social consensus for free and liberal institutions, and stimulating artistic creativity. An arts policy must economize on the amount of consensus it needs and be acceptable to people with strongly differing views, aesthetic or otherwise. In these regards I find the strongest recommendation for the current American system. It both delivers the artistic goods and gives us a liberal order we can live with. It is closer to both the libertarian view and to the rabidly pro-subsidy view than is usually thought, thus bridging a difficult ideological gap. Chapters three and four will turn to some details of the American system, to better understand how exactly this rapprochement could possibly exist. Before that enterprise can proceed, however, I step back and examine some basic questions about how to judge arts policy, and whether we find market failures in the realm of the arts.