

# National Endowment for the Arts



## HOW THE UNITED STATES FUNDS THE ARTS



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in *Cursive*, a work co-commissioned by the University  
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Photo by Liu Chen-hsiang



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## PREFACE

### The Role of a Federal Arts Agency

**T**he role of a federal agency in funding the arts is often misunderstood—and for very good reasons. The American system of arts philanthropy is complex and ever changing. As Chairman of the National Endowment for the Arts, I have constantly been impressed by the ingenious diversity and endless creativity of ways in which the arts are funded in the United States. I thought it might be useful to provide—for both Americans and an international audience—a concise overview of how America’s unique system of arts philanthropy works.

In order to understand how the National Endowment for the Arts—and arts funding in the United States—operate, it is helpful to have some basis for comparison. By looking abroad, we can see how other nations manage similar cultural institutions. In countries like France, Germany, Mexico, or China, most arts funding comes from the government—either at a federal or local level. These systems tend to be simple, fixed, and centralized, often focused in a large ministry of culture. These organizations are also typically political, as arts personnel are usually members of civil service or political appointees from the ruling party. These systems provide smooth and stable planning for arts organizations, but they also divide the cultural world into insiders and outsiders. The insider institutions tend to be well subsidized with large annual grants while the outsiders

survive on the margins of the culture, if they survive at all.

The subsidies awarded by ministries of culture are enormous by American standards. For example, the government subvention for Italy’s major opera houses is nearly ten times larger than the annual Endowment working budget. This support allows major Italian companies to present opera at the highest artistic standards. And yet, some of these lavishly supported houses do not stage a single production in some years because of organizational problems, labor issues, or reconstruction. Government support, therefore, does not solve all artistic and organizational problems, or guarantee that an institution serves its local community.

In contrast to the European models, the U.S. system of arts support is complex, decentralized, diverse, and dynamic. It combines federal, state, and local government support with private subvention from individuals, corporations, and foundations, as well as box office receipts. The financial statistics differ by art form and change from year to year, but in general terms about one-half the income American arts organizations receive is earned from box office or sales. The rest is donated—overwhelmingly from the private sector.

Only about 10 percent of arts support in the U.S. comes from the government, and only about 2 percent from the federal government, of which



Photo by Vance Jacobs

Dana Gioia, Chairman  
National Endowment for  
the Arts

slightly less than 1 percent comes from the National Endowment for the Arts. (The figures on government support exclude the enormous indirect subsidy the federal government provides by making cultural contributions tax deductible.) The amount of federal government support is miniscule by European standards, and yet the American system works. How can this be?

## Decentralization and Diversity

Like most free market or mixed market systems, American arts philanthropy is complex precisely because it is decentralized and dynamic. Similar institutions often have wildly differing results because of their locations, artistic talent, cultural philosophies, and management. Likewise, the dynamic nature of the system means that one decade's high-flying leader can suffer huge reversals in the next—just as in corporate America. While no one relishes the ups and downs of the cultural economy, it does have the healthy effect of keeping artists and institutions realistically focused on their

Jazz at Lincoln Center, featuring the Lincoln Center Jazz Orchestra (pictured), has become the world's largest nonprofit jazz organization in just over ten years.

Photo by Keith Major



goals and communities. The best institutions make themselves irreplaceable in their chosen fields.

This cultural dynamism also provides new groups the chance to grow. Chicago's Steppenwolf Theater did not exist 30 years ago. Now it is one of the nation's leading theater companies. Jazz at Lincoln Center is even more recent. In little more than ten years it has become the world's largest nonprofit jazz organization. It is worth noting that the NEA played an important role in fostering the growth of both organizations.

Some of these new institutions are quite amazing. Rimrock Opera of Billings, Montana, for example, is the only opera company in the nearly 800-mile stretch between Bozeman, Montana, and Fargo, North Dakota. Only five years old, Rimrock now not only brings opera to its own community but also tours rural Montana and Wyoming from Glendive and Miles City to Cody and Casper, the sparsely populated high plains and mountain territories where the deer and the buffalo still roam. These are places that Verdi, Puccini, and Donizetti have never before been performed. As my Italian grandfather used to say in astonishment, "Only in America!"

If the American arts system is remarkably complex, decentralized, and dynamic, it is also uniquely effective—producing a cultural landscape of enormous size and unmatched diversity. No one—not even the NEA—has exact statistics on American cultural institutions because they change so rapidly, but an expert estimate of different fields leads us to some astonishing numbers.

There are now more than 1,500 professional theaters, large and small, operating in the U.S. There are also more than 1,200 symphony orchestras, plus another 600 youth orchestras, as well as roughly 120 opera companies. Meanwhile, there are approximately 5,000

writers' conferences now offered around the nation. Nonprofit organizations such as the Poetry Society of America in New York or the Writers Place in Kansas City present public readings of authors on a regular basis.

These groups display enormous variety. Among the 1,200 symphony orchestras, some are huge professional organizations like the Boston Symphony that offer year-round concerts and international tours. Others are small amateur groups like the Cotati Philharmonic (in my home county of Sonoma, California) that gather to produce a few local performances each year. Some orchestras focus exclusively on modern and contemporary music. Others cover the entire symphonic repertory. Smaller groups specialize in Baroque and Renaissance music. That diversity, size, and scope is confusing to anyone trying to summarize the field, but they reflect the vitality of American classical music.

In such a rich and dynamic artistic culture, what meaningful role can the National Endowment for the Arts play? The NEA's 2004 budget is only \$121 million dollars—of which \$100 million is distributed after agency overhead is taken into account. In other words, what role can be played by an institution that provides slightly less than 1 percent of total arts funding? This situation is further complicated by the NEA's public mandate to support all of the arts, as well as arts education, in all 50 states, as well as in the six U.S. territories.

## Multiplying Effects

From a European perspective, the NEA would seem doomed to perpetual marginality. The institution is surely too small and too stretched to make a difference. As reasonable as that verdict sounds, I would maintain that this defeatist perspective is wrong. It misunderstands both the nature of the U.S. arts world and the



A performance of Tchaikovsky's opera *The Queen of Spades* at the Spoleto Festival USA, which benefitted from early NEA support. Photo courtesy of the Spoleto Festival USA

Arts Endowment. It also ignores the remarkably productive history of the NEA and its well-documented, if not equally well-known, record of transforming American culture. Finally, this perspective equates NEA effectiveness purely in terms of dollars without any recognition of how that money is spent.

The National Endowment for the Arts has a proven ability to initiate and sustain powerful trends. During the 1970s and 1980s, under the leadership of Nancy Hanks, Livingston Biddle, and Frank Hodsoll, the NEA slowly transformed American cultural life. It consciously created the vast system of regional theaters, opera and dance companies, and orchestras that America now enjoys.

During this time, certain laws of what we might call American cultural microeconomics emerged. In case after case, the NEA learned that its grants had a powerful multiplying effect. Every dollar that the NEA gave in grants typically generated seven to eight times more money in terms of matching grants, further donations, and earned revenue. A \$100,000 grant, therefore, delivered \$800,000 in eventual funds to an organization. The reason for this multiplying effect is obvious: NEA funding has the power to legitimize a new organization and further validate an existing one. Such

endorsements attract further support. As the old saying goes, “Nothing succeeds like success.” In this way, early NEA support helped create major ongoing arts organizations as diverse as the American Film Institute, the Spoleto Festival USA, and the PBS series *Great Performances*.

Although the Endowment represents less than 1 percent of total arts philanthropy in the U.S., it nonetheless remains the nation’s largest annual funder of the arts. This fact demonstrates the radical decentralization—and therefore diversity—of the American system. Just because a system is decentralized, however, doesn’t mean that it lacks leadership, trends, or direction. Consider the stock market, where a single company’s earning results can trigger a rise or fall in overall market results.

An astonishing amount of the media discussion of the NEA overlooks an obvious fact about its past, current, and presumably future situations—namely that the Arts Endowment cannot and has never operated like a centralized ministry of culture. It has never possessed the resources to impose its will on the American arts world. It cannot command or control the policies of individual institutions.

### **Leadership through Collaboration**

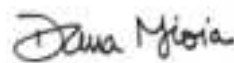
Rather than being disappointed about the lack of central control, I consider this realization of our limits in purely neutral terms. Objective self-assessment is the proper and inevitable basis on which any truthful vision of the NEA’s future must be built. I feel, therefore, absolutely no disappointment in the fact that the Arts Endowment cannot dictate the terms of American culture. That putative weakness is actually one of the agency’s basic strengths.

To build on the implied metaphor of “dictate,” let me offer a more democratic verbal

formulation of the Arts Endowment’s role in American culture. The NEA does not dictate arts policy to the United States; instead, it enters into an ongoing series of conversations about our culture, out of which emerge thousands of collaborations, large and small, national, regional, and local. NEA leadership cannot work by centralized fiat. It operates effectively only by fostering and sustaining partnership.

A decentralized and constantly evolving system of private and public support for the arts is more than just a political practice. It goes to the heart of artistic freedom, experimentation, and diversity. With resources and funding spread across a variety of agencies, foundations, and other institutions with different values and goals, no single power sets the cultural agenda and no single creed or outlook dominates. The result is an energetic mix of traditional and experimental approaches, Western and non-Western inspirations, populist and elitist perspectives, folk and fine arts.

The following report provides a brief but comprehensive overview of how the arts are funded in the United States. It also addresses the role of the National Endowment for the Arts and other public agencies in this decentralized and protean process. American arts funding is complex, with many direct and indirect sources, both private and public, playing a part. This report attempts to clarify some of the relationships and provide a clear understanding of how the United States funds the arts. Although the American model may be difficult to understand, the extraordinary vitality of our artistic culture demonstrates that it works remarkably well.



Dana Gioia  
Chairman



# I.

## INTRODUCTION

**T**he world of arts and culture in the United States is extraordinarily complex and fertile. Citizens who enjoy the arts can choose from a wide array of drama, visual art, dance, music, and literature available in local theaters, museums, libraries, universities, performance halls, and nightclubs, as well as on radio and television. In the last 20 years, the arts and culture sector has boomed as the number of performing arts groups and the revenues from sales and attendance have risen to all-time high levels.

The proliferation of U.S. arts institutions and revenues has been mirrored by substantial gains in financial support for the arts. Private philanthropy has increased dramatically since 1960, and public agencies expressly devoted to the arts have come into being through acts of U.S. Congress. Private donors have created endowments, and foundations have placed the arts at the center of their portfolios. In this fluid and evolving world, the directors of arts organizations face a two-sided challenge. On one side they must cope with rising expenditures for artists, artworks, productions, and educational projects. On the other side, they forecast the revenues needed to support the former. The revenues themselves are unpredictable, though, and come from dual

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The report was prepared by Tyler Cowen, Department of Economics, George Mason University, and the staff of the National Endowment for the Arts.

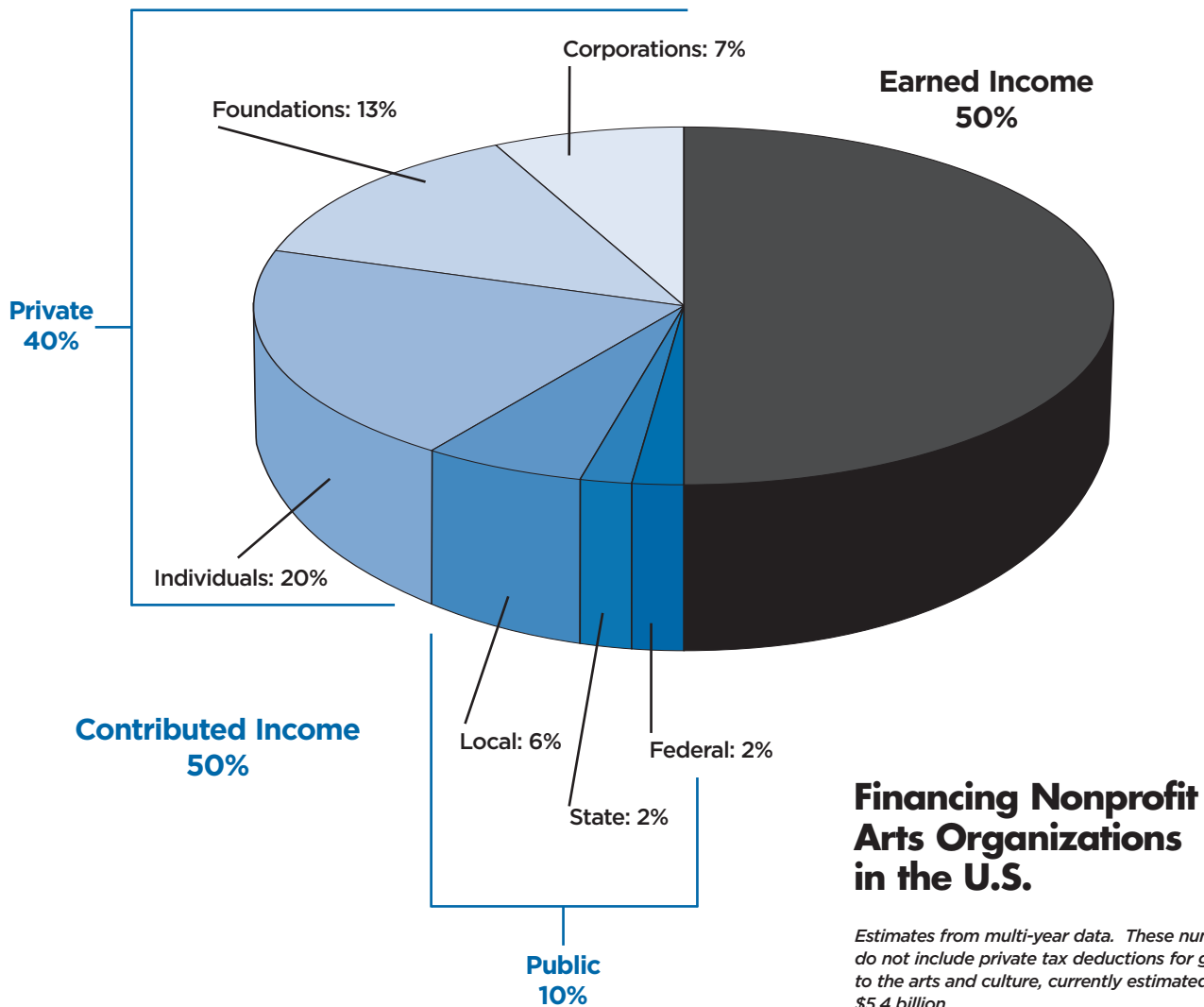


Lloyd Notice as Othello and Kathryn Merry as Desdemona in the final scene of the Aquila Theatre Company's production of *Othello*.

Photo by A. Vincent Scarano

sources: “earned income” (ticket sales, subscriptions, etc.) and “unearned” or “contributed income,” that is, private and public sector donations of money, time, and resources.

To people outside the American art world, the funding system must appear a labyrinthine



network of public and private entities, tax policies, legislative allocations, donated bequests, restricted endowments, education mandates, and social agendas. The hierarchy of government agencies, composed of city, county, state, regional, and federal strata, is a dizzying scheme, especially to those foreigners whose own nations have highly centralized, state-directed systems. It is no wonder that the financial mechanisms of American arts policy and practice are poorly understood.

This monograph explores the entire funding network and details how the financial system in the United States fosters artistic creativity and preserves artistic traditions. Commentators

tend to regard the arts as separate from fiscal policy, but in fact the arts are a substantial part of the economy, driving tourism, motivating business and residential relocation trends, shaping schools, and employing approximately two million professional artists. If international cultural exchanges are to be meaningful, the relations between public/private funding and the artworks, performances, and education that they ensure must be understood in all their complexity, if only to explain how a nation founded on principles of political freedom and capitalism should have produced such rich traditions and widespread participation among its citizens.

## II.

### DIRECT PUBLIC SUPPORT FOR THE ARTS

**M**ost discussions of arts policy start with the idea of direct public subsidies. Typically, a government agency will use selection procedures and then write checks to artists and art institutions. In many cases a government will erect a formal agency to administer all of the country's arts programs and steer the development of its culture.

By contrast, the American system uses a regime of incentive grants and relies on a principle of decentralization. There is no cultural ministry, and no single agency or institution controls more than a small percentage of the funds distributed. The National Endowment for the Arts, one of the largest funding institutions, accounts for a small fraction of aggregate support for the arts.

Direct public support should not be identified with the concept of an arts policy. Direct grants will never finance the bulk of artistic activity in the United States; instead, they fill gaps, enhance arts education, spread new creations, and enable preservation. Direct grants complement other means of funding the arts, not substitute for them. The majority of the Arts Endowment's grants, for example, require the recipient organization to couple the award funds with other, non-federal donations.

The United States has chosen a relatively low level of direct grants for several related reasons. First, Americans are suspicious of the prospect of centralized government

bureaucracies. The idea of the cultural ministry has never been popular in the United States. Second, the American system has drawn from the British tradition of "arms-length" government institutions, such as arts councils. Third, America has a large, ethnically diverse population and heritage. Fourth, Americans use the tax system to support the arts, as will be discussed further below.

These features are sometimes regarded as weakening the American commitment to the arts, but they can make direct grants more effective as well as guaranteeing more diversity and greater freedom in the arts. In the U.S., direct grants are less likely to politicize the arts, and American artists are not required to court a political establishment. The granting agencies are not expected to oversee an entire culture or to provide the bulk of the required entrepreneurial energies.

If one program or agency makes bad decisions, its impact is limited in size and scope. At the same time, the large number of independent programs allows for experimentation and learning. Over time, the best ideas and practices can spread to many different institutions, both private and public.

Furthermore, no single program or agency can too greatly influence the general state of American culture. To be sure, levels of accountability are present. Arts programs and agencies are accountable for the grants they make. But no one holds the Arts Endowment



1990 NEA National Heritage Fellow Nati Cano and his band Mariachi Los Camperos performing at the 2004 Smithsonian Folklife Festival.

Photo by Jim Saah

## NEA NATIONAL HERITAGE FELLOWSHIPS

The Endowment recognizes the contributions of outstanding practitioners of traditional art forms in the United States with NEA National Heritage Fellowships. More than 300 exemplary folk and traditional artists have been selected for the U.S. government's highest cultural honor, accompanied by an award of \$20,000. The NEA National Heritage Fellows represent the best achievements of diverse artistic traditions across the nation. A partial list of award-winners reveals the breadth of the program: Native American basket weavers, potters and storytellers; African American blues, Cajun, Hmong, Sephardic and Mariachi musicians; Basque cowboy poets; Swedish, Irish, and Appalachian fiddlers; a Guamanian blacksmith; an Eskimo mask maker; a German American Bobbin lacemaker; an Arab American oud player; a Tibetan sand mandala painter; a Bonsai sculptor; African American and Appalachian quilters; Lebanese and Puerto Rican musical instrument makers; Cambodian traditional dancers; Appalachian songwriters; and Orthodox Byzantine icon and Santos woodcarvers.

responsible if American dance is not very good in a particular year. Its mission is to improve our cultural life and heritage, not to take responsibility for America's entire creative output.

This targeted kind of accountability achieves two ends. First, arts programs and agencies are responsible only for variables under their control. Second, the programs and agencies are not tempted to disrupt the more general mechanisms of cultural production and dissemination. Arts programs and agencies in the United States supplement broader processes of creative discovery and education, rather than substituting the state for the market.

That being said, let us examine a few of America's arts programs.

### A. National Endowment for the Arts

Established by Congress in 1965 as an independent federal agency, the National Endowment for the Arts is the designated arts organization of the United States government. The Arts Endowment is dedicated to supporting excellence in the arts—both new and established, bringing the arts to all Americans, and providing leadership in arts education. It awards more than \$100 million annually—investing in every state and jurisdiction—which in turn is estimated to generate more than \$700 million in additional support. The Arts Endowment has played a substantial role in the development and preservation of folk arts, dance, theater, literature, opera, and other arts that Americans now enjoy.

The Endowment awards matching grants for projects undertaken by nonprofit organizations. In addition, it awards non-matching individual fellowships in literature and lifetime achievement awards in jazz and the folk and traditional arts. Forty percent of the Arts

Endowment's funds go to the 56 state and jurisdictional arts agencies and the six regional arts organizations in support of arts projects in thousands of communities across the country. In general, support is provided for projects that nurture creativity and provide accessibility to the arts. For instance, the Endowment awards matching grants to small presses to help literary works reach American readers. Part of its mission is to ensure availability of the arts outside the major cities and to protect indigenous and regional cultures.

Applications generally receive three independent levels of review for artistic excellence. First, they are reviewed by independent panels of nationally recognized artists and arts experts. Recommendations are forwarded to the National Council on the Arts, the Arts Endowment's advisory body comprised of renowned artists, distinguished scholars, and arts patrons appointed by the President and confirmed by the U. S. Senate, and ex-officio members of Congress. The Council reviews grant applications and makes recommendations on which applications to fund. These recommendations are sent to the Chairman of the National Endowment for the Arts, who reviews them and makes the final decision on all grant awards. The Chairman of the Endowment, appointed by the President with the advice and consent of the Senate, serves a four-year term.

The National Endowment for the Arts is only one of several federal agencies that support culture. Other important federal agencies are discussed later in this monograph.

## **B. State Arts Agencies**

Federal arts funding is complemented, indeed, exceeded, by state arts appropriations. State arts appropriations are dependent upon state tax revenues, which are tied to the general

economic conditions in the state. In 2003, state-level expenditures were at \$354.5 million, falling to \$273.7 million in 2004, a 23 percent decline. In 2002 and 2003 many state arts budgets came under strong fiscal pressures, in part because state governments were required to balance their budgets with falling revenues. California cut its arts budget from \$20 million to \$2 million, Florida cut from \$30 million to \$6.7 million, and Michigan cut from \$22.5 to \$11.7 million.



The Oklahoma Arts Council provides funding for a variety of programs, such as their apprenticeship program in mandolin-making in which master mandolin maker Nicholas Richardson participated. Photo courtesy of the Oklahoma Arts Council

Although a few arts agencies had increases (such as Mississippi, which rose from \$1.7 million to \$3.8 million), many other states enacted small cuts and some states talked about phasing out their arts councils altogether. But the state-level fiscal crises may have peaked, and large cuts to state arts budgets appear to have ended.

While state arts agencies came into being in the 1960s and 1970s, much of the financial

growth in the state institutions came in the 1980s. In 1979, Arts Endowment funds were 80 percent greater than state legislative appropriations; but by 1989, state appropriations were 60 percent higher.

The Arts Endowment and the state agencies are partners in funding the arts. When the Arts Endowment was established in 1965, five states had official arts agencies or councils. But from the beginning, the Arts Endowment supported the development of state arts agencies and, by the mid-1970s, gave at least 20 percent of its program funds to state arts agencies and regional arts organizations. The potential for grants induced states to set up arts programs and councils; it is no coincidence that most state arts agencies were founded shortly after 1965.

The New York State Council on the Arts (NYSCA) is the largest state agency; its 2003 budget was \$51.5 million. New York State had arts relief programs during the Great Depression, starting as early as 1932. NYSCA was founded in 1960 and provided an early model for the Arts Endowment in terms of its funding patterns and system of peer review.

State-level arts support—appropriations from state legislators—does not deviate dramatically from Arts Endowment spending patterns, but there are a few differences. State programs tend to support smaller and more local organizations, and younger, less established artists. State arts agencies support community groups, whereas the Arts Endowment typically does not. State programs are also more likely to support arts “applications” in the fields of health, penology, and gerontology.

State funding procedures follow broadly common patterns. A council or commission, with approximately 15 members, will set funding policy. Governors appoint council members in

staggered fashion. A few states have cabinet-level departments with responsibility for cultural policy.

Sometimes cultural nonprofits receive direct inclusion in the state budget through line-item appropriations. In Connecticut, line-item appropriations have accounted for as much as 73.7 percent of total state arts spending. A few states (Alabama, California, Illinois, Missouri, Montana, Rhode Island, and West Virginia) have stood in the 30 to 50 percent range for their direct appropriations, at least until recent cuts. Nonetheless line-item appropriations are small for the median state and often are zero. On average, line-item spending has accounted for roughly 16 percent of state arts expenditures.

### C. Local Arts Agencies

Americans for the Arts estimated total arts expenditures at the city and local level at \$770 million in 2003. The U.S. Urban Arts Federation, which includes only the 50 largest local arts agencies, forecasted 2003 expenditures of \$338 million by its members. The single largest urban funder is the New York City Department of Cultural Affairs; in 2004 this agency funded the arts at a level of \$118.8 million. The second largest urban funder in 2004 was the San Francisco Arts Commission, with expenditures of \$25.5 million.

As with state-level grants, local and city-level grants have a scattered history. After the success of the Chicago World’s Fair in 1893, many American cities set up art commissions as part of their urban planning policies. Often their budgets were no more than a few thousand dollars, but they had authority to commission public improvements and artworks. In some cases, these institutions provided independent support for the arts, rather than just

## AMERICAN THEATER

Today, there are more than 1,500 professional theaters across the 50 states providing live performances, education, and professional training for different audiences. The regional and local institutions show that development of new theatrical productions does not take place only within the large established theaters in major cities. New works are supported through initiatives such as the National Endowment for the Arts/Theatre Communications Group Theater Residency Program for Playwrights, which helps playwrights produce new plays in small and mid-sized theaters. For example, playwright Nilo Cruz crafted a new play, *Anna in the Tropics*, at New Theatre in Coral Gables, Florida. His play about cigar makers in 1929 Tampa whose lives were transformed by literature was recognized with a 2003 Pulitzer Prize for Drama.



Image by SpotCo, courtesy of TCG

commissioning works for public buildings and spaces.

The first municipally supported art collection (later discontinued) came in Chicago in 1914. In 1915, Baltimore was the first American city to have a municipally supported orchestra. The Detroit Museum of Art was turned over to the city in 1919, in return for a new building. Philadelphia made the first American municipal opera grant in 1923. Between 1870 and 1910, local and state governments accounted for 40 percent of the funds available for museum building. By 1930, municipalities were spending \$2.5 million a year on art museums.

New York City support for the arts dates from nineteenth-century commissions of public sculptures. In the 1890s, the New York Art Commission was founded; its mission was to oversee the attractiveness of public buildings and parks. The city already had played active roles in the Metropolitan Museum of Art, the New York Public Library, and the Brooklyn Museum of Art. These discretionary interventions date as far back as the 1860s.

Urban involvement in the arts grew steadily after the Second World War. In the latter part of the twentieth century, many American cities decided to expand their presence as regional arts centers and magnets for tourists. These city governments moved towards subsidizing a wide variety of artistic institutions, including museums, art spaces, historic buildings and neighborhoods, and symphony orchestras.

Local involvement takes numerous and diverse forms. Community development initiatives may involve the performing arts, support arts education, or foster artistic and architectural heritage programs. While there are no systematic figures, local government art expenditures go well beyond the formal arts agencies.

# III.

## OTHER PUBLIC SUPPORT FOR THE ARTS AND CULTURE

**T**he decentralization of U.S. government cultural subsidies is reflected in the variety of federal agencies that have programs to support the arts and culture. Some agencies are independent units specifically devoted to the arts, while others are arts programs directed by large government offices unrelated to arts concerns, such as the Department of Defense. The way the arts are supported varies from direct funding of artists and arts organizations to insurance for art works on tour. The exhibitions and performances that ensue appear in an array of public spaces, including national forests, military bases, and federal office buildings.

### A. Domestic

Cultural programming is made available to the American people on public television and public radio. The Corporation for Public Broadcasting (CPB) supports noncommercial radio and television programs. The CPB, founded in 1967, is a private nonprofit corporation, whose board is chosen by Presidential appointment. By law, the governing board of ten may not contain more than six members from any single political party. CPB provides funds to the Public Broadcasting Service (PBS), National Public Radio (NPR), and Public Radio International (PRI). Almost three-quarters of CPB funds are given directly to individual television and radio stations.

More than 330 National Public Radio stations

### 2004 Budgets for Selected U.S. Federal and Quasi-Governmental Organizations Funding Arts and Culture (dollar amount in millions)

Smithsonian Institution	\$489
Corporation for Public Broadcasting	\$377
Institute of Museum and Library Services	\$262
National Endowment for the Humanities	\$135
National Endowment for the Arts	\$121
National Gallery of Art	\$88
Department of Interior (Save America's Treasures)	\$30
Kennedy Center for the Performing Arts	\$17
Department of Education (Arts in Education Model Development Program)	\$10
Commission of Fine Arts	\$8
National Capital Planning Commission	\$8
General Services Administration (Art-in-Architecture Program)	\$5
Advisory Council on Historic Preservation	\$4

*There are more than 200 other federal programs that support the arts and culture.*

run programming on both popular and high culture. As for PBS, it is estimated that about 28 percent of the programs deal with culture. The programming comes from many different sources, including from other countries such as Great Britain. *Sesame Street*, produced by the Sesame Workshop (formerly known as the Children's Television Workshop), is the best-



known children's show to have appeared on public television. Three large PBS stations—Boston, New York, and Washington—produce slightly more than half of the national programs, with the remainder being either a local product or imported from abroad.

The CPB appropriation for 2003 is \$362.8 million. Public television, however, is very much a mixed private-public enterprise. In a typical year, the federal government supplies no more than 15 percent of the public television budget through grants, and another few percent through direct contracts. State and local governments, combined with public universities, put up 30 percent or so. The remainder comes from viewer memberships and subscriptions, and from private corporate and foundation support.

The Smithsonian Institution, which runs 15 museums, maintains research centers, manages the National Zoo, is affiliated with the National Gallery of Art, and is an independent institution inside the federal government. A Board of Regents, with members drawn from the United States government and the citizenry at large, governs the Smithsonian. Regular appropriations come from Congress, and in fiscal year 2003 the net budget authority ran to \$446 million. Its private endowment, while it fluctuates in value, has stood as high as \$755 million.

The Smithsonian museums include the Hirshhorn Museum (sculpture and modern art), the National Portrait Gallery, the National

## SMITHSONIAN FOLKLIFE FESTIVAL

For the past 37 years on the National Mall, the Smithsonian Institution has celebrated the world's cultural traditions with a public arts festival. An estimated one million people attend each year. More than 16,000 musicians, performers, artists, craftspeople, and storytellers have participated. In 2002, the Smithsonian Folklife Festival's theme was "The Silk Road: Connecting Cultures, Creating Trust," which showcased the music, art, architecture, and food of 20 countries on the famed trading route from Italy and Turkey to Kazakhstan, Bangladesh, and Japan. Puppeteers from India, Chinese papermakers, Syrian glass blowers, and musicians from Armenia were just a few of the artists and artisans who took part.

The annual two-week festival receives public, foundation, and corporate support. The Smithsonian event is one of hundreds of heritage events and festivals—such as mariachi festivals, exhibits of Native American art, African dance and music performances, and Chinese instrument youth orchestras—that take place every year and are made possible with federal and state government grants.

**The annual Smithsonian Folklife Festival on the National Mall provides folk and traditional music and crafts from across the U.S. and around the world.**

Photo by Barry Bergey





The National Gallery of Art is supported by the federal government, but its world famous collection has come from private donations.

Photo courtesy of the National Gallery of Art

Collection of Fine Arts, the Renwick Gallery, and the Cooper-Hewitt Museum of Decorative Arts and Design. The newest addition to the Smithsonian museums is the National Museum of the American Indian, which opened on September 21, 2004.

The National Gallery of Art, one of the world's premiere art museums, received an appropriation of \$79 million in 2003 from the U.S. Congress. The history of the Gallery exemplifies the private/public partnerships that are the hallmark of American arts institutions. It began in the 1920s when Secretary of the Treasury Andrew Mellon envisioned a national art museum in the nation's capital. In 1936, Mellon offered to donate his art collection to the nation and to personally finance the construction of a museum to house it on public land. Soon after, Congress passed legislation to establish the National Gallery of Art as an independent bureau within the Smithsonian Institution. With construction well under way in 1939, Samuel Kress added almost

400 art works to the project, and after the National Gallery opened on the Mall in 1941, further private giving arrived with the Widener, Dale, Rosenwald, and O'Keefe donations.

The Institute of Museum and Library Services (created in 1976 as the Institute of Museum Services) supports museums, zoos, botanical gardens, and libraries, and is now spending \$262 million a year. Of this total, \$31.4 million is allocated to museums; most of the remainder goes to libraries. The John F. Kennedy Center for the Performing Arts receives a direct appropriation, currently in the neighborhood of \$17 million, as do a few small programs that support the arts in the District of Columbia.

The Federal Council on the Arts and the Humanities, which is administered by the National Endowment for the Arts, oversees the Arts and Artifacts Indemnity Program that insures foreign objects exhibited in American museums. The Indemnity Program was created

by Congress in 1975 for the purpose of minimizing the cost of insuring international exhibitions. Since its inception, the program has indemnified nearly 800 exhibitions, saving U.S. museums more than \$160 million in insurance premiums. The Arts and Artifacts Indemnity Program was substantially increased in 2003 to provide up to \$8 billion in total coverage. Risk management for this program has been so successful that it has never created any costs for U.S. taxpayers.

The Art-in-Architecture program is administered by the General Services Administration (GSA). This program, originally modeled after the New Deal's Treasury Department Section of Painting and Sculpture,

## MAYORS' INSTITUTE ON CITY DESIGN

The National Endowment for the Arts, in partnership with the American Architectural Foundation and the U.S. Conference of Mayors, conducts regular workshops for mayors to collaborate with design professionals on solutions to the design and environmental challenges of America's cities. Participation is limited to 20 persons, half mayors and half designers. At the meetings, mayors present their specific design issues, such as waterfront redevelopment and downtown revitalization, and designers help them draft solutions. Over the last 20 years, more than 600 mayors and 400 design professionals have participated in the Institute, which has been honored with the Presidential Award for Design Excellence, the Progressive Architecture Award from *Architecture Magazine*, and an Institute Honor Award from the American Institute of Architects.

commissions and funds art for public buildings. Since 1979, GSA has spent one-half of one percent of construction costs for federal buildings on artwork, which is then owned by the federal government. In 2001, the program initiated projects with a collective budget of \$4.5 million. As of 2001, the program had 260 projects and another 65 in the works.

The National Endowment for the Humanities (NEH) provides funding for scholarly research in history, philosophy, literature, religion, ethics, and jurisprudence. Together with the Library of Congress, the NEH funds programs to preserve old books by protecting the paper from deterioration. It also funds literary programs for public television, makes grants to museums for exhibits, supports scholarly seminars for teachers, and subsidizes low-price editions of American literary classics. Most NEH programs concern "the humanities" rather than "the arts," but the two concepts overlap in literature and museum support.

The Library of Congress and its American Folklife Center are active in gathering the records of diverse cultures and, through technology, providing public access to a growing archive of three million items ranging from photographs and manuscripts to audio recordings and moving images. As the country's largest archive of ethnographic field recordings, it preserves materials from around the world that date from the very first sound recordings of 1880 to the present. The Center is developing an ethnographic thesaurus of cultural archives and collections worldwide that can eventually link and be interrelated via database technology, enabling scholars—and the public—access throughout the world.

The U.S. Forest Service funds demonstrations of folk arts and crafts, or performing arts activities more generally, in

## NATIONAL ENDOWMENT FOR THE HUMANITIES

The NEH is deeply involved in scholarly projects to preserve local and regional cultures. With assistance from the NEH, the University of Alaska in Fairbanks is preserving and cataloging 132 reels, consisting of 56,600 feet of film, documenting Alaskan native peoples, activities, and settings from 1927 to 1965. Information about the individuals and activities depicted on film will be obtained from Alaskan native peoples and incorporated into catalog records for entry into local and national bibliographic databases.

In the Western United States, the NEH provides financial assistance to 180 libraries for bilingual reading and discussion programs called “The Language that Unites Us/El lenguaje que nos une” and “The Bridges that Unite Us/Los puentes que nos unen” to foster an appreciation for the rich culture and experiences of Latinos as reflected in the work of noted authors, such as Julia Alvarez, Carlos Fuentes, Miguel Méndez, Pablo Neruda, and Sabine Ulibarri.

Another collaborative project currently supported by the NEH is “Southern African Praise Poetry.” Researchers at Ohio State University are working with African colleagues to create a CD-ROM on southern African oral literature, specifically on the praise poetry performed in the Nguni and Sotho-Tswana languages.



Through the U.S. Forest Service and NEA's Arts and Rural Community Assistance Initiative, this series of metal sculptures depicting the Blackfoot Tribe's Napi Creation Story was commissioned for the Museum of the Northern Plains Indian in Browning, Montana.

Photo by Alex Gladstone

many national forests. Many national parks have collections of artwork and support residency programs for artists, under the aegis of the Department of the Interior. The National Park Service collaborates with the Arts Endowment, NEH, and IMLS in funding a major preservation program, “Save America’s Treasures,” which conserves historic structures and collections. Additionally, many large-scale “earthworks” sculptures, such as those of Christo or Robert Smithson, have been created or placed on public lands.

Some of the largest government arts programs come through the military. The budget for the military bands alone exceeds \$100 million dollars annually. The United States Armed Services, under the “morale, welfare, and recreation” initiative, presents regular cultural programs for servicemen and servicewomen and their families. Libraries and movie showings are common. The U.S. Army runs a large theater

program. These programs have a significant influence on the cultural lives of the 1.4 million Americans who serve in the military and their families.

The Army Art Collection, an extensive (10,000 plus) holding of paintings, drawings, sketches, and watercolors, records the history of America at war. The military art held by the government includes such notable artists as Jacob Lawrence, Reginald Marsh, Horace Pippin, and Thomas Hart Benton.

Working with the armed services, the United Service Organizations Inc. (USO) entertains soldiers by bringing in movie stars, musicians, and other celebrities, especially during wartime. For performances, USO relies on volunteer labor or pays its performers at reduced rates. During World War II, the USO employed 5,424 salaried entertainers and had total show attendance of 172 million. The USO is not part of the federal government, but it does receive its charter from Congress and relies on the U.S. military for its support. The President is typically the Honorary Chairman of the USO and formally endorses the agency. The USO today has 120 centers around the world and serves an average of five million individuals each year.

## B. International

The arts also receive support from the U.S. foreign affairs agencies. Diplomacy programs support the presentation of American arts abroad.

As the Cold War developed, politicians supported the performance of American arts abroad as a counter to Soviet communism. The Smith-Mundt Act of 1948 called for the spread of information abroad about American culture and government. The Office of International Information and Educational Exchange (OIE) and the United States Information Service (USIS)



NEA Jazz Master Dizzy Gillespie has led various bands on U.S. State Department tours around the world, most notably in the 1950s to South America.

Photo by Martin Cohen

were both created at this time. The Voice of America (VOA) transmitted radio programs, often of a cultural nature, as did Radio Free Europe and Radio Liberty. In 1953, the United States Information Agency (USIA) was created to spread a favorable American image around the world.

State Department and USIA programs sent leading American orchestras, singers, jazz and folk musicians, musical shows, and instrumentalists on tours of the world. Jazz, modern dance, and avant-garde theater benefitted in particular from federal patronage. The performers received financial support and a new air of legitimacy, thereby widening their audience base.

Cultural diplomacy programs declined with the end of the Cold War. USIA was folded into other State Department programs in 1999. However, the Department still administers the Fulbright exchange programs and runs “artistic ambassador” programs that support performances by U.S. artists abroad, with a budget of approximately \$3.4 million annually for the last five years. Cultural broadcasts continue through the Voice of America, Radio and Television Marti (aimed at Cuba), and World Net.

Cultural diplomacy is now applied in the Middle East. The recently established Radio Sawa received \$35 million from the U.S. Congress to broadcast popular Arabic music and news from an American perspective. A Congressional appropriation also provided \$62 million for an Arabic language TV station, Al Hurra [Free One], to broadcast throughout the region. In addition to news and documentaries, the station offers movies, music, and cultural commentary.

For many years, the National Endowment for the Arts has supported international exchanges through such programs as the U.S./Japan Creative Artists’ Program and ArtsLink, an exchange program with Central and Eastern Europe, Russia, and the Baltics. Recently, the NEA has initiated cultural exchange programs with Mexico, China, the European Union, and UNESCO, as well as expanded the Open World program that brings Russian artists, arts journalists, and arts administrators to the United States.



Some of the authors who have received NEA Literature Fellowships.

## NEA LITERATURE FELLOWSHIPS AND GRANTS

The National Endowment for the Arts nurtures a multiplicity of literary traditions through fellowships to emerging writers and incentive grants to nonprofit literary magazines and independent and university presses to publish, distribute, and promote poetry, fiction, translation, and creative nonfiction by contemporary writers.

Through the Translation Fellowship program, established in 1981, the U.S. government has helped support the translation of 218 literary works into English, providing access to foreign literature not generally available to American readers. In 2003 and 2004 alone, the NEA program supported the translation of writers from Albania, Chile, China, Denmark, France, Germany, Greece, India, Israel, Lithuania, Norway, Poland, Portugal, Spain, and Turkey.

# IV.

## PRIVATE GIVING AND TAX INCENTIVES

### A. Individual and Foundation Giving

The tax system provides the most significant arts support in the United States. Estimates suggest that Americans donated roughly \$12.2 billion to the category “Arts, Culture, and the Humanities” in 2003. In per capita terms, the total amounts to about \$42 for each individual in the United States. Private individuals account for about 50 percent of the total, foundations for 33 percent, and corporations account for 17 percent.

Under the U.S. system, any donation to a tax-exempt nonprofit organization qualifies as a potential deduction for the tax-paying donor. It is required only that the taxpayer itemize his or her deductions, rather than taking the standard deduction allowed by law. Today about 60 percent of American taxpayers—most of all homeowners and the wealthy—itemize their tax deductions. For these individuals, the donation of a dollar to a nonprofit institution reduces taxes between 28 and 40 cents per dollar, depending on the individual’s tax position. The tax incentive therefore applies to most giving to the arts. The estate tax provides further incentive to donate wealth rather than pass it along to heirs.

Donations to other tax-exempt, nonprofit institutions—such as charities and churches—are also deductible. The U.S. tax system thus favors decentralization of nonprofit activities, rather than any particular conception of art, or

even any particular conception of what a nonprofit should do. Nonprofits with artistic programs may serve as talent spotters, direct producers of creative outputs, donors, marketers, educators, event organizers, or preservers of the past. Many nonprofits are small and informal, such as volunteer community groups.

The tax incentive motivates a great deal of giving. In economic language, donations appear to exhibit a “price elasticity” in the range of -0.9 to -1.4. In other words, for every dollar the U.S. Treasury loses from the deduction, private nonprofits receive additional donations in the range of 90 cents to \$1.40. These numbers suggest that the tax incentive is central to charitable and artistic giving.

Donations fund American nonprofits to a considerable degree. Museums, symphony orchestras, opera companies, and other cultural organizations reap only part of their overall revenues from ticket or entrance fees. Many of America’s leading institutions would not exist if private citizens had not bequeathed their holdings and invested their resources.

Consider some broad estimates for American symphony orchestras. According to one set of figures, 33 percent of their income comes from private donations and 16 percent from endowments and related sources. Concert income generates 42 percent of revenue, and direct government support provides only 6 percent of revenue. For nonprofit arts



Symphony orchestras, such as the Knoxville Symphony conducted by Kirk Trevor (pictured), combine public support with private donations and performance income in order to cover the costs of putting on a season of music.

Photo courtesy of the Knoxville Symphony

institutions more generally, individual, corporate, and foundation donors make up about 45 percent of the budget. Twelve percent of their income comes from foundation grants alone. While these numbers fluctuate each year, they provide a rough measure of the appropriate magnitudes at hand.

For purposes of contrast, a theater or orchestra in Germany will likely receive 80 percent or more of its budget from direct governmental support. In France and Italy, government support at various levels accounts for almost all of the funding for a typical museum. Even the Louvre, which was asked to find private funding as of 1993, raises less than half of its operating budget. In the United States, however, direct government support accounts, on average, for no more than 5 percent of the total budget of nonprofit arts organizations.

Individual private philanthropy to the arts is virtually nonexistent in most European

nations. If we look at individual donors, Americans give almost ten times more to nonprofits on a per capita basis than do their French counterparts. This dramatic difference reflects distinctly American social and cultural traditions, which have become institutionalized in public tax codes.

Historically, European governments have not offered comparable tax benefits to their arts, although the trend is toward offering more benefits. France limits tax deductions to 1 percent of taxable income for individuals and 0.1 percent for corporations. Germany has allowed tax deductibility in law but made the deduction unwieldy through bureaucratic restrictions. Britain allows tax deductions, but also makes them difficult. Typically, a taxpayer has had to agree to make payments for at least seven years to earn the deduction. Furthermore, the donations have not always been deductible at the top marginal tax rate but rather at a lower rate. Some European countries, such as France



and Italy, have few private foundations. Legal restrictions and unfavorable tax treatment make these organizational forms very costly.

Often it is Americans who serve as the leading donors to some European arts institutions. In the mid-1980s, J. Paul Getty donated \$62.5 million to the National Gallery in London, the largest donation the institution has received. The Tate has raised significant American funds as well. To capture such donations, many British nonprofits now have American affiliates with tax-exempt status in the U.S.

In the United States, donations of volunteer time—equal in scope to 390,000 full-time volunteers—are a large part of the broader philanthropic picture. As of the early 1990s, the average time donor had an income of more than \$56,000. The implicit dollar value of these time donations thus stands above \$20 billion, with some estimates going as high as \$25 billion.

American foundations are significant in their size and scope. Recent estimates put foundation assets at around \$400 billion. Furthermore, the flow of new money into foundations is ongoing. From 1981 to 1999, 84.5 percent of the increase in foundation assets (which rose almost threefold over that period) came from new donations and the creation of new foundations, rather than from returns on existing foundation assets.

The foundation sector consists of more than just a few major institutions. A 1992 estimate has the top 25 institutions accounting for no more than 40 percent of foundation arts funding; the rest comes from widely scattered sources. Of all the foundations, Getty is the largest; its \$4.5 billion endowment generates up to \$250 million in yearly arts spending. Getty has used the money to build an art museum and art research center in Los Angeles.

The Ford, Carnegie, and Mellon foundations, among many others, have supported a wide

variety of high culture enterprises, most of all museums, orchestras, and libraries. The Ford and Rockefeller Foundations have also recognized less mainstream art forms, such as modern dance, Beat poetry, and Latino music.

In addition to these larger entities, small private or family foundations also give significant amounts to the arts. The legal and institutional environment of the United States supports the number and diversity of these foundations. Some institutions, such as the Bradley Foundation, foster traditionalist projects; others such as the Dia Art Foundation specialize in supporting the avant-garde.

It can be worthwhile to start a foundation for sums smaller than a million dollars. Particular kinds of foundations offer specific or targeted advantages. Legacy foundations allow an individual to make a gift during his or her lifetime and receive a tax deduction in the current year. The gift is not passed along until the individual dies; in the meantime the individual can receive income from the gift assets. Family foundations allow the board of directors to be comprised of family members only.

## **B. Corporate Giving**

Corporate giving also is more decentralized than is commonly believed. Three-quarters of arts spending comes from smaller companies with revenues of less than \$50 million. Ninety percent of that money goes to local arts organizations. Data from the 1990s show that 47 percent of all businesses surveyed gave money to the arts, and that businesses devoted an average of 19 percent of their philanthropic budgets to the arts. The most popular grants were to symphony orchestras (15 percent), performing arts centers (13 percent), museums (12 percent), and theaters (11 percent).

Corporate giving, like private and foundation giving, has been influenced by public policy decisions. Corporations have received tax breaks for supporting the arts since 1936. As with individuals, corporations give more to the arts when they receive tax benefits for doing so.

Many of the tax benefits for the arts are piecemeal in nature; they are not easily measured in the aggregate. For instance, artistic institutions benefit from local tax breaks and legal provisions, often under the guise of urban renewal. Skillful artistic entrepreneurs can put together packages of direct and indirect subsidies, drawing on a wide variety of sources.

Consider one example. The Minneapolis Artspace organization wanted to renovate a decrepit warehouse and turn it into artists' apartments and studios. They started by going to the State Housing Finance Agency and applying for Low Income Tax Credits available for renovation projects. These credits are paid for by the federal government but allocated

through state governments. The project had an estimated value of \$20 million, which meant that the available tax credit was about \$900,000 per year. This sum is paid out yearly for ten years, or \$9 million in total. The Artspace used these tax credits to get a bank loan of \$7 million, and then set up a corporate partnership, in essence "selling" the tax credits to the corporate partner for cash. Artspace also financed 20 percent of the \$20 million cost from the Historic Tax Credits available through the Department of the Interior, again "selling" these tax credits for 93 cents on the dollar. Of the \$20 million total, \$11 million was now in hand, and construction could begin. County and state tax programs served to complete financing, and the remainder was raised from private foundations, again with an implicit tax break for the donations.

Other inventive designs for supporting the arts will surely follow in the coming years. One novel approach is that of the Arts Council Silicon Valley. The Council recognizes that

Potter Brad Henry is a resident of St. Paul, Minnesota's Northern Warehouse Artists' Cooperative, a former warehouse turned into artists' studios by Minneapolis's Artspace.

Photo by Jeffrey Hanson



organizations must work within an environment that provides financial incentives for businesses to donate to the arts. So, it has devised inventive programs for employers and corporations to create efficient donation strategies beneficial to their portfolios.

### C. Universities

Universities are significant conduits for government support of the arts. By subsidizing universities, federal and state governments provide employment for painters, writers, musicians, and other creative artists.

In the world of classical music, almost every composer serves as a “guest composer” at a university for some period of time. Many composers teach as full-time faculty and collaborate with campus-based musicians to premiere new music. Professional performing groups, such as the Cypress String Quartet at San Jose State University in California, use academic residencies as a base for regional and national touring.

Roughly two dozen universities commission new artworks. Creative writing programs, often at state or state-subsidized universities, train American writers and help them connect with publishing houses. Hollywood relies on film schools, including the film school at UCLA—a state university—to educate and recruit future directors. Much of the American avant-garde theater is based in drama workshops at colleges and universities. Architects look to universities for their basic training, as do many individuals in music technology and production. Universities also subsidize literary magazines.

University presses publish many works, including fiction, which commercial houses reject. Some of these books have won significant honors. John Kennedy Toole’s *A Confederacy of Dunces* was picked up by

Louisiana State University Press after being rejected by numerous commercial publishers. The book won a Pulitzer Prize and is now considered a classic. American colleges and universities operate more than seven hundred art museums. College radio stations, and the college tour circuit, are critical to the success of independent rock bands and do much to foster musical diversity.

### D. How Nonprofit and For-Profit Sectors Interact

Although America started from an underdeveloped cultural base in the eighteenth century, it has become an acknowledged leader in abstract art, contemporary classical composition, modernist fiction and poetry, theater, jazz, and modern dance, to name just a few fields. Artistic nonprofits and the American tax system have supported each of these endeavors.

That being said, subsidies to artistic nonprofits benefit for-profit enterprises as well. Too frequently, commentators paint a picture of one subsidized cultural sector and another entrepreneurial cultural sector. In reality, popular culture often draws upon nonprofit culture for its “research and development” efforts (and to some extent vice versa). Indirect subsidies to the arts have made American popular culture much stronger.

Hollywood, for instance, draws on stories and ideas produced by the nonprofit sector. *Driving Miss Daisy*, *The Gin Game*, *On Golden Pond*, *Children of a Lesser God*, *Glengarry Glen Ross*, and *Prelude to a Kiss* all started as nonprofit theatre. Over a recent 20-year period, 44 percent of the new plays produced on for-profit Broadway originated in the nonprofit sector.

The literary world blurs the nonprofit and for-profit sectors as well. Public libraries and

## FILM FESTIVALS AND PROGRAMS IN THE UNITED STATES

Nonprofit film programs and festivals flourish in the United States. Some film festivals focus on the general—the screening of independent films, short films, and foreign films. Others have a specific emphasis; for example, Asian film, documentaries, Latino productions, or children’s film. The common thread is that they all provide opportunities for audiences to see work in different genres, from America and abroad. NEA support was instrumental in the establishment of the Sundance Institute for Film and Television, a nonprofit organization in Salt Lake City, Utah that offers a program for emerging screenwriters, directors, producers, and composers to develop new work. More than 1,100 artists apply annually for 200 positions in the Feature Film program that includes an initiative for Native American filmmakers.

university libraries put books in the hands of readers and boost the reputations of commercial authors. Libraries also provide a steady demand for low-selling works. This makes it easier for authors to market their ideas to publishers, provides modest royalty support, and gives authors a chance to find a larger reading audience.

### Conclusion

American arts funding is a complex and evolving system of entrepreneurial initiatives, philanthropic foundations, and government

agencies. The public and private aspects of support are ever in flux, and the mechanisms of delivery mingle the best of charitable giving with entrepreneurial ingenuity. Funding goes to artists, museums, theaters, orchestras, schools, presses, community centers, cities, and states, and the purpose of funding ranges from the creation of new art to the preservation of the old, from teaching children basic skills to providing master artists with needed resources.

The funding network is diverse and perplexing, to be sure, and sometimes arts organizations do not survive the vicissitudes of the economy. But, simultaneously, the flexibility of the American system may rightly be credited with fostering the boom in art making and arts participation that we have seen in the last 40 years. New arts organizations are constantly emerging—bringing new styles and perspectives to cultural life. No single agency or individual can set an artistic agenda for the nation; the contrasting values and tastes of different funders ensure a rich diversity of art works; tax incentives promote innovative methods of private support; and decentralization helps regional heritages and local communities retain their integrity.

What we see today is the spirit of American enterprise—in the past so successfully applied to commerce, technology, and politics—increasingly applied to the art world. In its comparatively short existence in the life of civilizations, the United States has produced a grand legacy of lasting cultural achievements, and leaders are fast recognizing the centrality of artistic expression to a healthy society. “A great nation deserves great art” is the motto of the National Endowment for the Arts. The American system of free enterprise, coupled with public support, is a proven means of fulfilling it.



AXIS Dance Company of Oakland, California.  
Photo by Marty Sohl

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