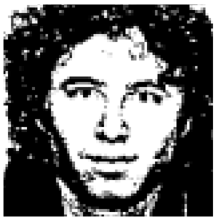
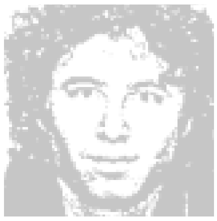
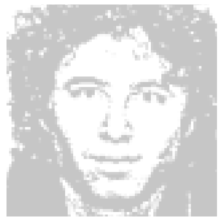
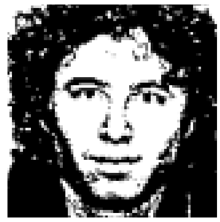
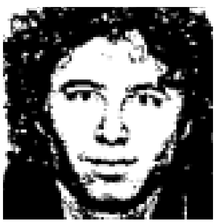
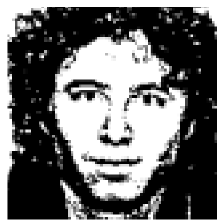





WHY WE DO NOT NEED AN ARTS POLICY

BARRY MACLEOD-CULLINANE



Economic Notes No. 50

ISSN 0267-7164 ISBN 1 85637 147 6

An occasional publication of the Libertarian Alliance,
25 Chapter Chambers, Esterbrooke Street, London SW1P 4NN
www.libertarian.co.uk email: admin@libertarian.co.uk

© 1993: Libertarian Alliance; Barry Macleod-Cullinane.

Barry Macleod-Cullinane has a BA in economics from York University, where he is currently studying for an MA in Political Philosophy (The Idea of Toleration). He was the Chairman and is now the President of the York University Freedom Society.

The views expressed in this publication are those of its author, and not necessarily those of the Libertarian Alliance, its Committee, Advisory Council or subscribers.

Director: Dr Chris R. Tame Editorial Director: Brian Micklethwait
Webmaster: Sean Gabb



Libertarian Alliance

FOR LIFE, LIBERTY AND PROPERTY

WHY WE DO NOT NEED AN ARTS POLICY

BARRY MACLEOD-CULLINANE

This paper is a revised version of one that won third prize in the John B. Wood Memorial Essay Competition, organised by the Institute of Economic Affairs. Its original title, to which the author refers in the course of the text, was "Do We Need an Arts Policy?". The change of title is because the LA always likes to announce the conclusion being argued for, so that those who only read the title still learn something.

... my general point is more important than any specific measures. This is that the stability of the market society depends crucially on a matrix of cultural traditions which at once legitimate it and find expression in it. As with the National Curriculum, which fosters literacy in a common language, government may legitimately fund artistic activity so as to renew the common culture. *A limited government has therefore a vital role in transmitting the values on which a market society depends. A limited government which rejects or is indifferent to the culture which underpins the market neglects one of the conditions of its own existence.*

John Gray, *Limited Government: A Positive Agenda* [1]

A spirit of governing predominates in every institution of this kind; and however wise and salutary such a spirit may be, it invariably produces national uniformity, and a constrained and unnatural manner of acting ... and he who draws conclusions for such a preference in the case of others, may justly be suspected of misunderstanding human nature, and of wishing to make men into machines.

Wilhelm von Humboldt, *The Limits of State Action* [2]

Introduction:

As a starting point for this discussion, concerning the alleged necessity of an arts policy, Dr. John Gray's reflections in his *Limited Government: A Positive Agenda* serve admirably. One of Dr. Gray's contentions in the later part of that work, in a section entitled "Culture as a Public Good", is that "one area of policy often neglected by market liberals is that relating to cultural traditions whereby a market society sustains and reproduces itself" for "there is a tendency to suppose that, once taxes are lowered, culture can take care of itself." The aim of this paper will be to investigate and evaluate Dr. Gray's claims for, in my view, they summarize, and are indicative of, almost all the more general attacks made upon the market order under the guise of the 'obvious' requirement for State action to remedy such 'instances' of 'market failure'.

It should be noted that an important preliminary conclusion can be drawn from the very nature of the question itself: that society is not subjected to an absolute and totalitarian State. For in considering whether an arts policy is required it is admitted that the scope of State action is restricted, with some activities beyond its mandate or grasp. The task below is to draw out the principles which thereby limit State action and to examine the claims made that it should extend its sphere of activities to the arts.

Art, Subjectivism and Interpretation

Before proceeding further it is necessary to inquire as to what exactly is meant by the term 'art'. The commonplace saying that "beauty is in the eye of the beholder" is at once an expression of how 'art' might be defined and the common-sense realisation that "value is not a property inherent in goods, but constitutes a relationship between an appraising mind and the object appraised."[1] Its relevance for the purposes of this paper is to focus attention upon the meanings and intentions of individuals that drive and inform their actions. For, as the late Professor Ludwig Lachmann noted,

> Economics has two tasks. The first is to make the world around us intelligible in terms of human action and the pursuit of plans. The second is to trace the unintended consequences of such action.[2]

Though methodological subjectivism requires attention to be paid to how an individual evaluates and appraises the phenomena of the social world (including his plans and actions) it still fails to tie down what is the subject matter of this paper, i.e., what exactly is 'art'? For instance, should heavy metal music be considered 'art'? Or how about those pictures of "Christ in Piss", sponsored by the US National Endowment for the Arts, that so enraged Republican politicians? Barbara Cartland novels? *The Beano?* Constable's paintings? A consistent application of methodological subjectivism invalidates a *content* based approach to defining 'art' by recognising that tastes differ.[3]

As for defining 'art' through performance of specific activity two problems are encountered. The first is: when does an individual's action become 'artistic'? What an observer takes as being a discreet and completed action may, in fact, be simply part of a larger whole going as unrecognised as the forest does due to the presence of so many trees.[4] Secondly, if the definition of 'art' has to be founded upon the acclaim of an audience, who is to be taken as the audience? (And whom decides?) Whilst Van Gogh's contemporaries failed to recognise his talents (he sold but one painting during his life) his successors have not been so amiss: his works now fetch millions. Therefore, is another's approbation really necessary to transform a thing into art? Cannot the person that others would recognise as the 'artist' give the creation its 'artistic' being or character? It seems inconceivable that Vincent Van Gogh would not have regarded himself as an 'artist' despite the low esteem in which others held his work.

It also appears impossible to distinguish between 'art' and 'culture'. All too often the mundane clutter of today's cultural world becomes the vogue of tomorrow's art world. For instance fantasy artwork, whether adorning the latest *Dungeons and Dragons* game-box or providing the surreal backdrop to a space-battle in *Star Wars*, is often intrinsic to the commodity sold, being part of the very 'experience' purchased.

Subsuming 'art' into the wider concept of 'culture' aids identification of such activities and thus facilitates attempts to derive normative statements concerning the advisability of an 'arts' policy. The recent creation of the Heritage Ministry in Britain seems indicative of the direction in which political control of what can broadly be considered 'cultural' activities is heading. By placing control of sport, media, national (i.e. State) operas, theatres, and art galleries under a single ministry the State is invested with massively expanded powers to influence and mould 'cultural' activities; an impact that would prevent consideration of an 'arts' policy alone even if what constitutes 'art' might be isolated.

Taxation Versus Art

When considering whether the State should intervene and fund the arts there are two specific areas to be contemplated. The first is the validity of the requirement itself. For the decline in support of the arts might simply reflect a change in taste or could have resulted from private activity being 'crowded-out' by State action. The second is the issue of how the State might operate having chosen to intervene (which will be considered in the next section).

The question of whether to involve the State in the provision of 'art' can be approached by noting the apparently muddled thinking found in Dr. Gray's exposition concerning the advisability of State action. Dr. Gray explains that "there is a clear case for reform of taxation so that it is far easier (as in the United States) for individuals and businesses to support cultural activity"[1] and concludes that "we would be conforming to the maxim that, *where the goal is to encourage some kind of desirable development or activity which is felt that the market underproduces, this is best achieved by tax relief rather than by direct subsidies,* which inevitably concentrate discretionary authority in quasi-governmental organisations."[2]

As within the entirety of the so-called 'market failure' literature, what usually passes for a justification for State action can trace a heritage of clumsy and erroneous construction. Dr. Gray's fine rhetoric serves admirably his petition for State involvement in the 'arts' until a more sober scholar inquires of him: but by *whom* is it "felt"? How do we *know* which and how much of a good or service is "underproduced" by the market? How might such levels of under- or non-production be measured? Such questions are of great import since, as Dr. Gray has explicitly acknowledged, such alleged "underproduction" occurs against a background of a dirigiste regime of taxation, regulation and social control.[3] Their answer must, therefore, serve as the touchstone by which to evaluate his proposals. Alas! Dr. Gray remains curiously silent.

In contemplating tax breaks to encourage patronage of the arts Dr. Gray leaves himself open to the criticism that it was taxation that placed the provision of certain forms of art and culture in jeopardy. As Bertrand de Jouvenel shows, the call for equality through compulsory redistribution by the State would drastically fail to realise the expectations of its adherents in purely material terms.

> It must be granted that a loss of income is a loss of definite satisfactions, while a gain of income beyond a certain proportion is a gain of as yet indefinite satisfactions. What is far more important, the marginalist representation of income as a progression of diminishing terms, the last of which can always be severed without affecting the others, does not hold good all along the line. A certain way of life implies a certain layout of expenditures out of which some 'water' can always be 'wrung'. But when a certain point is reached, the same way of life cannot be maintained; a major readjustment is necessary; there is a fall to another way of life, a fall which involves great dissatisfaction.[4]

But, as de Jouvenel wryly remarks, "the fact that redistributionists are eager to repair by State expenditure the degradation of higher activities which would result from redistribution left to itself is very significant. They want to prevent a loss values."[5] Indeed, John Gray is clearly aware of this very argument, as his Introduction to de Jouvenel's classic work demonstrates, that: "[i]f, because of the confiscation of higher incomes, there are important social and cultural activities that can no longer be sustained privately the State must assume responsibility for such activities through a program of subsidy."[6]

This is, in part, the mechanism that generates the momentum carrying 'society' down *The Road to Serfdom* that F. A. Hayek so ably warned about, whereby, again in Dr. Gray's own words (when summarizing de Jouvenel), "inevitably, the State comes to exercise an ever-increasing degree of control over them. The consequence of redistributionist policy, accordingly, is the curtailment of private initiative in many spheres of social life, the destruction of the man of independent means, and the weakening of civil society."[7]

Whilst there is no *inevitable* progress *down* that 'road' we should nevertheless heed Ludwig von Mises's warning that the "Middle-of-the Road Policy Leads to Socialism". "Mises insisted," Professor Richard Ebeling explains, that "an interventionist, 'mixed economy' was inherently unstable; logically it required either an extension of the interventions until all-round planning was established via a continuing piecemeal process or else the interventionist state would have to contract until a free market order once again predominated."[8]

Gray then wonders if tax reduction would actually generate sufficient funds to "sustain the cultural heritage on which the free market ultimately depends" before favourably receiving the pseudo-arguments "that a deregulation of television should be accompanied by the institution of an Arts Council of the Air with a mandate to subsidise productions the market would not of itself support".[9] But this is precisely the institutionalisation of deleterious State action that Bertrand de Jouvenel and Wilhelm von Humboldt railed against. For "these positive institutions tend to weaken the vitality of the nation,"[10] and so pervert the very end for which Dr. Gray originally sought to sanction State action.

Subsidy, Art, and the Politics of Patronage

To highlight this apparent paradox, of the proposed remedy not just failing but of actually exacerbating the perceived problem, I turn to an often neglected work by Henry Hazlitt, *Economics in One Lesson*,[1] that expands upon Frederic Bastiat's classic statement of the principles of sound political economy expressed in the latter's famous essay "What is Seen and What is Not Seen".[2] In chapter IV, "Credit Diverts Production",[3] Hazlitt turns his attention to the effects arising from a grant of government 'credit' or subsidy to various enterprises. To be as fair as possible to Dr. Gray's position, I shall initially assume that the subsidy is made with an intention of somehow recouping it at a later date, i.e., it is an investment or a loan and not merely a gift or a loss to be written-off. Unfortunately, for Dr. Gray's contention, by analyzing the activity in this manner, as a loan, certain implications logically suggest themselves. As Hazlitt explains

> all loans, in the eyes of honest borrowers, must eventually be repaid. All credit is debt. Proposals for an increased volume of credit, therefore, are merely another name for proposals for an increased burden of debt. They would seem considerably less inviting if they were habitually referred to by the second name instead of by the first.[4]

Now, since the initial funds for government loans or subsidies are drawn from tax receipts (or from future tax-receipts in the case of deficit spending), including tax by inflation, the previous arguments concerning the crowding-out of private initiative would seem to be reasserted with renewed vigour. However, the proponents of State financial assistance argue, such is not the case because the initial loan will be repaid, i.e., the subsidy will be self-liquidating and hence will not interfere with private investment activities. Closer inspection reveals that this rosy picture is vastly divergent from the reality of the situation. No sound argument can be advanced for the government to duplicate the operational procedures followed by those market institutions already involved in the business of lending. Instead, Hazlitt remarks

> the government almost invariably operates by different standards. The whole argument for its entering in the lending business, in fact, is that it will make loans to people who could not get them from private lenders. This is only another way of saying that the government lenders will take risks with other people's money (the taxpayers') that private lenders will not take with their own

> money. Sometimes, in fact, apologists will freely acknowledge that the percentage of losses will be higher on these government loans than on private loans. But they contend that this will be more than offset by the added production brought into existence by the borrowers who pay back, and even by most of the borrowers who do not pay back.[5]

But, behind the expanded production of those individuals benefited by government subsidy lies an unremembered reality inhabited by the ghosts of production proposals, fantasies aborted in the minds of entrepreneurs, starved of capital. The State imposes a general economic malaise to fund its loans, but the State induces a boom in the favored economic sector far in excess of the 'natural' level, i.e., that which would be sustained if the lifeline of government aid were to be severed, as eventually it has to be. In otherwords, Hazlitt argues, despite the confusion caused by thinking purely in monetary terms, what is really being lent is the use of specific capital resources for a specific duration of time. Private institutions do not extend credit but enable the borrower to acquire the use of capital by making a (monetary) loan on the basis of that individual's credit which

> is something a man already has. He has it, perhaps, because he already has marketable assets of a greater cash value than the loan for which he is asking. Or he has it because his character and past record have earned it. He brings it into the bank with him. That is why the banker makes him the loan. The banker is not giving something for nothing. He feels assured of repayment. He is merely exchanging a more liquid form of asset or credit for a less liquid form.[6]

Now, whilst the banker can, and probably will, make mistakes, he nonetheless has a strong interest in assuring himself of the nature of the risks in making a loan. After all, it is his money or his client's money which is being put at risk. But the government subsidy is not intended to cover those by private institutions. Being specifically aimed at individuals the market considers too incompetent, untrustworthy, and unreliable it therefore necessitates a higher level of defaults. Furthermore, for the same reason, a more profitable or economical employment of resources in society will be brought about by private finance, since government funds would be thrown solely at activities carrying significantly higher risks in relation to projected returns than those backed by market institutions.

When the question of loans is approached not from the perspective of the borrower but from that of the lender then there can be no doubt that the State, as lender, should receive both interest payments and the repayment of the initial funds, both of which it could then re-invest in further ventures. Yet, if the earlier arguments hold concerning the detrimental effect of taxation and especially the mis-direction of capital and labour, such cumulative State action would result in the general level of prosperity in society being much reduced. This contraction in economic activity, by restricting the amount of resources available to the arts, would likely generate increased calls for further State action to cover the shortfalls, resulting in further contraction. Now, as de Jouvenel observes,

> It then follows that the State finances, and therefore chooses, investments; and that it finances cultural activities and must thenceforth choose which it supports. There being no private buyers left for books or paintings or other creative work, the State must support literature and the arts either as buyer or as provider of *beneficia* to the producers, or in both capacities.[7]

But what was the reason for looking to the State to fund certain artistic activities originally? That the market wouldn't support them was due to their limited appeal being insufficient to produce a return attractive enough to persuade a private investor to meet their costs. Now if the financing of such a narrow, minority interest is placed into the realm of political decision-making it becomes obvious that it stands little or no hope of realisation. For in competing with other claims on State funds in the arena governed by the politics of pull, of influence and kick-backs, funding of the 'arts' seldom wins through, and those proposals that do receive monies tend either towards a blandness, marked only by pornographic obscurity, or to a worship of the State and the deification of its central tenets, such as the heroic images of Soviet men and women thrown up from the very rock upon which they stride.[8]

One does not need a thorough grasp of Public Choice economics to realise that when the overall 'cake' is smaller only the most vociferous parties will gain a slice. But commonsense appears to avoid Jesus College, Oxford, where some scholars apparently persist in their uncritical acceptance of the notion that State patronage of the 'arts' will benefit the unpopular, the unloved, and the unfamiliar artist.

Art, Public Goods and the State[1]

By proposing that government grants, in addition to tax reductions, be made on grounds of equity and "as an enabling device" whereby Muslim, Jewish and Hindu "cultural traditions can renew and reproduce themselves"[2] Gray attempts to treat 'culture' as a 'public good' that would not arise without government action.

Now there are two basic definitions of what constitutes a public good, both essentially overlapping. The first is that a public good is one whose provision must be made to everyone or not at all, i.e., no-one can be excluded. The second is that provision of a good to one extra person will not reduce the consumption of anyone else.

However, as soon as the concepts of 'culture' and 'art' are de-aggregated and embodied in discrete units such as a painting, a rock ballad, or a poem then it becomes clear that such items can be *fenced-off*, as when rock concerts try to exclude non-payers. Such attempts at exclusion do not always directly arise through pecuniary motives. The safe conduct of the audience is a key factor for a successful repetition of events (which, of course, generates further monetary returns), a concern highlighted by the stringent safety measures imposed upon the organisers of the *Monsters of Rock* event by the owners of the Castle Donnington estate following the tragic deaths of two rock fans in 1988.

Yet, the very mechanism that allows rock stars to prosper, the transfer of private property-rights (i.e., ticket sales), also demonstrates that there is no universal 'culture'. For not only are there numerous different genres, even in rock music, but local residents often assert that their property-rights have been violated by the noisy provision of that specific 'cultural activity' thereby collapsing the requirement of unanimity inherent in the public good argument. For the existence of negative externalities, or grievous spill-over effects, destroys the notion that all benefit, the implication then being that the defence of State action on 'public goods' grounds is obviously a non-starter if 'public goods' don't exist.

That one person's pleasures are not another's cup of tea is not only a commonsense restatement of radical subjectivism but the damnation of Dr. Gray's project. Updating John Milton's arguments against censorship (or licensing) in *Areopagitica*, is it remotely conceivable that John Gray would advocate State funding of Satanists, Ku Klux Klanners, neo-Nazis and other diverse, distasteful and intolerable groups to enable them to renew their 'cultures'? Yet he appears to have no qualms about coercing such 'free-riders' to fund him. After all, being composed of taxpayers, they have just as much a rightful claim to State resources as do the *safe* 'cultures' nominated by Dr. Gray.

Regulation and State Action

Professor Israel Kirzner explains that though the "Mises-Hayek critique of socialism ... is certainly not applicable, as it stands, to the regulated market" it does, however, reveal "the enormous difficulties confronting socialist planners trying to emulate the market economy's achievement without a market ... [and] reveals the hazards besetting the path of regulators seeking to improve on the market's performance."[1] Earlier it was observed that it appears to be impossible to discern the reasons for a shift in 'art' production, to decide whether it was due to State action or to a change in tastes. Now, since the public good justification is defunct, we are simply left with an *indicative planning* 'art policy' consisting of nothing more than the whim of a bureaucrat exercised through the instruments of taxation and subsidy (which have already been examined), and regulation.

The regulation of profits and prices, in any industry, places an artificial ceiling upon them, supposedly on behalf of consumers. One such form of price regulation is that attack made by local government on the ticket touts outside concerts and sporting events. Whilst harming both the tout, his supplier (the person who suddenly can't make it), and his customer (who badly wants in), price regulation also perpetuates the 'gouging of the consumer' that it was intended to prevent. The lower profits being made by existing touts fail to stimulate the awareness of other entrepreneurs, and whose potentially visionary plans (for touting) are thereby consigned to oblivion, still-born in their minds, in favour of pursuing other, more lucrative opportunities. Thus, the relatively slow entry of new competition restricts consumer choice and generates 'rent' for suppliers. John Blundell notes that "rent in this sense is not what is paid for the use of someone's house but the payment(s) to a person or group beyond what would be earned in a competitive environment."[2] And, while "the costs of the rents earned" are "spread over the whole population," the actual "benefits of the rents are concentrated in a few, very skilful, well-connected, highly articulate hands."[3]

This brings into perspective the nature of the regulatory process that was stressed by the late George Stigler in his "The Economic Theory of Regulation".[4] Regulation represents a protectionist device against new entrants erected through State law by earlier bodies of practitioners in that field taking such form as the dispensation of licences to practise, compulsory levies, or codes of broadcasting 'standards'. Indeed, the revisionist historian Gabriel Kolko, in his study of American industry and its relation to the US government at the turn of the Century, was led to admit (against his prior Marxist beliefs) that: "Ironically, contrary to the consensus of historians, it was not the existence of monopoly that caused the federal government to intervene in the economy, but the lack of it."[5]

Finally, this heralds a revival of the much older *Classical Liberal Class Theory* and its analysis of the relation of State to Market. More sophisticated than merely a division of society into two classes (of *tax-eaters* and *taxpayers*) based upon a force relationship[6] "it includes, as historian Dr. Stephen Davies explains,

> the notion that 'the main function of the State is to preserve the privileges and power of those who are already rich'. In other words, politics largely consists of a process by which those who are at the top of the greasy pole manipulate and control free exchange, free production ... in order to preserve themselves in their positions, and to protect themselves from competition by ambitious

> outsiders ... So that the theory does not just include what you might call 'obviously unproductive classes' such as aristocrats or clergy. It also includes people who are putatively productive but whose position is largely sustained and articulated through control of the political process.[7]

Conclusion

In evaluating any proposed intervention in the market it seems only natural to postulate that such public policy changes must achieve more satisfactory outcomes. Unfortunately for the advocates of etatism, the

> scientifically-based (i.e., *justified*) public policy, a dream that has grown ever larger since the Enlightenment and which, perhaps, has reached its apogee towards the close of our own century, is a myth, a theoretical illusion. It exists in our minds, our analyses, and our methods only because we seek to find it and, typically, we tend to find that which we seek.[1]

The voluntary interaction between individuals that is the heart of the market order arises because both parties to any trade expect, at least *ex ante*, to gain from it. Though their dreams might be disappointed, their choice to trade (or abstain) rests upon their individual estimation of imagined future returns. If the initial distribution of property titles was just, then that distribution arising through voluntary transactions must also be just. "Coercive intervention, on the other hand, signifies *per se* that the individual or individuals coerced would not have done what they are now doing were it not for the intervention."[2] Thus, as soon as the State intervenes to regulate or prohibit some trades, whilst enforcing others,

> the fact that interpersonal utilities cannot be added or subtracted prevents economics from saying anything about social utility. Any statement about social utility would, in the absence of unanimity, imply an ethical interpersonal comparison between the gainers and the losers from the trade.[3]

Therefore, in conclusion, the only 'arts' policy acceptable with the arguments advanced is one of absolute laissez-faire, with no State intervention in the 'arts', contrary to Dr. Gray's fantasies. For if there were such interventions, arbitrary power would then be unleashed and the nightmare world of censors and book-burning in Ray Bradbury's *Fahrenheit 451* would be established. There can be no unbiased State official whose power would long stand uncorrupted, and whose *positive* actions would not serve to promote a particular culture more offensive in the reader's opinion than the withering of their own. Neil Peart, the lyricist of the Canadian rock group *Rush*, in his comparison of contemporary Canadian culture (the Maples) with American (the Oaks) eloquently expresses these sentiments. In a song, entitled *The Trees*, conflict erupts between the two cultures because of the former's insistence that they are endowed with certain economic rights to be fulfilled at the expense of the Oaks who, in other respects, are more successful at competing for sunlight. The conflict ends only when violent, Procrustean legislation, to secure 'social justice' for the Maples, is enacted:

There is trouble in the forest
And the creatures all have fled,
As the Maples scream 'Oppression'
And the Oaks just shake their heads.

So the Maples formed a Union
And demanded equal rights.
'The Oaks are just too greedy
We will make them give us light'.

Now there's no more 'Oak Oppression'
For they passed a Noble Law.
And the trees are all kept equal
By hatchet, axe and saw.[4]

ENDNOTES:

Introduction

1. John Gray, *Limited Government: A Positive Agenda* (London: Institute of Economic Affairs Hobart Paper 113, 1989): p. 74, (emphasis added).
2. Wilhelm von Humboldt, *The Limits of State Action*, (Cambridge: Cambridge University Press, 1969; [written 1791-92, first published 1854]): p. 23-24, chapter 3: "On the solicitude of the State for the positive welfare of the citizen".

Art, Subjectivism and Interpretation

1. Ludwig M. Lachmann, "Methodological Individualism and the Market Economy", in Erich Streissler ed., *Roads to Freedom: Essays in Honour of Friedrich A. Von Hayek*, (London: Routledge and Kegan Paul, 1969): p. 95.
2. Ludwig M. Lachmann, "Sir John Hicks as a Neo-Austrian", *South African Journal of Economics* 41 (September 1973): p. 204, cited by Israel M. Kirzner, "On the Method of Austrian Economics", in Edwin G. Dolan ed., *The Foundations of Modern Austrian Economics*, (Kansas City: Sheed and Ward, 1976): p. 41.
3. An interesting exchange occurred upon this point between the late Professor Jack Wiseman and Chris R. Tame when the latter presented a paper, entitled "Libertarianism and the Arts", at the York University Freedom Society's TANSTAAFL Seminar, March 17th 1990, University of York. In the ensuing dialogue Wiseman stressed the subjective nature of an individual's appraisal of what constitutes 'good' or 'high' 'art' with choice and colourful examples (such as canine fecal matter smeared on walls) as opposed to some objectivist definition of the good.
4. This is the problem with which Alfred Schutz, a participant in Mises famous private seminar in Vienna, grapples with in his

excellent introduction to what might be described as "interpretive sociology", *The Phenomenology of the Social World* (London and Edinburgh: Heinemann Educational Books Ltd, 1972; [1932]. Schutz's project combined the *methodological individualism* of Max Weber, the method of *Verstehen* or understanding, and the *phenomenology* (or the philosophy of the common-sense world) of Edmund Husserl in an attempt to create a better interpretive framework by which the sociologist or observer of human action might come to understand the subjective meanings that phenomena of the social world have for others.

Taxation Versus Art

1. Gray, *Limited Government*, p. 74.
2. *Ibid*, p. 74.
3. "Certainly, the present tax regime makes private support for the arts, for example, expensive and difficult ...", Gray, *ibid*, p. 74.
4. Bertrand de Jouvenel, *The Ethics of Redistribution*, (Indianapolis: Liberty Press, 1990; [Cambridge University Press, 1952]): p. 35.
5. De Jouvenel, *Redistribution*, p. 43.
6. John Gray, Introduction, *ibid*, p. xiv.
7. Gray, Introduction, p. xiv.
8. From the Introduction, Richard M. Ebeling ed., *Money, Method, and the Market Process: Essays by Ludwig von Mises*, (Norwell, Mass.: Kluwer Academic Publishers, Praxeology Press of the Ludwig von Mises Institute, 1990): p. xix, and which is perhaps the best overview of Mises's arguments, their foundations and implications. See also Ludwig von Mises, "Middle-of-the Road Policy Leads to Socialism", from *Planning for Freedom*, (South Holland, Illinois: Libertarian Press, 1952): p. 18-35.
9. Gray, *Limited Government*, p. 74.
10. Humboldt, p. 24. And also how: "the evil results of a too extensive solicitude on the part of the State, are still more strikingly shown in the suppression of all active energy, and the necessary deterioration of the moral character. This scarcely needs further argument. The man who is often led, easily becomes disposed willingly to sacrifice what remains of his capacity for spontaneous action" (p. 25).

Subsidy, Art, and the Politics of Patronage

1. Henry Hazlitt, *Economics in One Lesson*, (Westport, Connecticut: Arlington House Publishers, 1979 [1946]).
2. Frederic Bastiat, "What Is Seen and What Is Unseen", in *Selected Essays on Political Economy*, George B. de Huszar, ed., (Irvington-on Hudson, New York: The Foundation For Economic Education, Inc, 1975).
3. Hazlitt, *Economics*, chapter IV, p. 40-48.
4. *Ibid*, p. 41.
5. *Ibid*, p. 42-43.
6. *Ibid*, p. 43.
7. De Jouvenel, *Redistribution*, p. 43.
8. See above for the exchange between Tame and Wiseman, above, note 3 to "Art, Subjectivism and Interpretation".

Art, Public Goods and the State

1. There is an alternative conception of the 'culture' of the market order, a conception constituted from that very framework of laws and customs facilitating voluntary exchange. Thus should individuals be forced to learn about the institutions of the market order so as to replenish the foundations of that society? Gray clearly does not pitch his argument at this level. But, even if he were, a fatal contradiction is clearly apparent. If people were forced to learn about freedom, that their property in person, time and resources were violated to teach them about the inviolability of inalienable natural rights, then such 'replenishment' would be a farce for 'who would guard them against the guardians'? As in *The Prisoner*, so secret conspiracies would wield the power of the State for *their* ends, ends not usually coincident with those of the 'people'. Moreover, not only does even this wider conception of the market order as representing the ultimate, and perhaps only, case of a 'public good' fail to pass the unamnity test (i.e., 'do thieves and murderers respect and value it?', 'and as for the socialist revolutionary ...?') but it also fails to establish the need for the State. As Bruce Benson shows (see his excellent *The Enterprise of Law: Justice Without the State* (San Francisco: Pacific Research Institute for Public Policy, 1990)) all too often the privately and voluntarily evolved legal systems (i.e., market institutions that define and protect market institutions) have been perverted and displaced by the State for reasons of conquest: power, prestige, and wealth. See also, in this regard, Murray Rothbard's *The Anatomy of The State* (first published in the *Rampart Journal of Individualist Thought*, Vol. 1, No. 2, Summer 1965); Franz Oppenheimer's *The State*, (New York: Vanguard Press, 1926); and Albert Jay Nock's further articulation of Oppenheimer's themes in *The State*, the *Freeman*, June 13 and June 20, 1923, (reprinted in Charles H. Hamilton ed., *The State of the Union: Essays in Social Criticism by Albert Jay Nock*, (Indianapolis: Liberty Press, 1991): p. 222-9).
2. Gray, *Limited Government*, p. 74.

Regulation and State Action

1. Israel M. Kirzner, "The Perils of Regulation: A Market-Process Approach" in *Discovery and the Capitalist Process*, (Chicago: University of Chicago Press, 1985), p. 123.
2. John Blundell, "Privatisation - by Political Process or Consumer Preference?", *Economic Affairs*, October/November 1986, (p. 59-62): p. 60.
3. *Ibid*, p. 61.
4. George Stigler, "The Theory of Economic Regulation", *Bell Journal Of Economics and Management Science*, (1971), Vol. 2, No. 1, (p. 3-21): p. 3.
5. Gabriel Kolko, *The Triumph of Conservatism*, (New York: Free Press of Glencoe, 1963), cited by Sam Wells, "The Regulatory-Industrial Complex", in Llewellyn H. Rockwell, Jnr, ed., *Essays in the Economics of Liberty: The Free Market Reader*, (Ludwig von Mises Institute, 1988): p. 318; see also William Leggett's "The Reserved Rights of the People", *Evening Post*, December 13, 1834, (reprinted in *Democratick Editorials: Essays in Jacksonian Political Economy by William Leggett*, Compiled, Edited, and with a Foreword by Lawrence H. White, (Indianapolis: Liberty Press, 1984): p. 7-11, attacking legislation, enacted in the 'public good', favouring special interests
6. As Dr. Stephen Davies explains, this theory was originally designed to criticise the distribution of property titles under the Ancien Regime on the basis of social justice, by separating property titles between that justly acquired (by homesteading previously unowned resources from the state of nature, by trade or by gift), from that unjustly acquired (by use or threat of violence, i.e., by taxation, occupation and enslavement). Consequently, there were two classes the productive and the unproductive corresponding to what Franz Oppenheimer respectively termed the "economic means" for the satisfaction of wants and the "political means". (From a lecture entitled "Classical Liberal Class Theory", given at York University Freedom Society's TANSTAAFL Seminar: A *festschrift* in honour of Professor Jack Wiseman, March 2nd 1991, University of York.)
7. Davies, *ibid*.

Conclusion

1. Robert Formaini, *The Myth of Scientific Public Policy* (New Brunswick (USA) and London (UK): Transaction Publishers, Social Philosophy and Policy Centre, 1990): p. 1.
2. Murray N. Rothbard, *Power and Market: Government and the Economy*, (Kansas City: Sheed Andrews and McMeel, Inc, Institute for Humane Studies and Cato Institute, 1969): p. 13.
3. Murray N. Rothbard, "Toward a Reconstruction of Utility and Welfare Economics", in Hans F. Sennholz ed., *On Freedom and Free Enterprise: Essays in Honour of Ludwig von Mises*, (Princeton: Van Nostrand, 1957): p. 244-245.
4. Rush, "The Trees", from their album *Hemispheres*.