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**Cultural Policy and the Integral State:  
A Gramscian Analysis of Arts Funding**

The subsidised arts occupy a precarious and contested space in Australia. Since the first federal arts funding body, the Australian Council for the Arts, was established in 1968, this sector has been the site of seemingly endless debate about the value, relevance, and cost of the arts to the Australian public. Over the past four decades, as neoliberalism has sedimented as the hegemony of advanced capitalism, these debates have been subsumed to an economic rationalist framework. In the cultural policy arena, this has seen a reimagining of the arts and cultural sector as a “creative industry”, in which access to public funding has been made contingent upon artists’ adherence to market imperatives such as audience demand, profitability, and the potential for international export. Of course, this shift has not been exclusive to the arts sector. Since the 1970s, key principles of neoliberal ideology—including the alleged minimisation of government regulation and expenditure; the widespread installation of market mechanisms into all areas of society; and the mass privatisation of public assets—have colonised Australian public policy. One major effect has been a protracted decline in state subsidisation of social programs spanning sectors such as health, education, welfare, and the arts.

While those working in the subsidised arts have faced their fair share of funding crises in the past decade, the seismic impact of the pandemic on the arts sector brought the limits and contradictions of neoliberal ideology to the fore (for specifics on this industrial impact, refer to the Australian Bureau of Statistics 2020). Those invested in the value, sustainability and revitalisation of the arts have since scrambled for solutions. Within this context, vociferous defenders of arts subsidy have stressed the responsibility of state and federal governments to provide the material and structural aid necessary to rescue the sector from existential crisis. Among their solutions are calls for a government that sees the value of the arts to Australian society (Meyrick 2021); a

Council-adjacent federal ministry that actually bears the word “Arts” in its name (Caust 2022, 40–42); an overdue boost in Commonwealth funding allocation (Enoch 2021); and a new cultural policy (Meyrick, Schultz, and O’Connor 2020). Some of these requests have since been met with the release of the federal Labor government’s cultural policy, *Revive: A place for every story, a story for every place* (Department of Infrastructure, Transport, Regional Development, Communications and the Arts 2023), Australia’s first federal cultural policy in a decade and that is focused on the revitalisation of the arts after the pandemic. However, implicit to each of these solutions is an assumption that, whatever its form, increased government intervention into the arts will produce inherently positive outcomes for the sector. This assumption is not historically supported. On the contrary, the history of the subsidised arts in Australia is virtually characterised by its unstable relationship with the government agencies that fund them, and this is the result of an innate structural antagonism between a sector that relies on public funding in a policy context of advanced neoliberalism.

This article analyses two previous instances of major government intervention in the arts: the release of Australia’s first federal cultural policy, *Creative Nation* (October 1994); and Victoria’s former state cultural policy, *Arts 21* (November 1994). As with *Revive*, these policies emerged from a context of economic recovery, resulting in an official reimagination of the arts in terms of its productive and economic potential, in which subsidy became inextricably linked with neoliberal strategies of accumulation. This paradigm shift for cultural policy held major implications for artists that struggle to meet the imperatives of neoliberalism. In this article, I will demonstrate how these two cultural policies highlight a structural antagonism between subsidised arts and what Antonio Gramsci terms “the integral State”. I argue that a strong generative theorisation of the State is vital to reframing discourses of subsidy along historical, material, and class lines. To do so requires a broad view of Australian society that spans far beyond the microcosm of the subsidised arts. In what follows, I will provide a framework for State theory informed by Gramsci’s conception of the “integral State”. I will then provide a brief history of Australian neoliberalism that identifies key moments that have contributed to the sedimentation of neoliberal hegemony over the past four decades. Finally, a critical interrogation of *Creative Nation* and *Arts 21* will demonstrate how policy has been deployed to coerce the subsidised arts toward the imperatives of neoliberalism.

### **Defining “The State”**

Despite extensive scholarship analysing the relationship between the Australian arts and the government who funds it, “the State” as a structure remains critically under-theorised.<sup>1</sup> In the Australian context, failure to theorise the State has had four main effects: firstly, this has perpetuated a false dichotomy between the country’s two main political parties, in which it is suggested that the so-called social democratic policies of the Australian Labor Party are more favourable to the arts than what is expected of the conservative Liberal-National coalition (see Johanson and Glow 2008); secondly,

emphasis is consistently placed upon the discontinuities between different governments and their respective policies rather than the commonalities between them; thirdly, cultural policy is regarded as exogenous to neoliberalism rather than an endogenic product of the State; and finally, cultural policy is often analysed in abstraction from political society's activities in other areas of civil society. To address these issues, there is a need to identify the structural logic that accounts for why the subsidised arts have remained a locus of political struggle for the past six decades.

Such a logic can be found in Marxist philosopher Antonio Gramsci's theory of the "integral State". In capitalist society, Gramsci delineates between two spheres of social activity: civil society, that is, social interests and relations; and political society, the sphere governed by political apparatus, that is, the government (see Buttigieg 1995, 12–13). Although the term "civil society" has come to be commonly interpreted as denoting ideas of "the private sector", for Gramsci, this is more accurately understood as the sphere of hegemony. In modern, purportedly democratic societies, Gramsci argues, a ruling class does not securely entrench itself through violent and coercive domination of the masses, but through the creation and dissemination of a powerful, complex *formamentis* that crystallises into the dominant culture of that society (see Buttigieg 1995, 12–13). Hegemony is defined by Gramsci as both the unity of economic and political aims, and "intellectual and moral unity . . . on a 'universal' plane" (1971, 181–82). The politico-juridical instruments available to political society, such as policy, are designed in order to support and maintain that cultural hegemony. Class structure, therefore, is continually reproduced through careful mediation of coercion (direct domination) and consent (hegemony) within the spheres of civil and political society (for detailed explanations of these terms, see Buttigieg 1995; Davies 2010, 15–18; Humphrys 2018, 19–35). What is crucial to understand, both for reading Gramsci and for the analysis that follows, is that these two spheres do not exist in abstraction, but in "dialectical unity" (Thomas 2009, 69 in Humphrys 2018, 31), whereby they are *enwrapped* by the State. This relationship is what informs Gramsci's conception of the *integral* State as including:

. . . elements which need to be referred back to the notion of civil society  
 . . . in the sense that one might say that the State = political society + civil  
 society, in other words hegemony armoured with coercion. (Gramsci  
 1971, 263; Q6 §88)

Through this lens, the State is understood not as a top-down institution of power that simply sits above civil society, but as a

complex of practical and theoretical activities with which the ruling class  
 not only justifies and maintains its dominance, but manages to win the  
*active consent* of those over whom it rules. (Gramsci 1971, 244; Q15 §10  
 [my emphasis])

To put it another way, Gramsci conceives of the State's function as that of capital accumulation, whereby both the dominant hegemony of civil society and the regulating instruments of political society enforce the reproduction of capitalist social relations.<sup>2</sup> Moreover, it is important to emphasise the notion here of *active consent*, and stress the dialectical complexity of the ways in which consent is both manufactured by the State and exercised "freely" by agents within civil society. Gramsci's theory of hegemony rests on the fact that a democratic society cannot operate under a regime of direct domination, and therefore the active consent of civil society is crucial to the reproduction of dominant class rule. The political structures within the State must be seen to serve the interests of that society and, as such, "the dominant group is coordinated concretely with the general interests of the subordinate groups" (Gramsci 1971, 182). Therefore, as Aslin Daldal summarises, "the main problematique [sic] of the State is to incorporate the will of each single individual into the collective will turning their necessary consent and collaboration from 'coercion' to 'freedom'" (2014, 156). This means that hegemony or, indeed, culture is the crucial mediating factor within civil society that generates this "active" consent to maintain the structural status quo.

This conception of the State has major implications for thinking through issues related to cultural policy. Specifically, a generative theory of the State as the *integral* State, and, importantly, *as distinct from the government apparatus* demands a reappraisal of the parliamentary system and the role of policy in the first place. This requires a generative approach to understanding the actions of government and the function of policy; that is, a means of interpreting how these instruments *generate* a complex, dialectical class structure (see Connell 1977, 3). Without a generative approach, even the most critical, rigorous analysis of cultural policy will inevitably reproduce an abstracted narrative, in which the historical correlates and consequences of policy decisions are erased, and the government's activities are reduced to the actions of a mere few. For example, while Jen Harvie's *Fair Play: Art, Performance, and Neoliberalism* (2013) demonstrates the pernicious effects of neoliberal ideology on both cultural policy and production in the UK, she limits her analysis to a categorical identification of policies that are recognisably "neoliberal" rather than recognising neoliberalism as a complex hegemonic process riddled with inherent contradictions. As Elizabeth Humphrys explains, the issue with such an approach is that it:

. . . seeks to locate a 'typical' neoliberalism based on the dominant narrative . . . and, when failing to find a match to this ideal type, declares successive . . . governments decidedly non-neoliberal. This approach fails to understand how neoliberalism emerges and operates 'among its others', and instead sees the existence of any Keynesian policies or framework as 'proof' against the existence of a corporatist neoliberalism. (2018, 75–76)

As in the case of Harvie's analysis, this categorical handling of both neoliberalism and the State results in a reification of bourgeois democracy, in which the proposed solutions

(such as policy reforms; new leadership; increased funding) do little to assist the arts sector, and, instead, reinforces a bounded rationality that maintains the hegemony of political society. To put it another way, by focusing on policy in abstraction from the activities of civil and political society, the structural logic of the State is obfuscated and the factors external to the policy sphere remain unaccounted for. Although Harvie's account illuminates the significant policy moments that have securely entrenched neoliberal ideology into arts funding programs, without a theoretical framework for understanding the State, as well as hegemonic shifts in dominant strategies of accumulation, the broader logic accounting for the continuities between different governments remains unresolved. As will be demonstrated in what follows, activities within civil society and, more specifically, within the subsidised arts, do not neatly respond to the demands of policy, nor are the politico-judicial instruments available to political society neither neutral nor indifferent to class relations. Rather, by understanding the *dialectic* of the State/civil society relationship, the structural processes that make up the complex state of the subsidised arts can be identified.

### **Background to Australian neoliberalism**

Elsewhere in the anglosphere, the dominant narrative of neoliberalism is defined by its implementation from conservative governments, most notably, the Thatcher government in the UK (1979–1990) and the Reagan administration in the US (1981–1989). In Australia, the advancement of neoliberalism that occurred predominantly throughout the 1980s was carried out by the social democratic Labor governments of Bob Hawke (1983–1991) and Paul Keating (1991–1996) (see Pusey 1991; Humphrys 2018). As with other advanced capitalist nations, Australia had experienced a long period of economic prosperity throughout the post-war years. By the 1970s the benefits of the long boom had tapered off, giving way to a sharp rise in inflation and unemployment that resulted in a decades-long period of economic crisis. Attempts to curb the effects of this crisis significantly transformed Australia's industrial landscape. In order to suppress skyrocketing inflation, the Whitlam government reduced tariff protection by an unprecedented 25 per cent, which coupled with the ongoing process of deindustrialisation throughout the Whitlam and Fraser years, had the adverse effect of increasing unemployment levels (Humphrys 2018, 77–91; Bentley 1974, 377–82; Singleton 1990, 27–49). Importantly, these policies represented significant shifts away from the protectionist and interventionist policies of the past, toward an international, deregulated, market-based approach to economic management. By the time the Hawke Labor government was elected in 1983, Australia had experienced six economic recessions in the preceding decade (Humphrys 2018, 78); yet, as Damien Cahill asserts:

neoliberalism did not simply arise organically out of the crisis of the welfare state from the 1970s onward. Rather, the economic crisis of the 1970s provided the context for a mobilization by capital (its financial component, in particular) to impose its will upon state policymaking, and

to overturn and dismantle many of the key institutions, alliances, and social truths that had characterized the post-World War II capitalist order. (2007, 222)

To address the deepening economic crisis, Hawke required more radical, structural reforms than what his predecessors could deliver (Humphrys 2018; Pusey 1991; Hampson and Morgan 1999). Major reforms included the floating of the Australian dollar to international exchange rates; widespread privatisation of government services; and the establishment of *The Prices and Income Accord*: a tripartite agreement between the Australian Council of Trade Unions (ACTU), the Business Council of Australia (BCA) and the federal government that targeted industrial relations as the locus of economic recovery. While there is not scope here to discuss these policies in greater detail, such moves were instrumental in the advancement of Australian neoliberalism (see Humphrys 2018; Wright 2014; Collins and Cottle 2010; Cahill 2007; Hampson and Morgan 1999, 763–84). For the purposes of this discussion, the salient feature of these policies is their support for private capital. Indeed, as Joe Collins and Drew Cottle observe, “[whereas] in the post-war era the state pursued public works on behalf of expanding industrial interests, the Hawke-Keating governments restructured industry to increase productivity in favour of private firms” (2010, 33).

With national manufacturing industries in decline, the government’s emphasis turned toward stimulating “sunrise industries” such as education, technology, tourism and, indeed, the arts: industries that would modernise Australian productivity and, importantly, elevate the nation’s competitive position in the international market (Johanson 2008, 145; Gardiner-Garden 2009, 33). This brought about new and difficult imperatives for the arts. As Katya Johanson details, historically, the arts sector had a fraught identification with the term “industry” (2008). Throughout the 1960s, public subsidy was justified on the grounds that the arts were a faltering industry in need of government intervention (Johanson 2008, 141). In the 1970s, when the Industries Assistance Commission’s (IAC) inquiries into the performing arts recommended that subsidy was an inefficient means of supporting the sector, arts workers and bureaucrats alike scrambled to preserve the existence of the young Australia Council and sought to distinguish themselves not as an industry, but as a unique public good (Johanson 2008, 144). By the 1980s however, within the policy context of supporting the so-called sunrise industries, Johanson observes that “cultural policy makers really began to regularly use the term ‘arts industries’ and then ‘cultural industries’” (2008, 145). What is evident from Johanson’s analysis is that the arts sector, often represented by way of the Australia Council, strategically invokes the term when it holds value within the funding policy of the day.

Throughout the Fraser years the Australia Council had survived three IAC inquiries, a McKinsey & Co. audit, and savage “razor gang” budget cuts of up to 40 per cent (Macdonnell 1992, 210). By the early 1980s, it had become an “*aporia*”: a body caught in cyclical, dialectical debates about its value, purpose, and, as always, its cost (Meyrick

2017, 61). Although some of the Council's funding was restored under Hawke, these funds came with new modes of accountability for the Council and its applicants. Julian Meyrick describes this as a transformative era of bureaucracy and managerialism in the Council's governance, from which came the proliferation of matriculation, financial accountability, artistic administration, and organisational reporting now commonplace in the subsidised arts (2017, 60–62). This was consistent with the doctrine of economic rationalism synonymous with the Hawke and Keating governments, the ramifications of which are captured by Meyrick in the following passage:

As the government became involved in arguments about the arts, their type and value, it was drawn into adjudicating the debate. At first reluctantly, later less so, it began to lead it: setting parameters, specifying outcomes, stipulating how these would be measured. . . . Artists were caught in a double bind. Even as they argued for more public support for their activities, they called into being the force that would legitimate and control them. . . . Henceforward, the government and the artist collapse into a single figure. Creative ideas *of* art—theatre as specific, irruptive event—and official ideas *about* culture—theatre as aggregate, bureaucratic function—merge into one State-managed whole. (2017, 60–62)

Indeed, *Creative Nation* is the result of this shift.

### **Creative Nation**

Upon assuming the role of Prime Minister in December 1991, Keating expanded upon the economic and industrial reforms that he had overseen throughout his time as Treasurer in Hawke's cabinet. Early on in his first term, Keating began the process of developing Australia's first official federal cultural policy, *Creative Nation*. Throughout the 1980s the arts had never ranked highly in the priorities of the Hawke-Keating government. Therefore, in order to garner sectoral support for the new policy, Deborah Mills recalls that "Keating . . . embarked on a deliberate plan to woo the arts sector" and generate consent for this new cultural policy (Mills 2020, 135). As an example of his courtship, Mills describes a lunch hosted by Keating for the artists at the 1992 Adelaide Festival. From a 2017 interview with former festival director Rob Brookman, Mills notes that, for many arts workers, this was seen as:

part of a calculated strategy to engage the arts sector in campaigning for Labor with 'Keating's campaign managers going out and seeking high profile individuals to be in support' rather than: 'a whole lot of arts organisations or arts advocacy bodies getting together and saying we're going to run this campaign behind Paul Keating'. (2020, 136)

Humphrys' description of Keating's political position at the time brings some nuance to this perception. In the 18 months prior to Keating taking office, Australia had been in a sustained period of economic recession. In his capacity as Treasurer, Keating had maintained his economic rationalist stance and infamously proclaimed that this downturn was "the recession Australia had to have". By the time he took over as Prime Minister, his approval rating had waned considerably. As Humphrys argues, Labor's unexpected win in the 1993 election can, in large part, be attributed to Keating's pivot from campaigning on a:

positive espousal of the neoliberal agenda . . . [to] a more traditional social democratic agenda around job creation and tax cuts for workers. . . . He was able to create sufficient distance between the 'social democracy' of the ALP and the 'free-market' agenda of the Liberal Party, despite Labor's clearly neoliberal agenda up to that time. (2018, 103–4)

*Creative Nation* was released in October 1994. The document is divided into fifteen sections that each detail the federal government's policy, strategy, and funding commitments to different aspects of art and culture. It paints a rich picture of the diverse range of practices and institutions that will benefit from this billion-dollar investment, while, remarkably, giving no recognition to their specific needs. Instead, each area is compelled toward a set of market imperatives that emphasise audience development, technological innovation, marketing, private benefaction, and international export. In Mills' summation, *Creative Nation* only had "one big idea: creative industries" (2020, 152). Indeed, Keating's own introduction to the document makes his economic interests in the sector clear:

This cultural policy is also an economic policy. Culture creates wealth . . . Culture employs . . . Culture adds value, it makes an essential contribution to innovation, marketing, and design. . . . The level of our creativity substantially determines our ability to adapt to new economic imperatives. It is a valuable export in itself and an essential accompaniment to the export of our commodities. It attracts tourists and students. It is essential to economic success. (Department of Communications and the Arts 1994, 7)

Some areas of the arts sector found clear alignment with these new economic imperatives. In particular, the country's so-called flagship performing arts organisations were to greatly benefit from what Mills observes as the policy's conflation of "artistic excellence" with "*companies of excellence*" (2020, 148). In recognition of their status as "significant business enterprises", from April 1995, these companies—as well as their funds—were transferred from the Performing Arts Board of the Australia Council into a new, bespoke Major Organisations Board.<sup>3</sup> These fifteen "major" companies, including The Australian Ballet, Australian Chamber Orchestra, Melbourne Theatre Company, Musica Viva, Opera Australia, and the Sydney Theatre Company were to now be funded



on a triennial, rather than an annual, basis (Australia Council AR 1995, 15). Such an arrangement has been variously interpreted as an example of Keating funding his own cultural preferences (Mills 2020, 149; Meyrick 2017, 214), an impression largely established as a response to Keating's own Council-adjacent Australian Artists Creative Fellowships program, which had the reputation of funding artists personally favourable to the Prime Minister (see Gardiner-Garden 2009, 46). Within the context of austere "economically rational" policy rhetoric, it may seem that the increase in government funding provided to these companies, and indeed to the arts and cultural sector at large, contradicts the core principles of "small government" neoliberalism. However, this is a practice not only consistent with, but vital to, the machinations of the integral State and one which has been crucial in the ascension and implementation of Australian neoliberalism. As Cahill explains:

[a] defining feature of actually existing neoliberalism is the transfer of resources from public services to private providers. . . . In recent years, . . . Australia has witnessed increased subsidies from the state to private education and private healthcare while public schools and hospitals are increasingly starved of resources. The reality, therefore, of neoliberal markets . . . is, in effect, state subsidisation of the already privileged while the rest make do with an ailing, underfunded public system. (2007, 225–26)

So it is with the arts under *Creative Nation*. Mills argues that these so-called reforms for the major organisations were little more than an official mandate for a long-established practice of quarantining the flagships from competitive funding (2020, 148–49; see also Macdonnell 1992, 325; Caust 2019). For some perspective, in 1985, one quarter of all Australia Council funds were given to the Australian Opera, The Australian Ballet, and the Sydney and Melbourne Elizabethan Theatre Trust orchestras (Gardiner-Garden 2009, 9). A decade on, following the establishment of the Major Organisations Board, the fifteen "major" organisations received 18 per cent of all Council funding for arts support programs, 38 per cent of which was provided exclusively to The Australian Ballet in the year 1994/95 (Australia Council AR 1995, 70, 90). For those small-to-medium organisations and, in particular, for individual artists, funding was to be made contingent upon clear alignment with the policy's economic imperatives, and applicants who showed themselves to be enterprising would be rewarded. Even so, John Conomos (1996) makes a compelling argument in relation to *Creative Nation's* heavy emphasis on innovation with "new technologies". In his view, the policy fails to recognise and materially support the avant-garde and marginalised alternative artists that have played crucial roles in developing a technological creative form and aesthetic. Instead, he argues, the policy's "underlying drive [is] to promote a cultural policy concerning multimedia almost solely in terms of capital, industry and technology" while "most of the documents' budget allocations [go] to our arts flagship organisations and their interpretive cultural agendas" (Conomos 1996, 117; 121). In this sense, *Creative Nation* reveals the ways in which the integral State deploys its legislative mechanisms to

encourage specific kinds of practice (for instance, in its clear preference to fund organisations over individuals) and, in addition, to subsume aspects of civil society to the market.

The most significant of *Creative Nation's* changes relate to the Australia Council. In the lead up to the policy's release, both the Minister for Arts and the Prime Minister stressed that federal funding for arts and culture was to increase by 12 per cent (Gardiner-Garden 2009, 35). While the policy pledged an increase of approximately \$26 million in federal funding over four years to the Australia Council, Gardiner-Garden notes that of this federal allocation, the Council's arts grants program was in fact reduced by 1.42 per cent (\$733,000) to \$50.8 million in the 1994 Budget (2009, 35). These funding preferences demonstrate the complex interplay of coercion and consent intrinsic to this kind of policy: a billion-dollar investment into the country's arts and culture is of course a welcome injection of funds for a sector often marginalised in government priorities; but it is significant that this funding was not administered to the body in charge of putting money in the hands of artists. While the policy claims that "[financial] support to the arts is dominated by funding to the Australia Council of \$59.2 million in 1994–95", it must be noted that this was still less than 6 per cent of the government's total intended cultural expenditure. In fact, *Creative Nation* appears to regard the "arm's length" grant-giving body with a general disdain. The revised role of the Council is detailed across four full pages that collectively paint a very compromised picture of statutory authority. At the same time as recognising the Council as "one of this country's most important cultural resources", the section is laden with references to its deficiencies in areas of private funding, audience development, and application assessment. It stresses the Council's "urgent" need to switch from supply to demand variables. Of the eight measures introduced for the Council, only one directly relates to the support of arts practice through the funding of a creative fellowship scheme. The remaining seven are mainly concerned with demand variables: four pertain to marketing and private fundraising; two are regarding the new arrangements for the major organisations noted above; and the last elevates the role of Council Chair to a full-time executive position. Peter Cole-Adams captures the sectoral response to these demands, lamenting at the time:

. . . how, on that amount of extra money, [can the Council] possibly achieve the task laid down for it: to deploy increased resources to audience development, 'linkages with broadcasting technologies', marketing, sponsorship stimulation and international export development while simultaneously helping more artists, performers, writers and organisations? (1994, 5)

It is crucial to note that the kinds of criticisms laid against the Council in *Creative Nation* did not exist in a vacuum. This was an era in which neoliberal advancement required the restructuring, or, in some cases, dismantling of key institutions seen to impede on its imperatives (for example see Humphrys 2018). The Australia Council was one such target, certainly in large part due to the fact its very existence as a public grant-giving

body is inimical to neoliberal aims. But as the body in charge of placing money into artists' hands, the Council became a locus for disciplining labour reliant on public funds. Therefore, at the hegemonic level, *Creative Nation's* criticism of the Council must be read as a coercive act in service of breaking arts workers' ties to the Council, and this was carried out through reform to both the Council's policy and funding in order to force artists into practice that is not reliant on government support. The policy is hardly coy about this, either. It makes clear that "the next generation of arts funding must be a better combination of private and public, not because the Government wishes to reduce its outlays in this area—but to meet the needs of the arts community if it is to play the role we expect of it in the country's future development" (Department of Communications and the Arts 1994, n.p.). Of course, as noted above, the government *did* reduce its outlay in this area, and it was not lost on arts workers in the wake of this policy that the majority of these increased funds were going to building works and not individual artists (for example, see Hefner 1994, 4). Although funding is perhaps among the more overt tools of coercion available to the State, at the hegemonic level this occurs far more covertly. Indeed, as Joe Penny argues:

. . . '[just] as consent ranges from passive and grudging to active and enthusiastic, so compulsion is a continuum from bureaucratic impediment to all out war' (Davies 2010, 18) . . . [this] means recognising that coercion is not epiphenomenal, but a routine part of the day-to-day governance of cities and the micro-politics of everyday life, especially at the interface of the local state, the market and civil society. (2017, 1356)

This can be seen in the policy's regard for peer assessment. Peer assessment was first introduced in the early 1970s by the Whitlam government on the understanding that artists ought to have authority to self-determine the direction of their field. While the democratic efficacy of the peer assessment model can, and ought to be, debated elsewhere, this practice has played a key role in maintaining artists' support for the continuation of the Australia Council throughout successive decades of government attacks. Only two decades on from the introduction of peer assessment, *Creative Nation* deems this model inefficient and inflexible; an impediment to meeting "the new requirements of its role" (Department of Communications and the Arts 1994, n.p.). Similarly, the artform board structure is rendered too rigid to address "audience and sponsorship development" (Department of Communications and the Arts 1994, n.p.). This is not to uncritically suggest these arrangements are pillars of democracy and beyond reproach—certainly, Gramsci would not agree with such a view—but to expose the myths of neoliberal rhetoric and the State more broadly. To put this into perspective, at the same time *Creative Nation* was arguing a reform of peer assessment on the grounds of making the Council "more flexible and suitable for future needs", Keating was making an almost identical claim for "a more flexible system of enterprise bargaining", in which a curtailing of union influence was posited as the only means through which "the wage system [could] become 'more responsive to the changing conditions of demand and supply'" (*Parliamentary Debates*, vol H of R 177, p 3067 in Hancock 2012,

291). In both instances, greater “flexibility” is equated with a “rational” reregulation that take artists away from the decision-making of their sector, securing the hegemony of political society. Contrary to claims of small government, deregulation, and a free market, neoliberalism relies upon the State’s coercive and interventionist role in advancing capital accumulation, and this most often relies upon restricting workers’ protections (Cahill 2007, 222). The reforms introduced with *Creative Nation* are to be understood as a part of this hegemonic shift, in which a diminution of the Council’s “arm’s length” influence and authority over the sector was crucial.

## Arts 21

*Creative Nation* represents the official mandate of an industry approach to arts funding. At the state government level, this paradigm was reproduced and further intensified. One month after the release of *Creative Nation*, Victorian Liberal state premier, Jeff Kennett, released his government’s cultural policy, *Arts 21*: a policy described by Hilary Glow and Katya Johanson as “an extreme example of an industry approach to the arts” (Arts Victoria 1994, 1; Glow & Johanson 2007a, 123). *Arts 21* was released as part of Kennett’s sweeping state reform project entitled *Victoria: on the Move*. At the time of Kennett’s election win in 1992, Victoria was battling an economic crisis both nationally and at the state-level. Widespread claims of gross economic mismanagement had plagued the preceding Labor government under Joan Kirner, and Kennett was not shy in exploiting a moral panic about the state’s economic position for his political gain, publicly condemning the Kirner government’s inefficiency, excessive spending, bloated public sector, and trade union affiliation (Bessant 1999, 6). Kennett claimed that the solution was to be found in an urgent restructuring of Victoria at all levels. Between 1992 and 1999, this reform project resulted in the mass privatisation of state-owned assets and services, spanning areas such as education, health, electricity, prisons, and emergency services (for specific case studies see Wiseman 2020; Stanton 2000; Cahill and Beder 2005; Sands, O’Neill, and Hodge 2018); the closure of several hundred government schools (Wiseman 2020); and the retrenchment of over a hundred thousand public sector jobs (Barrett and Blackwell 1998). This massive disinvestment from public spending made a difference to the state’s bottom line, but this was at the cost of immense civil unrest throughout the state of Victoria (Barton and van Onselen 2003, 34).

Within this context, there was an acute anxiety among certain parts of the arts community as to what Kennett’s new cultural policy would mean for the sector. *Creative Nation* had put many small-to-medium companies on notice for the changing direction of arts funding. Under Kennett, the threat was existential. In the lead-up to the policy’s release, Glow and Johanson note that “all the small-to-medium theatre companies . . . had had \$20,000 lopped off their grants” (2007b, 179). Hot on the heels of this devastation came the announcement that the new Crown Casino would be built on Melbourne’s Southbank. This \$1.85b complex was heralded as the city’s new cultural hub—a clear symbol of Kennett’s conflated cultural and economic interests. As one

victim of these substantial funding cuts, Melbourne Workers' Theatre co-founder, Patricia Cornelius, recalls that the timing of the Crown announcement prompted many in the arts community to regard *Arts 21* with "a general suspicion that this huge injection of funds into the arts was actually [to pay] for infrastructure and more bureaucracy, rather than for artists and their projects" (Glow and Johanson 2007b, 179).

It is worth noting what a significant departure *Arts 21* was from the former Kirner government's cultural policy, *Mapping our Culture* (Victorian Ministry for the Arts 1991). *Mapping our Culture* reflects a softer approach to economic rationalism. Its primary objective, to create a "culturally productive society in which all the people have opportunities to participate", both reinforces a creative industries policy framework while maintaining an emphasis on community engagement. Throughout the document the emphasis remains on community-based programs, equitable access to cultural products, and celebrating the state's cultural diversity. Victoria's local communities are explicitly positioned as the desired beneficiaries of this investment into culture. *Arts 21*, on the other hand, makes no mention of community. In fact, Deborah Stevenson observes that "none of the *Arts 21* strategies [include] the word 'culture' or 'art'" (Glow and Johanson 2007b, 178). Rather, *Arts 21* seeks to encourage cultural products for "customers", "audiences", and "tourists", for which international audiences are stated as the target demographic. As Glow and Johanson note, under this policy "Victorians would benefit . . . by the greatness of the state to which they belonged, but their interest in the arts was not deemed necessary" (2007a, 129).

*Arts 21* is comprised of six key strategies "designed to lead Victoria's flourishing arts industry towards the 21<sup>st</sup> century" (Arts Victoria 1994, 1). Taking its lead from *Creative Nation*, the first strategy is concerned with taking Victoria "into the information age" through embrace of multimedia content development (Arts Victoria 1994, 2). The second is to provide "world class facilities", which would be realised through an extensive capital works program to construct or refurbish cultural centres and venues, including the Museum of Victoria and the Convention Centre, with the majority going to the Crown Casino (Arts Victoria 1994, 2). The third is to "create great programming . . . [of] high quality, innovative, and marketable arts and cultural activities" with an emphasis on maintaining Victoria's competitive edge of cultural capital over the other states (Arts Victoria 1994, 2). The fourth strategy relates to leadership and "corporate governance" development in order to "promote industry excellence" (Arts Victoria 1994, 14). The fifth emphasises the importance of "customer-focused marketing" and increasing "cultural tourism" (Arts Victoria 1994, 2; 8). The sixth and final strategy relates to developing cultural products for international export, particularly to Asia (Arts Victoria 1994, 24).

Throughout their critique of the policy, it should be noted that Glow and Johanson do not commit to an inherently negative view of a creative industries framework. In their view, such an approach provides potential solutions to some of the dominant and ongoing issues plaguing Australian cultural policy at large (2007a, 125–26). Firstly, they argue an industry-based funding model that privileges self-sufficiency may offer an impartial

intervention into the historic debates of whether subsidy ought to foster artistic excellence or community-based, accessible work (2007a, 125–26); secondly, artists unable to meet industry imperatives would quickly reduce the overall number of grant applicants and curb long-term reliance on public funds (2007a, 126); and lastly, they stress the most important benefit of an industry approach is that it allows the arts a relevance in the political policy discourse and an opportunity to prove its compliance with government imperatives—“a lifeline in a political context of economic rationalism” (2007a, 126).

There is no doubting the complexities of issues related to arts funding, not least of all because its very existence appears consumed by this perpetual cycle of crisis. However, despite their attempt to find some pragmatic solution to this problem, the suggestions put forth by Glow and Johanson are predicated on a misleading free market mythology that, in practice, can seldom be delivered. The self-sufficiency criterion suggests a meritocratic model in which all applicants have equal opportunity to succeed. This is a common myth perpetuated by proponents of the free market that obfuscates the reality of political and other external intervention. As I have argued, the State necessarily pursues means of capital accumulation, and the legislative mechanisms of political society serve as coercive measures to regulate markets and determine which organisations are supported. In the Kennett era, this is clearly seen in the case of the Crown Casino. Despite heavy regulation against gambling advertisements, in the lead up to the casino’s opening the government spent millions of dollars on aggressive promotional campaigns; built and rerouted major roads to the casino; expanded its customer reach with an expensive rebrand from “Crown Casino” to the more family-friendly “Crown Entertainment Complex”; and when criticised for inciting a state-wide gambling epidemic, the Kennett government responded by defunding the Victorian Council of Problem Gambling (Costello and Campbell 1997, 266).

For the same reasons, it is problematic to suggest that self-sufficiency is a non-partisan alternative to the “excellence” versus “access” debate. The logic behind such a claim is that consumers are free and autonomous to fund the organisations by engaging with the products that best appeal to their tastes. By developing attractive programming and appealing to the widest possible audience, arts organisations should attain self-sufficiency by maintaining a profitable audience demand for their product. It is clear how this approach privileges the major organisations most commonly associated with “excellence”: seldom do community-based, accessible projects generate significant revenue returns, charge high ticket prices, or attract a broad audience demographic; limited funding means that most small-to-medium organisations operate on an individual project basis and struggle to develop and grow their profile and audience without the means to effectively market themselves; and as Jennifer Radbourne astutely observes, “[corporate] sponsors rarely favour individual artists and in a marketing relationship require a maximum audience exposure that small organisations with innovative or unique artistic products are unable to deliver” (1997, 277–78). But even for the most enterprising artist, cases such as the Crown Casino clearly demonstrate that

political society can deploy a range of mechanisms that generate cultural monopolies wherever it has a vested interest. Indeed, as Costello and Campbell observed at the time, “literally, all roads now lead to Crown” (1997, 266). One need only look to the funding arrangements for the major organisations to see the patent contradictions in the creative industries model: the vast majority of public funding continues to go to organisations that despite their disproportionate levels of government support repeatedly fail to demonstrate capacity for self-sufficiency, and this is an arrangement well-protected and regulated by the State under capitalism.<sup>4</sup> It is clear, then, that the notion that an industry approach would incorporate the arts into dominant political discourse is wishful thinking. For more than half a century the Australia Council has proven its willingness to comply with the economic imperatives of the day (Johanson 2008; Macdonnell 1992), and yet despite the substantial contribution that the arts and cultural sector make to the national economy, it remains relegated to the margins of the state and federal agenda.

## Conclusion

As I have argued, the measures outlined in *Creative Nation* and *Arts 21* were in service of subsuming the arts to the market logic of neoliberalism, and this was part of a broad hegemonic shift occurring throughout all sectors. Decades on, it is clear that neoliberalism’s promise of a flexible, “free” market and “trickle down” prosperity cannot be delivered. As neoliberalism has matured, we have seen unprecedented income inequality exacerbated by the suppression of real wages and the increasing privatisation of formerly state-owned services. Contrary to its own rhetoric we have not seen a diminution of political society’s power to “small government” (Cahill 2007, 222). Rather, these policies demonstrate the State’s strong and coercive role in further deepening the neoliberal order.

It is fraught, however, to suggest that a clear-eyed solution for how to disentangle the subsidised arts from the State is through outright rejection of government support. Meyrick’s account of the Paris Theatre serves as a cautionary tale for the theatre company that attempts to abdicate from this complex structure (2017, 38–63). Such is the dialectical relationship between civil society and the integral State; the arts sector cannot be abstracted from the capitalist social totality. Some scholars have acknowledged this dialectic, making some modest suggestions as to how to grapple with the contradictions and complexities of this structure. For instance, in recognising the arts as “a set of interdependent and infrastructurally supported acts” Brandon Woolf suggests there is potential in a theory of “institutional (dis)avowal”, in which “those artists who receive support make use of it in order to critically question its conditions” (2015, 110). There is some alignment here with Gramsci, whose own work as a journalist sought to demystify the capitalist State in hopes that readers could “cease taking civil society for granted, develop a better critical understanding of it, and start thinking of alternatives to the current configurations of power” (Buttigieg 1995, 4).

We are well positioned to begin this process now: the federal government's new *Revive* policy comes with an additional \$199m investment in the Australia Council (now renamed Creative Australia). On the surface, it is, of course, a welcome investment into a sector decimated by the pandemic. There is also no doubt that if distributed to artists for the creation of their work, such an investment could make a material difference to some lives. However, the direction of the subsidised arts will remain bound to the logic of capital accumulation so long as "culture" is dictated by the instruments of political society. As this retrospective demonstrates, we must be cautious of the coercive function of both policy and government funding as *Creative Nation* and *Arts 21* have shown. In line with Gramsci's thinking, I stress the significance of culture itself as the means of revolutionising this dialectic. For Gramsci, this is only possible through a complex process of development and dissemination of an alternative *forma mentis* capable of penetrating those long held social truths that purport to be our common sense. As a first point of reference, observing this history and connecting these patterns across different spheres will enable artists to understand their experience of crisis as an experience felt across different industries in different times and place. To break from this perpetual cycle of crisis, then, arts workers must break from the bounded rationality that sees their fate tied to the government of the day, the continuation of the Australia Council, and the *pensée unique* of economic rationalism.

## Notes

1. Within this article the "State", in the Gramscian sense, is capitalised to differentiate this term from the "state", referring to the state governments that make up Australia's federation.
2. There is not room here to expand upon the orthodox Marxist understanding of the State's "structural bias" toward a capitalist mode of production, but a succinct explanation is offered in Davies 2010, 14–15.
3. The idea for separate funding arrangements for the "major organisations" was first approached in the 1986 McLeay report which largely influenced the cultural agenda of both the Hawke and Keating governments. The recommendations implemented from the report included the consolidation of the Music and Theatre Boards into the single Performing Arts Board; the devolution of the Community Arts Board into the Community Cultural Development Unit/Committee; and the introduction of triennial funding for major organisations. Immediately following the McLeay report, the Council set up the Major Organisations Unit, which then evolved with the release of *Creative Nation* to Board-status. This model has continued to evolve throughout the decades since into its present day form as the National Performing Arts Partnership Framework, which at present day includes 37 arts organisations characterised as "major" (<https://www.transparency.gov.au/publications/communications-and-the-arts/australia-council/australia-council-annual-report-2021-22/investment-overview-figures/investment-overview->).
4. For instance, in August 1990, funding for the Australian Opera was transferred from the Australia Council to the federal Department for Arts, Sport, the Environment, Tourism and Territories and the company granted an additional \$1 million, only to report a deficit of between half a million and a million dollars merely two years later (Gardiner-Garden 2009, 25, 36).



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