

# “When the going gets weird the weird turn pro”

William Clark



*This is an attempt to unravel some of the changes that have taken place within the Arts Council of England in the last few years and examine their roots. Part one concentrates on official statements (drawn mainly from the Council's web site) with part two aiming to look beneath the surface rhetoric by drawing on a range of source material. The article is intended to promote discussion and debate within this area. Please contact us with any corrections or criticisms of the points raised.*

“Mr Tony Banks MP...has told this Committee of his personal dislike of the arm's length principle on more than one occasion: ‘...not a great supporter of the arm's length principle ... I have never understood why we go through the angst of going out, fighting elections and winning elections only to hand all the fun over to somebody else who is unelected and never had to go out there and who, in the end, is responsible for these things, when we then have to take all the collateral damage here when it goes wrong.’”

*(Select Committee on Culture, Media and Sport Sixth Report)*

“We are an independent, non-political body working at arms length from government.” States the Arts Council of England's (ACE) website. A quarter of a billion is a lot of money to keep a mere arms length—or more accurately a short stroll round the corner—from the House of Commons.

“Labour yesterday appointed a man headhunted by Tony Blair to oversee the party's media operation—a role once filled by Peter Mandelson. Phil Murphy...was appointed...as assistant general secretary (communications). He will head the press operation and tour the lobby briefing journalists but, crucially, also help prepare for the next general election campaign. His salary was not disclosed but he is at present earning £70,000 a year at the Arts Council, where he is communications director...At the Arts Council, he was part of the team that oversaw 50 per cent staff cuts.”

*(Guardian 27/1/99)*

Political interference was something Phil was always on the lookout for:

“...such as his vigilant policing of the Council's e-mail system. Last month he issued a note to all staff informing them that an internal memo telling of a peace vigil for Iraq outside Parliament was not approved of. ‘Could I stress that the Arts Council system must not be used as a vehicle for advertising or encouraging political activity of any kind.’”

*(Guardian 28/1/99)*

So perhaps we are being misled when the ACE site communicates that “Changes in lottery legislation in early July 1998 meant the Arts Council could integrate its grant-in-aid and lottery spending.” Legislation is a plastic thing for such a lawyer dominated government—and that is a very quiet way to introduce the matter over which the previous chairman, Lord Gowrie, resigned (on October 1997) and about which questions remain unanswered at the highest level.

“I am bound to say that I share the suspicions of those who have said: ‘This is but the first step, and we shall find more and more money milked from the Lottery to provide money which should come from taxation.’”

*(Lord Annan, Hansard: Col. 755 18/12/97)*

The *Financial Times* reported the matter as a significant shift in capital, and as ‘Gowrie in dis-

agreement’ with ministers about the transfer of Lottery funds from ‘original good causes’. The timing coincided with a Labour conference announcement by Culture Secretary Chris Smith that millions originally agreed to be given to charities, the arts, heritage and sport would be collected for the government's New Opportunities Fund (NOF) before new Lottery legislation had been introduced in parliament. And before Lord Gowrie was told he would be going. The money is regarded by many as a kind of institutionalised slush fund.

The ACE website explains the origin of the government's “re-structuring” of the ACE as a spin-off from the “Re-branding of Britain” in the lead up to the millennium, which: “...builds on the much publicised “Cool Britannia” phenomenon, a phrase supposedly coined by John Major to characterise forward looking British culture, and the new Government's political alignment with the creative sector.”

After the election everyone got a little carried away with all that champagne at a No. 10 party with Liam or was it Noel? A “Re-Branding Britain” panel was chaired by Foreign Secretary Robin Cook, to help out business and tourism and to “engage Government departments and other bodies in promoting the same message in their overseas activities.” Further little committee meetings followed with the Department of Culture Media & Sport's (DCMS) Creative Industries Task Force and Creative Industries Unit with Lord Puttnam, who for a small consideration admires the government's line. Others—even the NME—thought of it all as another cynical PR exercise.

Then according to the ACE site:

“In July 1997 Tony Blair set out his vision for Britain: ‘The heart of all our work is one central theme: national renewal. Britain rebuilt as one nation, in which each citizen is valued and has a stake; in which no-one is excluded from opportunity and the chance to develop their potential; in which we make it, once more, our national purpose to tackle social division and inequality.’ To this end the Social Exclusion Unit has been set up to ensure that Government policy across all ministries takes on board the need to tackle poverty and promote social inclusion.”



Before we go on, compare the BBC's response—the DCMS are also bureaucratically responsible for broadcasting, film, press freedom and regulation—to the adoption of the government rhetoric within the ACE's site. Following the DCMS Select Committee report into the BBC's future funding, Director of Corporate Affairs, Colin Browne issued the following statement:

“We are disappointed that the main report from the Committee fails to engage with the vision for public service broadcasting in the digital age put forward by the BBC. This is very different from the market-driven approach which seems to guide the thinking of the majority of the Committee. As a result, it has reached

very different conclusions from those of the independent panel chaired by Gavyn Davies, which considered these issues in depth over several months. We wish the Committee had looked in more depth at how the interests of viewers and listeners in the United Kingdom can best be served in a future likely to be dominated by pay television from global operators, and how the UK can build on its strengths in this area.”

And that's obviously couched in polite terms. With the ACE website the government changes suborned a statement ostensibly contradicting and condemning past policy, but in essence reinforcing a lumpen framework for every arts organisation:

“The Arts Council has made a firm commitment to diversity and inclusion, naming this as one of its five strategic priorities over the coming period. It recognises that there are many communities which have not, in the past, had any direct access to its funding—either in terms of the grants it gives or the organisations which it funds...it is the Council's view that every arts organisation, as well as the Arts Council itself, must work towards that objective. Advocating the role that the arts can play in addressing social exclusion is, however, a new departure for the Arts Council...The PAT 10 report has helped to highlight the range of cultural activity taking place within communities and among groups who can be defined as excluded. That is: the arts have often played a vital role in community development—delivering tangible social and economic benefits such as jobs, improved skills, and learning opportunities. The Arts Council is now committed to redressing the historic imbalance in its support for work of this kind.”



New Opportunities Fund

Forcing a political project on every organisation—or using government schemes as a template—perpetuates this historic failure to address central cultural issues: namely, freedom of expression. This admission of failure moves not to support the redress of racism or class prejudice directly. It defines a mass to which politically contrived cultural propaganda projects will be administrated via the NOF with the ACE following the ideological trend of these projects. Exclusions will continue to operate within a very hierarchical and secretive system, but they will operate using a rhetoric which says they do not. The odd grant for a temporary publicity campaign is obviously not going to solve any long-term economic problems. The government do not seek to establish the legitimacy of forms of expression which directly and politically engage with race and class, these are still thought to be a challenge to the government.

As misconceived ideas about what the government was trying to do filtered down through the Arts Council system they tended to cause a broadly regressive political limitation and control of the arts—with the more mindless arts officers bolstering their inadequacies by paranoid adherence, while artists wondered what was happening. Perhaps purely for bureaucratic ease we saw a rise in the level of unnecessary prescriptive conditions on funding allocations, which have always existed to some extent; but, when taken together with no

real appeals or independent inspection procedure within the Arts Councils—the ‘rules’ become merely vague guidelines when they are traduced from within—made for a belligerent intolerance of difference. This boosted acceptance towards projects which do not challenge pre-conceived notions and ignoring the specific reality, the dynamic of art—locally and nationally—in favour of the imposture of the PAT 10 report as a model.

Sadly this Policy Action Team’s report to the Social Exclusion Unit was a process which could be described as one government advisor from the ‘think tank’ Comedia reporting his findings to another government advisor from the think tank Demos.

It was a *fait accompli*: an aid to the government helping themselves to Lottery money via sleight of hand. Previously the share of Lottery funds was: 16% each for arts, sport, heritage and charities; 20% for millennium; and 13% for health, education and the environment. The ‘temporary adjustment’ changed this to: 5% for arts, sport, heritage and charities; 20% for millennium; and 60% for government health, education and the environment projects. (PAT 10 Annex E 12)

Of the pilot projects listed, the reality is that some have no additional resources—such as ‘Better Government for Older People’. Many have no connection whatsoever with any community, their location is “to be decided”. All the projects represent additional funds to government offices, from the Lord Chancellor’s to the Cabinet and Home Offices who are running these projects. What remains centres on the New Deal or is dependent on Local Authorities. Here, years of downward pressure on finances have led to drastic reductions in not simply arts spending, but also the dismantling of the basic social services infrastructure. These ‘pilot projects’ are façades which cover this up. Unless there is an attempt to increase local government spending, severe problems will remain.

Credulity towards the government’s plans for the arts evaporated when Mark Fisher the DCMS minister, who wrote a great deal of it, was re-shuffled and ended up thoroughly denouncing the government’s whole approach and joining Peter Hall’s ‘Shadow Arts Council.’ (*Guardian* 25/3/99)

Yes, what if you do not believe the government’s rhetoric? What if you believe that the party which denied its constitutional basis concerning the redistribution of wealth will not engage in the redistribution of wealth. Or what if you actually believe that the government is incapable of forming worthwhile policy towards the arts?

Through changes to ACE and the Lottery, government control of two forms of economy within the arts has tightened and increased. The level of funds may well rival the market economy (excluding grey and black areas) at the level of the working artist, a perspective rarely taken into account.

Control of these funds have been concerted towards specific ends, one of which is simply to accumulate funds in the Treasury. The chief inconsistency within the fact that so little money goes to artists is that arts policy is supposedly based on consultation with artists. Who seem to have requested that they be ignored within all decision-making procedures and that these be held in secret. Government abuse of Lottery funds to hype their ideas, has the overarching illusion of ‘Social Inclusion,’ which masks the process of major policy shifts quietly abandoned days later; which are not the acts of a strong government. This policy was conceived to reflect the views of small influential groupings: the nexus of people who are paid to advise and consult.

Speaking at the Arts Marketing Association’s annual conference (Cardiff, 29 to 31/7/99), the new

minister for the Arts (Mark Fisher’s replacement) Alan Howarth and François Matarasso from Comedia and chair of the PAT 10 report “proposed that arts organisations need to rethink themselves at a fundamental level, looking outwards at their value and impact rather than seeking only to change what people think.” (*Dispatches* 2/8/99)

That pair have been going up and down the country promoting a very polite description of government control of the arts:

“The DCMS Review was also intended to usher in new, more strategic relationships between the Department and its quangos. The Department has sought to achieve greater alignment between its objectives and those of its quangos, sending clearer signals about overall direction, while at the same time seeking to disengage from day to day interventions. The Funding Agreements between the quangos and the Department are described by the Department as being ‘at the heart of the developing new relationship.’”

(*Select Committee on Culture, Media and Sport Sixth Report*)

The “shared strategic objectives” of the government and its quangos set out the overall aims and objectives of the DCMS, any particular aims for the sector in question and the aims and objectives of the quango. They then set out what are viewed by the DCMS as “explicit and challenging statements of the outputs and levels of performance expected of sponsored bodies over the funding period”. The agreements are signed both by the Minister of the Department and by the Chairman of the quango concerned.

ACE welcomed the Funding Agreement, believing that “it provides much greater clarity than in the past about what is expected” of the ACE by DCMS. ACE argued that the Agreement “should be the central—and possibly sole—document governing the relationship between the Department and the Arts Council.” (*Select Committee on Culture, Media and Sport Sixth Report*)

We do not live in a totalitarian regime however. In official documents, there is a “studied ambiguity” about the results of failure to meet the agreed standards. The ACE’s asserts that the Department “has the right to reallocate the ‘investment for reform’ if the Secretary of State is not satisfied with the progress achieved by the [ACE]”. At the same time, it seeks to provide reassurance that “indicators are not a crude on/off switch for” funding of ACE. The select Committee observed a slight incentive problem in all this quantification and compliance:

“For example, if a quango meets all its targets, this may mean there is a case for re-allocating resources to other areas where targets have not been met.”

They also found that Chris Smith “has not been open enough in his dealings with quangos...that he had ignored their earlier demands that all letters and dealings with the quangos—which include ACE—should be made public.”

Conservative Members of the Commons and Lords object in principle to the Lottery being used to fund what should be the responsibility of Government. They object too, to the introduction of the provision that effectively gives the Secretary of State power over the New Opportunities Fund.

“It is no wonder that the Secretary of State does not want to place any limit on the amount of money that he can divert to the new fund. We have sought and failed to secure protection for the existing good causes. That is a matter of shame, because the lack of protection undermines the confidence of the distribution bodies and of the recipients of the lottery money.”

(*Hansard* 30 April 1998)

According to them the Secretary of State and his successors will be able, without further reference to Parliament, to allow new causes to benefit from Lottery money. In response to questions by MPs in a select committee as to what criteria were used to evaluate Lottery Projects, Peter Hewitt, the Chief Executive of ACE replied:

“We look at the status and contacts of the board, which tend to be important.”

Which will come as little comfort to artists and groups who “never had any direct access to funding” and even may be from these communities which have been excluded and ignored—and we may even refer to our culture in our art.

The group which formulated the new shibboleth—the DCMS—fraudulently present it as the result of independent research and consultation: “The PAT 10 report has helped to highlight the range of cultural activity taking place within communities and among groups who can be defined as excluded. That is: the arts have often played a vital role in community development—delivering tangible social and economic benefits such as jobs, improved skills, and learning opportunities.”

(*ACE web site*)

The ACE’s trust in the government’s engineers of the soul is presented as adhering to the findings of an independent group which has ‘helped’ them. Yet scrutiny of the fundamental set-up of PAT 10 reveals a rigged jury. It contained 13 members of government out-numbering 11 supposedly independent individuals, mostly from government-funded organisations with a meagre involvement with the arts, whose common characteristics are that they have become inured to this sort of thing passing as democracy. Needless to say none of them are artists although in the sub-committees (much the same people) we see consultants such as François Matarasso (Comedia) masquerading as an artistic ‘practitioner.’

The lunacy abounds with the ACE site outlining how they will redress “the historic imbalance.” The basic problem with the following paragraphs are revealed by cutting out the abstract stuff:

“The following initiatives, taking place from April 2000, are intended to lay the foundations for long-term change... The majority of the Council’s funds are distributed to a relatively small number of Regularly Funded Organisations (RFO)... Most RFOs do not work specifically to address social exclusion.”

Astonishingly the web page states that:

“The PAT 10 report identified the lack of long-term arts evaluation studies as a key issue... Evaluation is taking place, but on an ad-hoc basis—there is a need for longitudinal studies and a coherent overview... Evaluation is too often seen by organisations as an add-on—a bureaucratic exercise in form-filling to trigger funds—rather than something which has a use and value in itself. The DCMS is committed, as part of its Action Plan for tackling Social Exclusion, to a programme of research into the impact of culture and leisure on individuals and communities and to ‘developing, monitoring and evaluating methodologies as standard elements of social inclusion work’”

We know we don’t know what we’re doing now, and we know it will all come down to justifying our own position of inventing policies so that we can continue inventing policies. So hire more consultants.

What exactly is on offer to the poor? Reading the sections on the New Deal is to witness the ACE walk down a very dark road. It is a blatant encouragement to organisations to make money out of the poorest sections of the community, parts of which read like the haggling of slave traders or more accurately a directive from the World Bank. It enforces an interpretation of the purpose of arts administrations as joining with the state in assum-



Chris Smith

# DEMOS

ing power by implementing continual conditions as a form of control. Where administration becomes rationing.

It supposedly tackles a 'Lost Generation' and lumps truancy and school exclusion; street living; problem estates; begging and homelessness; lone parents and the disabled, all of whom will be going 'off welfare and into work'.

"ACE are drawing up plans for a research project looking at possible models by which arts organisations can map there [sic] 'social' achievements."

In the manner of Chico and Groucho tearing pieces off the "Sanity Clause" the writer relates that the 'New Dealer' "has five options". But then one option "is still being developed and is not yet described in the New Deal literature." The current four options are reduced by "the option summarised in the New Deal literature as 'work in the voluntary sector' is potentially misleading, and on it goes. The process for the 'New Dealer' is outlined with this friendly warning: "You cannot replace existing employees with New Dealers." Then it is noticed that most organisations will not be able to participate because they cannot offer any qualifications. Of course the fact is that a great deal of the people forced onto fictitious work will be artists. Perhaps we could all employ each other.

The website is being disingenuous in the extreme with its comments on the National Advisory Committee on Creative and Cultural Education report by Ken Robinson, chairman of the Whitehall-commissioned inquiry. He has delivered an outspoken criticism of the Government's response. His request that summaries of the report, be sent to every school and arts organisation was rejected by school standards minister Jacqueline Smith. At first he was told the government 'don't have the resources to print summaries of the report.' Then when the National Union of Teachers offered to pay for it the issue became one of copyright, which the Government has so far refused to address. For Ken Robinson: "It isn't just about raising standards, it's about broadening our standards. The last government didn't get it and neither does this one." (*The Stage* 2/12/98)



Geoff Mulgan, posing outside the Dome

## Part two

### Policy entrepreneurs

*Chris Smith:* We now understand very clearly that a government cannot and should not create art, nor dictate what art does or can do. On the whole art that has been dictated by governments, however benevolent, has tended to end up being not particularly good. The thing about literature, painting, music and artistic creation of all kinds, is that it speaks to the imagination and soul of people....In Glasgow's City of Culture year, a ferment of activity transformed Glasgow's previous image to a new image which made people who lived and worked there feel a lot better about the place, gave them more things to do, put Glasgow on the map and generated a lot of extra economic activity for the city. So I see artistic value and economic value running hand in hand.

*Ken Worpole:* The problem with the Glasgow example is that there were writers in the city who thought that a specific and unique cultural tradition was actually marginalised by that commercialising process.

*Chris Smith:* I would contest that. Quite a number of them are still able to use that tradition to very great effect.

(<http://www.democraticleft.org.uk/newtimes/articles/issue7/nt00076.html>)

"It is the absence of direct responsibility for practical affairs and the consequent absence of first-hand knowledge of them which distinguishes the typical intellectual."

(*Friedrich Hayek*)

In 1986 Ken Worpole wrote *From arts to industry, new forms of cultural policy*, for Comedia with his friend Geoff Mulgan who worked at the GLC and organised pop concerts. With Martin Jacques, he oversaw the final transformation of the Communist Party of Great Britain's theoretical journal, *Marxism Today* (MT), into the think tank 'Demos'. MT worked to efface its connections with the Soviet Union, and sung the praises of Thatcherism in the eighties along with attacking the Labour left. With the launch of the *Demos Quarterly*, and a series of well-received reports (No Turning Back, Freedom's Children) signs of Demos' origins were hidden. Then (one day as Pinocchio was skipping to school...) Demos and Comedia steadily insinuated themselves towards an opportunity called New Labour.

Lecturer at University of Westminster (1988-90), consultant to European Commission and also member of Comedia, Mulgan is another proponent of the Third Way—which aids business and government in suborning local initiatives. Alongside David Miliband, he is an 'intellectual' in the Number 10 Policy Unit. He worked with John Prescott and Lord Rogers on the Government's 'Urban Task Force', integrating strategy towards 'social inclusion'. He will also help draft the next election manifesto. He argues that the role for new-style government should be to set moral agendas, to shape minds rather than change institutions. Mulgan's attack on the irrelevance of academics in the recent special MT issue is a virtual dismissal of theoretical argument itself.

Mulgan and Charles Landry (who runs Comedia) wrote *The Other Invisible Hand: Remaking Charity for the 21st Century* (Demos, New Statesman, 3/3/95). Building on this and other works in 1997 (most likely to coincide with the election victory) Mulgan and fellow Demos member Mark Leonard cobbled together, *Britain™*, which advanced the think tanks' most ludicrously superficial argument—that the UK could rebuild itself by rebranding itself. Just as the renaming of Doonray to Sellafield solved the problem of radioactive pollution. Mulgan proved

useless to Gordon Brown as an advisor—ridiculed in the debating chamber not just because of his 'Marxist' past but for the substance of his advice.

The ideas which influenced the Social Inclusion Unit's PAT reports and then the DCMS and thus ACE policy began in early '97 with Leonard pushing the 'rebranding Britain' notions outward for the Foreign Office—while Mulgan turned it inward for the Cabinet Office, working as 'special advisor to Tony in No.10 and on the Social Inclusion Unit itself. Leonard's role is promoting Britain abroad in a manner which will distract from its position as a major exporter of war industries and training—the boot boy of NATO. He also writes as an apologist promoting European Union legitimacy in the face of wholesale corruption with works such as 'Making Europe Popular'. Mulgan—through his position on the Social Inclusion Unit—advised Blair on the broad rhetoric around his themes of promoting art as a distraction from cutting public spending by 60%. The tough approach—compulsion towards single parents and the disabled to find work—having caused major disagreement and protest around the 'welfare roadshows', leading to the departure of Harriet Harman and Frank Field, in July 1998.

Mark Leonard is Director of the Foreign Policy Centre (FPC) which develops his Foreign Office work towards an MI6 front. Presumably Demos and Comedia are supposed to be objective and impartial. Leonard's new FPC co-publish with Demos (<http://www.fpc.org.uk/projects/>). One interesting board member is Baroness Ramsay who followed a career of over twenty years in HM Diplomatic Service in MI6. She now lies for the Foreign Office in the House of Lords. She was Foreign Policy Advisor for John Smith from 1992 until his death. She was part of a Glasgow University 60s clique which included Smith, Donald Dewar, Derry Irvine the Lord Chancellor, Menzies Campbell, Angus Grossart the merchant banker, Jean McFadden the ex-leader of Glasgow City Council and Lord Gordon, founder of Radio Clyde who holidayed with Ramsay and Dewar shortly before he had his heart attack. (*Sunday Times* 15/8/99)

The FPC organises conferences such as this in November: "The USA in the International Community: Creating Effective Strategies for Multilateralism with the British American Security Information Council". In the immediate aftermath of the US elections, this conference "will assess and debate how the new political landscape will affect America's participation in international governance. Bringing together key figures from government, politics, the media, NGOs and business from both Europe and the US, the conference will focus on how proponents of multilateral frameworks can seek to foster strategies for maintaining and enhancing multilateral co-operation."

The Conference is by invitation only. *The Guardian* blithely stated that: "The [FPC] will make foreign policy feel less like the preserve of an elite and more the topic of national conversation". It is funded from the following sources: BBC World Service, BP Ameco, Bruce Naughton Wade, Clifford Chance, Cluff Mining, Commonwealth Institute, Control Risk Group, Lord Gavron CBE, Paul Hamlyn, Institute of Commonwealth Studies, Interbrand Newell and Sorrell, Rio Tinto and Royal Commonwealth Society. Control Risks (a 'private security firm') and its spin-offs has long had deep associations with (and gets its work through) MI5 and MI6, SAS and so forth. (*The Terrorism Industry*, Edward Herman and Gerry O'Sullivan, Pantheon, New York 1989)

Mulgan and Leonard's ideas were put forward in conferences such as: "Does Britain Need a New Identity?" (3/11/97, ICA London) an "invite only lunchtime event to present the findings of the



Baroness Ramsay

Demos report '*Britain*<sup>TM</sup>—commissioned by the Design Council—and to serve as a focal point for gathering ideas and exploring ways of taking the recommendations forward. Speakers: Peter Mandelson MP, Geoff Mulgan, Andrew Marr, David Potter, Sir Colin Marshall, John Sorrell."

One can picture them all in this secret huddle talking about social inclusion. Marshall is involved in political/business interfaces such as the CBI and The British American Business Council (and his financial interests are linked with tourism) he subsequently joined various hypocritical government panels on ecology and business. Potter is the founder and chairman of Psion Plc. Marr is a pro-government *Guardian* journalist.

The report (published with Marshall's British Tourist Authority) confuses the 'brand' Britain and Britain itself. Selective sources become equated with fact, failing to distinguish between 'actualities' and images of actualities. Demos still seem caught up in *Marxism Today's* bland acceptance of postmodernists such as Baudrillard. The re-branding has the ultimate aim of making Britain attractive to foreign, particularly German and American, investors. The target consumer of this rebranding is an economic consumer and the rhetoric of national identity has shifted to that of marketing. It envisages a number of interlocking themes to exploit; Britain as an international hub, a creative nation in arts and sciences, an ethnically mixed country, a nation predisposed to business and commerce, an innovator in government and organisation, and committed to fairness. A world pathetically reminiscent of Trumpton and Chigley. (<http://www.york.ac.uk/depts/hist/heritage/onenationsumm.htm>)

Even friendly commentators struggle to understand what Mulgan is on about in his books:

"Mulgan says he is interested in 'the ancient left idea of co-operation'. But within that ancient idea he charges about all over the intellectual china shop—now embracing the ideas of Amitai Etzioni, the avatar of US communitarianism; now reaching for the business management thinking of the Harvard scholar Mary Bet Kantor; now taking up the work on trust associated with Anthony Giddens, director of the London School of Economics, and Ulrich Beck the German sociologist." (*FT* 26/4/97)

Its the old 'End of Ideology' routine. As Mulgan puts it: "the limits of freedom may have been reached, and the sharp edges of freedoms must be smoothed down to ensure they are responsibly exercised." The inequalities produced by the free market and maintained by elites are redefined as the surrogate problem of social exclusion. The pretence is that private capital has cunningly rebranded itself as 'global' and is thus out of reach of government. The Third Way says that something must be done about this; the government should have a social policy, but the systemic connections between 'global' market forces and poverty should not be particularly identified. Bad for business.

But cheer up; strong trading relationships are beneficial in other ways. In the words of objective British policy analyst Geoff Mulgan:

"The world can be more easily unified through the peaceful activity of buying and selling than through international treaties or fantasies of world government... Trade breeds trust, and trust breeds trade."

(<http://www.alp.org.au/policy/pdpapec210699.html>)

So this then, is a pack of lies:

"When I met Geoff Mulgan back in Australia on his honeymoon in 1998 he advised me that the stakeholder idea had frightened the big end of town and so it had been dropped. Company directors were concerned that they would be made accountable to people other than shareholders and institutional investors were frightened

that it would destroy shareholder value."

(Shann Turnbull <http://cog.kent.edu/archives/ownership/msg00778.html>)

Because no other mechanism for criticism is in place (or wanted) there has been a lot of bitching. Speaking anonymously, one No. 10 policy aide said that:

"at one level, in specific areas, armies of academics are coming in and out as never before. Thatcher didn't do as much as we are doing, I am sure. For Blair's Beveridge lecture on welfare we had a large number of academics writing background papers—including some, like Ruth Lister, who have been highly critical. The Social Exclusion Unit's report drew on a lot of scholarly work. But in political philosophy it has been a failure. The Third Way debate was launched in the hope that intellectuals would get excited about it; but they have responded by saying it's pointless." (*Falling Out*, John Lloyd, *Prospect*, October 1999)

Lloyd adds:

"Mark Leonard...is seen (by foes of New Labour) as a stereotypical New Labour intellectual—brashly and ahistorically writing about 'rebranding Britain.' He says that "the problem for the big public intellectuals is that New Labour operates a pic 'n' mix approach. The disillusioned people like Will Hutton [editor-in-chief of the *Observer*] weren't comfortable with this because they wanted to be taken seriously. But people are dropped very quickly. And picked up very quickly" ...[T]he New Policy Network, run by Mark Leonard...is a networking of Third Way-ers across Europe; and, more concretely, a sustained effort within the Cabinet Office to apply evidence, research and analysis to policy-making and governance. The project, still in its early stages, is being overseen by Ronald Amann, formerly the director of the Economic and Social Research Council."

Lloyd—a former Moscow Bureau chief for the *Financial Times*—joined up with Leonard at the FPC, but who is that name he let slip: Ronald Amann?

## Big Ron

David Blunkett, Secretary of State for Education and Employment, spoke to a meeting convened by the Economic and Social Research Council (chairman Ron Amann) on 2/2/00 observing that:

"Within Whitehall there has been a failure to develop the structures, techniques and skills needed to use and apply knowledge in a systematic and cumulative way in the policy making process—particularly a failure to anticipate and invest in strategic and cross-cutting information needs...More widely across government we are making a decisive break with the anti-intellectual outlook."

(<http://www.bera.ac.uk/ri/1071/ri71blunkett.html>)

Labour will continue the work of the Performance and Innovation Unit in the Cabinet Office and the Social Exclusion Unit and the Policy Action Teams by appointing Amann as Director of the Centre for Policy and Management Studies for the Cabinet Office where he will push the Government's need for a social sciences contribution to 'evidence-based policy.' He will also work on The Civil Service College (part of the Centre) and he has been put on the Civil service management committee.

Big Ron is also vice-chancellor of the University of Birmingham, Chairman of the Economic and Social Research Council, a member of the steering group for Research Programme on Soviet Foreign Policy; a member of the Society and Politics Group, Research Centres Board, Committee for Public Understanding of Science, Joint Executive Committee for the OST/Wellcome Infrastructure Fund and the Advisory Board for Research Councils. He was also retained in the New Labour purge of the elite think tank the Foresight Steering Group.

Big Ron also oversaw the formation of

Leonard's think tank and like Leonard and the gang there is an old Soviet connection. Ron edited or wrote: *Industrial Innovation in the Soviet Union*, Yale University (82), *Technical Progress and Soviet Economic Development*, New York (86), *Searching for an Appropriate Concept of Soviet Politics* (86) and *Soviet Politics in the Gorbachev Era* (90). Now who in the USA at that time would be interested in dry stuff like that?

The samizdat writers noted in '85 that Sovietologists never discussed a possible transition to capitalism in the USSR, or anywhere else in the Communist world, before it actually started. Most of the evidence contemporary thinkers rely on relates to the period of 1987-91 and is drawn from the accounts of the Soviet insiders Ellman and Kontorovich (E&K). But Ron's knowledge of the Glasnost routine will come in handy. The actual course of market reform was characterised by arbitrary and inconsistent policies, the incompetence and irresponsibility of advisors and general chaos. The leaders with ambitious goals had no idea how to accomplish them (Mozhin in E&K p. 121). They consulted the official economists who had no idea either, but nevertheless advised bold action (Zoteev in E&K p. 142; Yasin in E&K p. 144). Once the rulers were sold on the proposal, it was pushed through without a discussion, virtually overnight. Objections of other experts were ignored, as had been the case with the radical reform (Yun in E&K p. 140). Gosplan...was powerless against the arbitrary actions of politicians and the onslaught of dilettante economists with their miraculous prescriptions. (Zoteev in E&K p. 142). It was not just the public debate that was severely constrained. We now know that internal discussions were hardly any more free.

([http://www.haverford.edu/economics/kontorovich/papers/reforms.html#\\_ftnref23](http://www.haverford.edu/economics/kontorovich/papers/reforms.html#_ftnref23))

## Comedia

"Britain has seen an increasing use of arts initiatives to address socio-economic problems in recent years, ranging from major capital schemes to local participatory projects. While the economic value of these has been researched, there has been no large scale study of their social benefits."

(*The Social Impact of Participation in the Arts*, François Matarasso <http://www.fwwcp.mcmail.com/fedmag12.htm>)

And few have reaped more socio-economic benefits than Comedia. Matarasso's book promotes Comedia's research, is published by Comedia (which he runs) and is written by, shall we say, a Comedian who went on to report to the Government's (and Mulgan's) Social Inclusion Unit as a member of the PAT 10 team and several sub-groups which formed policy which said we need consultants to...let me pick a random example:

The total cost of the Cardiff Bay opera house feasibility study was £105,225.72, broken down as follows:

Comedia	£21,824 (20.7%)
Ahrends Burton and Koralek	£2,460 (2.3%)
Veryard and Partners	£7,550 (7.2%)
KPMG Management Consulting	£31,244 (29.7%)
AEA	£37,297 (35.4%)

(<http://www.parliament.the-stationery-office.co.uk/pa/cm199293/cmhansrd/1992-11-12/Writtens-3.html>)

Matarasso's work constitutes an attack on freedom of expression because it seeks to limit its parameters. His work is academically flawed because its outcome was predetermined: "The research was



Ron Amann



Charles Landry





The Design Council

designed to add a dimension to existing economic and aesthetic rationales for the arts by looking at their role in social development and cohesion." His studies ignore the principle aspects which make indigenous culture relevant. They do not address economic impacts and undermine the contribution to local economies made by 'invisible' voluntary labour—the people who make participation in the arts possible. He perceives that child care, social services, health promotion and crime prevention, are often paid for (where there is a financial transaction) out of the communities' existing resources, with marginal support from the state and he now aids the government in keeping it that way. Meanwhile they can manipulate a few small token organisations, erecting a framework for developing the role of 'participatory arts initiatives' in public policy to produce "social change which can be seen, evaluated and planned for." (<http://www.fwwcp.mcmail.com/fed-mag12.htm>)

And how they plan: Lord Puttnam who runs the NOF's NESTA (more on which later) meets up with Charles Landry (Comedia) and with Julia Middleton (Demos) in the well-named think tank 'Common Purpose' another member of which is... (drum roll) Chris Smith. (<http://www.common-purpose.org.uk/biogs.htm#sheilaadam>)

Puttnam and Mulgan both have connections with the NATO led '21st Century Trust' (<http://www.21stcenturytrust.org/speakers.html>). Comedia is run by just four people: Landry, Liz Greenhalgh, François Matarasso and Ken Worpole who has co-directed a number of their projects (<http://www.comedia.org.uk/people.htm>).

Currently Landry is helping the World Bank to devise a strategy to incorporate a cultural dimension to development while they create poverty. His past National evaluations include cultural tourism in Bulgaria, Croatia and Bosnia on behalf of the Council of Europe. (<http://www.common-purpose.org.uk/biogs.htm#charleslandry>).

But the guardians of Lottery funds must get other advice, what about those other consults AEA also on 20%?

## A fright at the opera

It is a long story, but something of a power vacuum was created back in 97 with the ACE's trouble with the Royal Opera House (ROH). Lord Chadlington (a long-suffering board member) began secret consultations with Ms Allen, the Secretary General of the ACE, but not that organisation's lead assessor of the ROH. Given her experience of public office, Ms Allen's conduct "fell seriously below the standards to be expected of the principal officer of a public body" (House of Commons Select Committee on Culture, Media and Sport First Report).

Chris Smith had been Culture Secretary for only four days when this meeting took place. The Permanent Secretary had also just taken up his position. There was no one in control with any knowledge or experience of what was going on either in the ACE or the ROH. As the new government came in and Lord Gowrie went out, instead of focusing on the plight of its clients, a number of whom were going out of business because their grants had been cut or withdrawn, those left at the top of the Council concentrated on their own survival. Graham Devlin was Deputy Chief Executive of the ACE and became Acting Secretary-general in 1997 when Mary Allen as a member of the selection committee which decided on the new director of the ROH inadvertently selected herself for the job.

"A plan drawn up by acting secretary general Graham

Devlin, pandering to Chris (Jonah) Smith's People's Culture prejudices, sees the council abandon the high art of theatre, opera and ballet, and embrace 'cool Britannia'. It proposes amending its royal charter, to enable it to offer financial assistance to would be fashion designers and pop singers, at the expense of the so called 'old arts.'"

(*TheatreNet: News Archive*  
<http://www.theatrenet.com/archives/130298.html>)

Ironically eventually Devlin quit, apparently because the new management structure, with three top-level directors, gave him no effective role. A further irony is that the DCMS's Quality, Efficiency and Standards Team (Quest) Advisory Board which will oversee the Government's new plans includes Graham Devlin. Quest was described as "a complete waste of time" by the present ACE chair Gerry Robinson. (Select Committee on Culture, Media and Sport Sixth Report). But it will prove a useful position for Mr. Devlin who also works for AEA Consultancy Services who share the spoils along with Comedia.

AEA are: Chris Foy (Chairman) said to have "extensive board member and leadership experience in Unilever". Adrian Ellis Executive Director of the Conran Foundation, responsible for planning and managing the Design Museum. Prior to that, he worked on privatisation and monetary policy at the UK Treasury and the Cabinet Office. Of the Senior Consultants: David Hall spent six years at the Association for Business Sponsorship for the Arts (ABSA), establishing ABSA Consulting Ltd. Keiler Snow is a research associate in Corporate Planning at Exxon Company, Magnus von Wistinghausen was at S.G. Warburg as an international economist and in corporate finance. AEA Associates "all of whom have long-standing professional relationships with AEA" include Robert Cogo-Fawcett, an arts consultant whose clients include the ACE; Maddy Morton, previously Marketing & Market Research Manager and Touring Advisor to the ACE and Jenny Waldman who worked for three years at the ACE. (<http://www.aeaconsulting.com/consultancy-service.s.htm>)

This lucrative intermingling (arrangements about which we know to be conducted in secret) of former employees, whose record is one of failure has not achieved much for artists and the public. It is at odds with the very concept of the Arts Council giving money to the arts. Similarly the trade in 'intellectual arbitrage' brought back from the USA has yielded nothing for the government to base its decisions on. How many consultation exercises can come back with the findings that no figures exist and that another consultation should be commissioned. The government's Social Inclusion report states they need "information about information" and that everyone is "hoarding" it.

What in-depth reports and accurate information which does exist undermine the fundamental principles which were used to govern and administer funding.

## Leverage

A main example here was the October 1998, National Audit Office report on the monitoring of 15 major Lottery funded capital projects which found only eight of the projects had been, or were scheduled to be, completed on time. Twelve were over budget, and eight had applied for, and been granted, additional funding.

David Davis MP, the chairman of the Public Accounts Committee said;

"Almost all the projects are over-budget and half are running late, some by more than a year. It appears all too easy for grant recipients to go back to [ACE] for top-up grants when they find they run short of cash."

He added that ACE's weak monitoring of pro-

jects meant much of the money had been wasted. "I am extremely concerned about the financial sustainability of some projects. There is a real risk that ultimately Lottery funds may have been used to no long-term effect at all. They may end up with some nice buildings, but if the arts bodies cannot sustain themselves, their buildings will sit empty."

(*Independent 14/5/98* The NAO press release may be found on: [www.open.gov.uk/nao/pn.htm](http://www.open.gov.uk/nao/pn.htm))

ACE issued a statement immediately after publication of the report which said nothing. Reactions in the press were very hostile to Gerry Robinson (because of the resignations of the entire drama panel at the ACE) who was not there when decisions on this took place. This also ignores the slight complexities of the core problem of leverage.

On 24 May *Arts Business* carried a more pertinent editorial which read:

"The NAO has come out and said what many people have thought for a long time...a number of the very largest projects (mainly those regarded as being of 'national' significance) have still managed to go hopelessly out of kilter, generating vast overspends, project delays and 'partnership funding' under-achievements. [The] sheer level of capital available to arts organisations during the first four years of the programme (around £1 billion), and more importantly, that already earmarked for the next few years, is so vast in comparison with the total value of potential partnership funding (i.e. 25%) which would need to be raised to lever these sums, that further under-achievement in this area is not a 'risk' as the NAO describes it, but a racing certainty. Government and the various Arts Councils should acknowledge this once and for all, and start to fund such capital projects outright on the basis of their strategic value—not on the basis of the wishful thinking and guesstimates of boards, managers and consultants."

So the insistence on private sector funding is detrimental to these projects—there is no need for it, nor can it be raised.

Yet two months later ABSA, the 'independent' national association which promotes partnerships between the private sector and the arts, unreservedly welcomed the DCMS spending review announced by Chris Smith, to develop business support for the arts. The announcement included a commitment to a private public Pairing Scheme and for ABSA to undertake specific projects on behalf of the Department. Responsibility for funding the Pairing Scheme will move from DCMS to the ACE, but responsibility for managing the Pairing Scheme will remain with ABSA. But who had overall responsibility within the ACE for monitoring lottery projects?

## NESTA

NESTA, the national endowment fund born out of the government changes is run by two men Lord Puttnam the rather dull film maker and the lesser known Jeremy Newton. They have been given £200m to play with.

"Chairman. Could you assure us that National Debt Commissioners, of whom I have never heard before, is not another name for the Treasury?"

(Mr Newton) No, I cannot.

It is actually the Treasury.

(Mr Newton) They are the Government's representatives in holding certain types of investment on behalf of both the Government and public bodies. I would need to check in more detail to give you absolute chapter and verse on their identity.

We shall not force words out that are on the record. We shall go by nods and winks and proceed.

(Mr Newton) You are very kind."

(*House of Commons—Committee on Science and Technology Minutes of Evidence 26/5/99*)

David Puttnam



**Democracy in action! This conceals the fact that billions of Lottery money is simply stashed away by the government:**

“as at October 31 1998, the balance of funds in the NLDF sat at £3.6bn. This money is held in Treasury bonds, where it serves no function other than to reduce the Public Sector Borrowing Requirement for the government.”

*(The fifth year, Richard McGowan The Lottery Promotion Company 1998)*

Back at that select committee we see the tight scrutiny that goes into allocating precious resources.

“[Question] Would I be right in assuming that your financial relationship with the National Lottery may well be ongoing in the sense that they may give you another £200 million at some time, but that you are not beholden to them, you do not have to answer to them, you are an independent trust which has been set up to paddle your own canoe?”

(Lord Puttnam) Very much so.”

*(House of Commons Committee on Science and Technology Minutes of Evidence 26/5/99)*

role that NESTA can play between the public sector driven research world and the venture capital private sector world. That is what NESTA is designed in some senses to do.”

So they handed most of their first lot of money to The Wellcome Trust which has an asset base of £13bn and an estimated expenditure in 1999/2000 of some £600 million, and is the world's largest research charity. This after the 1998 £600m fund which was to transform the scientific research environment within UK universities. The Joint Infrastructure Fund (JIF) was set up by the DTI and the Wellcome Trust whose members dominate the board. Prof. Ronald Amann is an influential member. (<http://www.wellcome.ac.uk/en/1/awtpre-rela98n93.html>)

Wellcome of course now commission ‘art’. (Hey! who needs an Arts Council...) Following the success of their ‘sciart’ awards in 1997 and 1998, a consortium comprising the ACE, the British Council, the Calouste Gulbenkian Foundation, the Scottish Arts Council and the Wellcome Trust was formed in 1999 to continue the sciart initiative and to extend its remit. The consortium is also sponsored by NESTA.

“The House of Commons select committee on science and technology has recommended that [NESTA] must take risks in funding to succeed overall. The committee said that the government should not scrutinise short term operational cost efficiency, but look for its long term output and value for money.”

*(‘Spin’, Science Policy Information news, 2 August 1999, No. 415)*

If you’re itching for a scratch card you may like to know that 20% of ‘their’ money will go on staff. Jeremy Newton the NESTA Chief Executive was technically appointed on 1 November 1998, although previously he was ‘the interim chief executive on secondment’ with NESTA for months while he simultaneously ran the Arts Lottery Fund at the ACE, where he had worked since its inception shaping the direction of the fund. With NESTA he “will work hard to avoid waste—and cut down on red tape,” he says.

To do this you could say Jeremy took the very first part of the ACE’s Lottery ‘guidelines’: “...the need to ensure that money is distributed...for projects which promote the public good or charitable purposes and which are not intended primarily for private gain...” Decided that the stuff in between was unnecessary: so ditched it, and then tagged on the bit at the very end which says: “The Council may encourage applications of particular types...It may also draw the attention of potential applicants to the existence of funds and the possibility

of an application being eligible for consideration. Such actions do not constitute solicitation.”

Oh and that bit about private gain has also been snipped. And you get a National Endowment. The government enquiry which castigated the ROH fiasco found that:

“The lottery grant was a violation by the Arts Council of conditions which the Council itself had set. (Para 36)”

*([http://www.ballet.co.uk/dec97/house\\_of\\_commons\\_roh\\_report.htm](http://www.ballet.co.uk/dec97/house_of_commons_roh_report.htm))*

Newton left the ACE just as the NAO report came out thus avoiding any unnecessary questions and now gets £50,000 at NESTA. The rest are on £75 a day if it is ‘spent on NESTA business’, a running joke no doubt. The funds are unlimited: the £200m will give them £10m every year. You don’t have to be Carol Vorderman to work out that’s a lot of money but she’s on the NESTA Committee anyway. Well she’s everywhere else. ([http://www.go-ne.gov.uk/Corporate/Business\\_Support/NESTA.htm](http://www.go-ne.gov.uk/Corporate/Business_Support/NESTA.htm))

We will draw this to a close with a little story. When NESTA rolled into town on a ‘public consultancy’ meeting, by invitation only and behind locked doors. When we phoned up to request them, telling them who we were, they said the meeting was full, sorry. We obtained tickets and one of us went along to the meeting (which was empty of artists—not even one film and video workshop had been invited) and afterwards asked Puttnam why they were doing nothing for the visual arts. He had no answer and mumbled that he’d have to speak to his press officer. He had nothing to say either.



Jeremy Newton

Just as with the Dome, because NESTA is a politically favoured project one sees the casual way that £200m gets allocated to an untested organisation while doubts remain as to whether it is a proper purpose for Lottery funds to make up for failures in the capital market its board are so enamoured of. NESTA was funded by tapping into money from the mid-week draw. It was part of the government’s NOF.

Puttnam described its purpose as making a few ‘fat cats’. Newton defined it as a merchant bank:

“One of the key things we do need to do and are beginning to do already is to work in very close partnership precisely with that venture capital industry. We are in very close conversation with... a number of the existing elements of the venture capital industry....They are extremely excited about working with NESTA to enable us to introduce to them new ideas, ideas with venture capital potential and to act as a kind of research and development arm for them. We have to make sure that we are not exploited in doing that, but if we can make that trick work, then there is a valuable bridging