Stockholm School of Economics
Department of Economics
Master's thesis

WHAT DRIVES THE PEN?

AN ASSESSMENT OF SWEDISH CULTURAL POLICY THROUGH LITERARY OUTPUT

Abstract

Cultural policy makers in Sweden and abroad stress the differences between the market for art and regular markets, calling for public intervention towards compensation to artists. Such a subsidy in Sweden is the guaranteed writer's compensation awarded to professionally established authors to relieve them from the economic uncertainties of their occupation. This thesis aims to evaluate the accomplishments of Swedish cultural and artist policy relating them to theories from cultural economics. Using the guaranteed writer's compensation as a policy example, we test if assumptions on authors' incentives are correct. A test on literary productivity, comparing book output before and after authors become entitled to payments from the scheme, is performed. Additionally, the potential relationship between the compensation and quality, expressed using availability at libraries as a proxy, is tested. We find that receiving a relatively unconditional raise in income does affect the output of the authors through a diminished book production, whereas the impact on quality is unclear. Discussing these results on the basis of relevant cultural policy objectives we find that by primarily catering to artists' needs, an unconditional support might be less compatible with the fundamental intentions behind publicly subsidizing the arts.

Keywords: cultural economics, cultural policy, artist incentives, creativity, literary production

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Writing is the only profession where no one
considers you ridiculous if you earn no money.
- Jules Renard

1. Introduction

An old cliché is that of the poor artist getting by on a song and not looking for monetary compensation. Still, money seems to matter to artists as well as to others. This would be apparent, if not before, after considering the myriad of applications asking for grants and scholarships written by aspiring as well as established artists. Indeed public support is in different ways an important source of revenue for many active in the cultural sector. If indirectly, by supporting institutions or public arts purchases, or directly through scholarships and compensation schemes much government effort and resources are put into promoting commercially less profitable culture.

In Sweden cultural policy has been extensive and ideologically ambitious. Culture has been hailed as a promoter of growth and democracy and the meager compensation of its producers has been seen as a problem. The starting point of the government's more concentrated efforts is usually traced back to the launch of a modern cultural policy in Sweden in 1974. This expressed a comprehensive view on how the arts should be promoted and what should be achieved. In terms of scope a planned great surge in resource allocation did not occur but the means grew roughly in proportion to economic growth. The cultural policy of 1974 was evaluated in 1995 but essentially unchanged. Early in 2009 a report on cultural policy commissioned by the centre-right Swedish government is to be published spurring some recent debate on government's role in supporting the arts.

An important part of the government's commitment to culture is reflected in various measures to support artists. In the expansionistic mood of the early 1970s a new individual support measure for writers was approved, benefitting a selection of established literary workers, the guaranteed writer's compensation (garanterad författarpenning, henceforth GWC). The scheme is intended to give renowned authors a stable income and the economic security to continue produce and innovate. Today it is one of the forms of artist aid being criticized for being too generous and unconditional. More specifically it has been questioned in newspaper articles pointing to the lack of literary output from some of the recipients (Wilhelmson, 2006; Holmén, Westerberg, & Jildestad, 2005). Instead of being considered a well deserved economic relief allowing authors to be more creative it is seen as handouts encouraging nothing but the comforts of low productivity.

This raises questions not only about the legitimacy of publicly supporting culture but more specifically about the instruments to be used. To be able to decide on the design of support measures assumptions need to be made about what is to be achieved and how the artist is intended to respond. Critiques of the GWC and its advocates appear to perceive the incentives to produce culture differently. If artists are mostly interested in material welfare monetary support might have a different impact as compared to if they gain pleasure mainly from engaging in artistic work.

Public support of individual writers is easily questioned as one person's behavior is made an example of the failure of an entire scheme. In the high tides of debate artists have been labeled lazy and cultural administrators wasteful while defenders of government aid have spared little energy in advocating the unique value of the arts and the economic sacrifice made by its producers. More seldom arguments are backed by broader empirical support or linked to the raison d'être of the support in the first place. This is the reason we engaged in the subject, trying to provide a more detailed picture beyond simplistic rhetorical turns.

1.2 Question

This thesis aims to assess Swedish cultural policy by answering the question: What is the relationship between direct public support of writers and their output? More specifically one form of government grant to Swedish authors, the GWC, is being used to draw insights on how artists respond to monetary incentives. The findings as well as economic research make up the framework for an assessment of Swedish cultural and artist policy in relation to literary workers. If writers respond to certain support schemes by writing more books or books of higher quality this would indicate that, although the scope could be discussed, efforts bear fruit. But if production is less affected or evenly negatively so, there are reasons to discuss whether resources are spent efficiently.

1.3 Method

It is not obvious that culture should be evaluated using the tools of an economist. Applying concepts such as output and productivity to the literary field might seem awkward or even insensitive to less tangible aspects of the arts. Cultural economists have admitted to the field being not an obvious target for an economist but also acknowledged the potentially economic nature of the subject (Frey & Pommerehne, 1989). Art needs resources to survive and is therefore restricted by scarcity. Moreover it is produced by individuals responding to incentives.

This thesis is based on a statistical investigation as well as studies of literature and communication with representatives of the main distributor of direct support for literary workers, the Swedish Authors' Fund (Sveriges Författarfond). The literature being used is mainly academic work in the fields of cultural economics and theories of creativity as well as public reports on various aspects of Swedish cultural policy. As the GWC payments began in the early 1970s, the thesis will review the historical origins of public support of the arts. This is meant to provide a background of the schemes of today and describe the environment relevant to the tests.

The retrieved statistics on the GWC and literary output serve to provide a picture of how a specific group of artists respond to a relatively unconditional monetary remuneration. Literary output is quantitatively measured in terms of books before and after the author has received GWC to compare if productivity appears to have changed. Quality changes are estimated by a regression of the prevalence of the authors' works at libraries. These exercises are performed not to render any definite conclusions on the subject of incentives to creativity, as many issues concerning measuring cultural output remain unresolved, but to contribute to the discussions on the role of public support and its practical framework.

1.4 Outline

Firstly the structure and ideology of Swedish cultural policy is described paying specific attention to individual support measures. Then public support of literature is treated separately, the scheme to be investigated, the GWC, is dealt with at greater length and the government's argumentation and assumptions reviewed. Following these mainly descriptive sections economic motivations for supporting the arts are summarized and relevant theories on incentives and the nature of cultural production are discussed.

The next part turns to a test of the relationship between artistic productivity and the GWC in an attempt to find indications on how it affects the behavior of authors. A discussion of the test's outcome and implications follows together with an assessment of Swedish cultural policy in terms of its objectives and the results at hand. The discussion will also cover potential strands for further research on incentives and public support of artists as well as addressing the limitations of the thesis. Lastly a concluding section sums up the findings and interpretations derived from data and relevant theory and suggests potential lessons to be learned.

2. Swedish Cultural Policy

Support for authors is conducted as part of broader objectives in the role of culture and, more specifically, literature in society. Since the 1970s lessons have been drawn on the practical difficulties of cultural policy and the Swedish government has been forced to elaborate its argumentation on the rationale for publicly supporting the arts and its producers.

2.1 Objectives and Origins of Cultural Policy

Much of the élan for cultural policy expressed in the initiatives of the 1970s had been successively built up in the preceding reformist decades. Instead of being a pass-time of rich patrons culture was to be made a tool for social reform. For this to be realized artists needed to break free from economic hardships forcing them to compromise their talent or ultimately abandon their career. An early proponent arguing for direct government aid for artists in the 1930s feared that "the misery of the artists could otherwise become the misery of the arts"[1] (Engberg in SOU 1975:14, p. 71). Direct financial support of artists was for long not a government priority. Support of active artists was seen as an unsuitable infringement of artistic independence (SOU 1975:14). The aid was restricted to a few scholarships to the most prominent and merited ones and to state subsidized education. Instead much of the early public spending was concentrated on institutions and organizations.

During the late 1950s and 1960s the government's commitment to culture kept growing (Larsson, 2003). In 1961 an action plan on culture was launched focusing on support of artists and a widening of the cultural landscape (Prop. 1961:56 in Prop. 1974:28). The direct support of artists was given four directives, support during education, more financial support for active artists, increased public consumption of

[1] Our translation.

the arts and a widening of the cultural sphere and integration of culture into the educational system (SOU 1975:14).

As the scholarship system was expanded the nature and ambitions of the payments changed. Before beneficiaries were selected mainly upon merits but the new work scholarships (arbetsstipendier) were given to active artists during their career (SOU 1975:14). Moreover the selection procedure was transferred to committees of artists and artist organizations. In the budget year 1964 income guarantees were introduced supposed to give accomplished artists a salary comparable to other professions on a life-long basis (SOU 1975:14).

As public financing of artists expanded and more expenditure was spent on the running of cultural institutions pressures grew to formulate a concerted approach to public arts funding. After extensive evaluation and review the new cultural policy approved by the Swedish parliament in 1974 marked the beginning of a new field of social engineering (Prop. 1974:28). Instead of being a number of more or less independent efforts to keep selected artists and institutions up and running the strategy would take a broader societal scope and strive for audacious aims. Among other things it should strengthen freedom of speech, artistic innovation and give people means to express themselves as well as "counter the negative influence of commercialism within the culture sector."[2] (Prop. 1974:28, p. 295)

In achieving these targets government expenditures on culture were to increase dramatically. It was to receive an increase in appropriations from the modest 0.7 percent of the government's operational expenditure in the 1960s to 1.5 percent in 1981 (Larsson, 2003). As the economic climate grew harsher the expansion slowed and the cultural sector had to make do with a relatively stable allowance in real purchasing power until the 1990s.

In response to a 20-year evaluation and a parliamentary report a new government proposal on cultural policy was formulated in 1996 (Prop. 1996/97:3). New goals were agreed upon, although they did not differ significantly from the ones formulated in 1974. Today [2009] the six objectives of cultural policy are to:

1) Safeguard freedom of speech and create real conditions for it to be used by all.
2) Strive towards giving all opportunity to take part in cultural life and cultural experiences as well as being creative on their own.
3) Promote cultural diversity, artistic innovation and quality and thereby offset the negative implications of commercialism.
4) Give culture the opportunity to be a dynamic, challenging and independent force in society.
5) Preserve our cultural heritage and put it to use.
6) Promote educational efforts and international cultural exchange and meetings of cultures within the country (Dir. 2007:99, pp. 3-4).

Although the content is roughly the same notable changes are that a strive for decentralization or inclusion of underprivileged groups is no more mentioned. There

[2] Our translation.

is no longer a separate anti-commercialist objective which instead is bundled together with an aspiration to promote innovation and diversity; diversity being a concept lacking in the 1974 goals. Although culture's share of government expenditure has grown through the last decades it is still not a major item of the budget. The Ministry of Cultural Affairs, responsible for pursuing the objectives, was in the budget of 2009 awarded 1.3 percent of total expenditure (Prop. 2008/09:1). Obviously the government is not the only actor in the cultural sector. In the mid 1990s it was estimated that public spending in culture was about 25 percent of total expenditure on the cultural sector (SOU 1995:85).

Measures to directly support individual artists constitute a small part of the cultural budget as compared to funding for institutions. Still, although a part of a broader effort, artists and their conditions receive special attention. In the government proposal on cultural policy from 1996 it is stated that the same principles as were formulated twenty years earlier still guide artist policy; an overarching objective being to provide for the "same economic standards for artists as for comparable groups in society" (Prop. 1996/97:3, p. 31).[3] As of the 1996 proposal Swedish artist policy aims to:

1) Facilitate an active cultural life providing work and income for the artists and meaningful cultural experiences for the people.
2) Facilitate conditions for professional artists to base their livelihood on earnings from artistic work.
3) Adjust rules and regulations in all policy areas to make sure reasonable consideration is taken regarding the special conditions of artists.
4) Enable artistic innovation and development through different forms of direct support of artists.
5) Improve the opportunities to engage in international artistic exchange. (Prop. 1996/97:3, p. 32)

A guiding principle has been the reluctance to achieve these objectives by politically controlling artistic content. Artistic judgments and decisions on aid distribution instead emanate from fellow artists. These however also refrain to a large extent from micro-managing the creative process. Direct and relatively unconditional support of artists is a feature of a Nordic cultural model that is rare, if not unique according to Duelund (2003). In other parts of Europe artists are supported but then as a rule the funding is tied to some kind of project or artistic objective.

The implementation of the goals also depends crucially on who is considered a professional artist in order to avoid having to supply for all rejected by the market. A report from the Swedish Artists' Committee (Konstnärsnämnden) comments on the approach of early artist policy as a sanguine assumption that once the public's taste for culture is stimulated this would increase demand for a generous cultural policy and provide artists with earnings (Svensson, 2007). In doing so it did however fail to address the fundamental problems of the labor market for artists; the persistent oversupply and the lack of job security and benefits.

[3] Our translation.

In discussing the labor market for cultural workers the government report identifies a "permanent imbalance" as supply exceeds demand leading to a subsequent lack of cultural employment (SOU 1995:84, p. 235). In terms of job security, following the economic turmoil of the early 1990s more attention has been paid to the specific difficulties for cultural workers to be integrated into labor market regulation and insurance schemes. A general trend has been for artists to work increasingly short term or freelance (SOU 1995:84). This forces cultural workers to market themselves or hire agents. These realities of living from culture complicate the picture of trying to intervene in a perennially oversupplied market where professional workers are not easily separated from meddling amateurs.

Other difficulties relate to the strive for innovation. Much faith is put into the drive of individuals, possibly encouraged by municipalities or regions, to renew supply, but the peer-to-peer system of aid distribution has been criticized for benefitting only an established network of insiders (RiR 2008:14). Aside from poor follow-up procedures and suspicions of bias it notices that the same group of people receives support over and over again. Meager funding limiting the scope for boldness as well successful lobbying of the old and established institutions are other factors mentioned by Larsson as inhibiting a more innovative approach (Larsson, 2003).

In 2007 a committee was given the assignment to evaluate cultural policy and come up with suggestions for changes (Dir. 2007:99). The methods and structures of the 1970s are to be reviewed and for example the preoccupation with public responsibility as translating to public means of financing is addressed as a field for reform. It is further claimed that the goals of cultural policy need to take other political fields into account hinting at a potential future appreciation of the instrumental values of culture.

2.2 Public Support of Literature and its Producers

Literature is a relatively commercial sector as compared to others covered by cultural policy but it still a field of government intervention. Modern policy on literature support took shape after a 1974 report and emphasized that literature needs to be diverse and available and that this calls for support at the production and distribution stage (SOU 1974:5). Today the government's efforts to support literature mainly concern funding of libraries, the library compensations scheme, scholarships and publishing support.

In the budget of 2008 303 M SEK was allocated on public efforts in the field of "literature, reading and language" for libraries, culture magazines etc. (Prop. 2008/09:1, ch. 17 p. 35) Additionally approximately 125 M SEK was devoted to direct support of literary workers (Prop. 2008/09:1; Sveriges Författarfond, 2008). In sum this represented about four percent of the total planned expenditure for the cultural field (Prop. 2008/09:1). Literature does thus not appear to be a major priority of cultural policy but the relatively large proportion, ca 30 percent that went to individual support of literary workers, could be seen as a recognition of the poor working conditions offered by the market and the vulnerability of the freelancing author (Prop. 2008/09:1; Sveriges Författarfond, 2008).

The Market for Literature

Björkegren gives an account of the Swedish publishing sector based on observations made in the 1980s (Björkegren, 1992). It is a very uncertain environment as publishing houses are unaware of what titles will be issued by their competitors. According to Björkegren this insecurity is either handled by adopting a commercially or culturally oriented business strategy. The commercial strategy is characterized by the publishing of few titles heavily marketed and most prominent in the United States. A cultural strategy, as practiced by Norstedts, was less product focused choosing instead to support a number of interesting authors that would possibly be important in a longer perspective. Publishing was for a long time seen as an "occupation for gentlemen" and concentrating on culturally important titles was an important part of the reputation of a publishing house (Björkegren, 1992, p. 65). This esteem was however not commercially irrelevant as profitable, but less acclaimed, writers might be attracted by the cultural prestige. But such status would most likely stem only from an exclusive elite and not necessarily concern the bulk of commercially less successful authors.

Another dilemma for creative literary workers is that publishing fiction and other non-academic publications often generates a smaller part of the revenues as compared to nonfiction and textbooks. Discovering profitable business opportunities among fiction writers is a difficult and unpredictable process. Non-commissioned scripts are almost invariably rejected. Those filtered through recommendations and literary agents stand a better chance of getting published. Still the process has been described as very experimental where money has to be spent on the failures to be able to profit from the successes (Björkegren, 1992).

A trend in the book market, observed by a survey conducted by the Swedish Writers' Association, has also been towards polarization, i.e. books either sell in large numbers or barely at all (Sveriges Författarförbund, 2007). This is taking place alongside an industry concentration where two publishing houses, Bonnier and Norstedts, are dominating the scene. The survey further notes that the increased concentration of the market is making it harder for many writers to publish and profit from their work.

From the above reasoning it can be concluded that a writer, especially if he is not working within nonfiction and textbooks, is operating in an insecure and volatile economic environment. If he belongs to the acknowledged elite he may have the fortune to be supported by a publishing house during writing but this is the case only for a very select few.

The conditions of the writer

Being a writer is in general not a high-income profession. Several studies show writers earning less than or roughly the equivalence of the national income average (SOU 1997:190; Sveriges Författarförbund, 2007). Naturally there are difficulties in estimating the general economic situation of writers. Firstly the group needs to be defined and secondly a proper measure needs to be chosen. An average may be misleading if there is a significant influence from outliers for example earning vastly more than their peers, a situation to be suspected among writers.

A study by the Central Bureau of Statistics (SCB) for a government report used archived scholarship applications to define the relevant group (SOU 1997:190). Writers and translators had an average gross pay of 174,000 SEK in 1995 (172,000 SEK being the national average). This was significantly higher than the general average of artists of 142,000 SEK. Notably for writers was that the spread between the average of the higher quartile and lower was the largest for all groups of artists. The study also looked into the proportion of income received from artistic work. For self-employed writers and translators (about 46 percent of the total population of 1,752) this share amounted to about 30 percent of total earnings or 53,020 SEK (the others' share could not be estimated from the tax statements). The report concluded that many writers earn very little and incomes on the side are vital to most in sustaining a reasonable economic standard.

A survey conducted by the Writers' Association of Sweden indicated the same pattern (Sveriges Författarförbund, 2007). It found that the Association's members had a median income of 209,900 SEK in 2004 (219,300 SEK being the national median). This constituted a real increase as compared to the last survey of 1993 by 19 percent but the national average had during the same period risen by 30 percent. Notably fiction writers earned a median income of 166,400 SEK and thus earned less than translators or non-fiction writers at 215,700 SEK or 242,900 SEK respectively. Median income from literary work was 38,800 and non-literary work 148,300 and two thirds of all members had non-literary jobs on the side. In discussing the results the surveyed group needs to be considered. Members of the Association are not only writers but also translators. Moreover literary workers that are non-members are naturally excluded. Still the number of writers included is roughly similar to previous estimations made on other grounds.

The survey also pays attention to a group defined as full-time writers (Sveriges Författarförbund, 2007). These spend at least three quarters of their working time on artistic activities and are not older than 65 years. Their median income from literary work was 146,500 SEK. Broken down to different categories their literary earnings were estimated as follows: fiction writers earned 124,100 SEK, non-fiction 90,700 SEK, authors of children and youth literature 145,100 SEK, the translators' income was 199,600 SEK and those belonging to multiple categories earned a median of 80,000 SEK. The highest proportion of 'full-time' writers is among translators (55 percent). For fiction writers the share is 38 percent, for authors of children and youth literature it is 41 percent and for non-fiction writers it is 25 percent (Sveriges Författarförbund, 2007). Overall the proportion of 'full-time' writers was 32 percent indicating no major change from the results retrieved in the last survey.

It is thus not very common for a writer to live entirely from his literary work. This appears to have been the case at the start of cultural policy as well. Only a few successful writers could then expect to be contracted and supported by a publishing house and thus enjoy some income stability. Otherwise most fiction writers worked freelance and often worked on the side to earn a living for example as journalists (SOU 1975:14). Non-fiction writers often worked within their field of specialization and translators usually worked on commission from the publishing house. The more recent studies above seem to give a similar picture of the writer's working conditions.

According to the survey of the Writers' Association of Sweden royalties were the most important source of literary revenue amounting to about 37 percent out of total income from literary work. Library compensation contributed to 13 percent of total income and taxed state scholarships five percent. Other important sources were translators' honoraria and public appearances. In terms of the organization of work, writers are most commonly self-employed and face an insecure economic environment. There is thus little guarantee that a book that took years to write will provide sufficient, if any, revenue to compensate for the working hours. This uncertainty is exacerbated by the lack of unemployment support, as a self-employed worker can hardly be jobless. The survey identifies that the publishing houses have had a stronger economic development in the preceding decade as compared to that of writers (Sveriges Författarförbund, 2007). It stresses the dependence of writers on publishing houses and their weakness in economic negotiations.

Although different kinds of writers and translators are lumped together in the statistics above, relying on the given estimations it can be concluded that writers in general earn on par or below the national median and average. The income differences within the group are large implying many writers earn very little. Moreover, most writers cannot live from their work and earn only a small proportion from writing. Not even the minority that chiefly relies on literary incomes is especially profitable, making much less than the general wage earner from their pen.

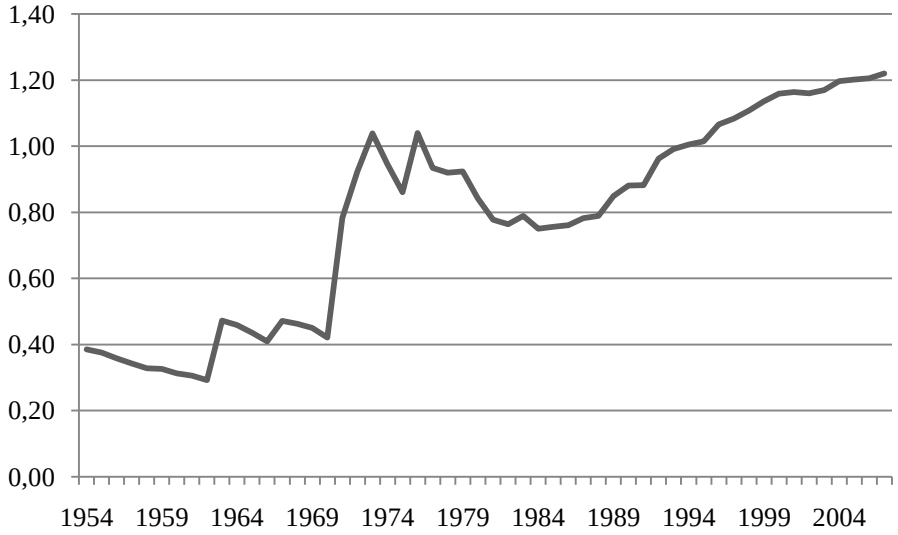
Individual Support of Writers

A literary worker's main channel for public support is the library compensation scheme: either in the form of automatic compensation payments or scholarships funded within the same system. Outside this scheme authors may also be awarded the state income guarantee and a small number of scholarships.

The library compensation scheme was conceived in 1954 as a way of compensating writers for the usage of their work in libraries. It is administered by the Swedish Authors' Fund, a public institution funded by the scheme, and the size of the allocation is decided by the number of book loans and references literature multiplied by a compensatory amount assigned by the government. The scheme is motivated partly by the infringement of intellectual property rights by public libraries and partly by the financially strained situation of many writers (Sveriges Författarfond, 2008).

The total allocation is then divided into an individual part compensating authors in relation to the number of book loans and a 'collective part'. The automatic and proportional payments are the writer's compensations (individuell författarpenning), which at the moment [2009] make up about 60 percent. The remaining share of the funding, or the collective writer's compensation, is used for the GWC, scholarships, pensions and administration. In dividing the compensation into an individual and collective part the fund makes a compromise between a strict compensation for usage of property rights and its ambition to stimulate talented and economically strained literary workers enjoying less public success.

Graph 2.2.1 - Library Compensation per Book (in real terms, 2007 prices SEK)



Source: Swedish Authors' Fund (2008)

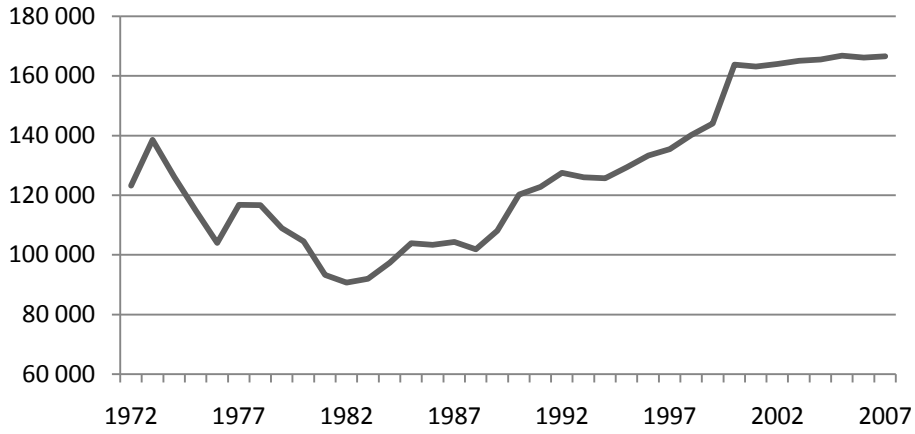
Although the government is not legally obligated to the scheme many writers considered the early library compensation too low. As a reaction to the lack of proposals to increase it in the budget for 1969 they borrowed all fiction literature from the municipal libraries in Stockholm, Göteborg and Malmö (Svensson, 2007). In the next year's budget the compensation was doubled (see *graph 2.2.1* above) and since then it has been a matter of negotiations. In 2008 the Swedish Authors' Fund had a budget of 121.6 M SEK. All decisions on scholarships are made by the Fund's board consisting of members appointed by the government, the Writer's Association and organizations representing photographers and illustrators (Sveriges Författarfond, 2008). Suggestions for scholarships and guarantees are formulated by committees and then passed on to the board for consideration.

The Swedish Authors' Fund yearly receives about 1,000 applications applying for scholarships. Writers, translators, illustrators and photographers may apply for scholarships of different size and duration. Scholarships for one year are either for 40,000 SEK or 60,000 SEK, for two years for 80,000 SEK and the five-year payments are 92,000 SEK annually. (Sveriges Författarfond, 2008) About 17 percent of the applicants in 2008 were expected to be approved (Söderström, 2008).

The most valuable support form, apart from the general artist income guarantee, is the GWC. It is designed as a complement to the regular writers' compensation payments. Today's scheme has its origins in the so-called scholarship complement (stipendietillägg) of 1972 (SOU 1975:14). These were introduced in order to make sure a certain author received a minimum amount from the library compensation, i.e. the ordinary library compensation is deducted from the guaranteed sum making sure the final sum always equals or exceeds the GWC. In a report from 1975 the library compensation scheme and the experiment with a scholarship complement were commented on (SOU 1975:14). The library compensation was favorably treated as a model for reimbursing artists and keeping some flexibility. The report was also positive towards the scholarship complement but called for further evaluation.

In 1975 the scheme was renamed Guaranteed Writer's Compensation (Söderström, 2008). Today the guarantee lasts until the author retires, dies or until the age of 70 years. In 2008 it amounted to 166,500 SEK per annum. It is awarded to writers of proven quality and productivity. To be eligible for receiving a guaranteed compensation the author has to have a published work suitable for library compensation, the intention to work only or predominantly as writer, translator, illustrator or photographer, and a convincingly documented record of quality and quantity. Regarding the last criteria the Fund's board has agreed on the following guidelines. The authors should be at least ten years from his debut. Writers should have published at least five or six books, or been co-writing ten to twenty books. Ten to twenty translated books is also necessary for translators to be eligible. Another requirement added by the Swedish Authors' Fund's director is that the writer has proven himself after receiving smaller scholarships (Söderström, 2008). The process is likened to a stair where you first receive one of the smaller grants, then move on to larger sums and longer durations until finally, if your career has been sufficiently successful you may be in line for receiving the guaranteed compensation.

Graph 2.2.2 – GWC (in real terms, 2007 prices SEK)



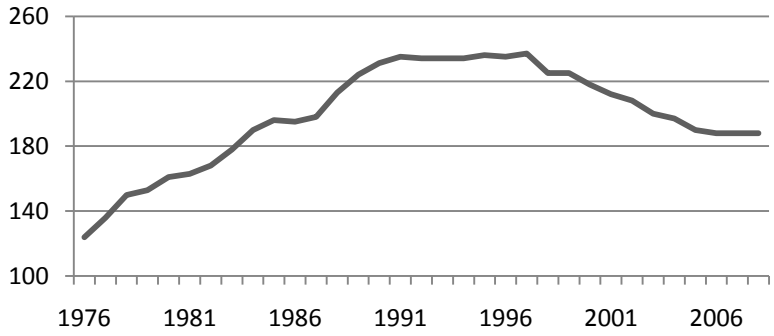
Source: Swedish Authors' Fund (2008)

The size of the GWC is shown by above in *graph 2.2.2*. After a slump in real value from the mid 1970s to the early 1980s the real value has been slowly increasing. Still, even at its low point in 1982, it had a considerable value of more than 90,000 SEK per year.

The link between the writer's compensation received from the compensation scheme and the payment of the guaranteed amount is considered important by the Swedish Authors' Fund (Söderström, 2008). This makes it different from a scholarship as it is directly related to the borrowing at the libraries. For this to be an evident relationship the selected writers naturally also need to be receivers of the ordinary compensation. In general this is the case, although a fair amount would receive very little or nothing (Sveriges Författarfond, 2008). The average writer's compensation is about 3,000-4,000 SEK as compared to the average of the group receiving the guaranteed compensation of 18,000 SEK (Söderström, 2008).

Once an author has been awarded the guaranteed writer's compensation he is unlikely to loose it. The rules stipulate that the author is not allowed to be employed more than half of the year. Only if there are 'extraordinary reasons' will an author be stripped of his guaranteed compensation (Sveriges Författarfond, 2008). This wording was added after a follow-up in 1999 on the productivity of the authors (Söderström, 2008).

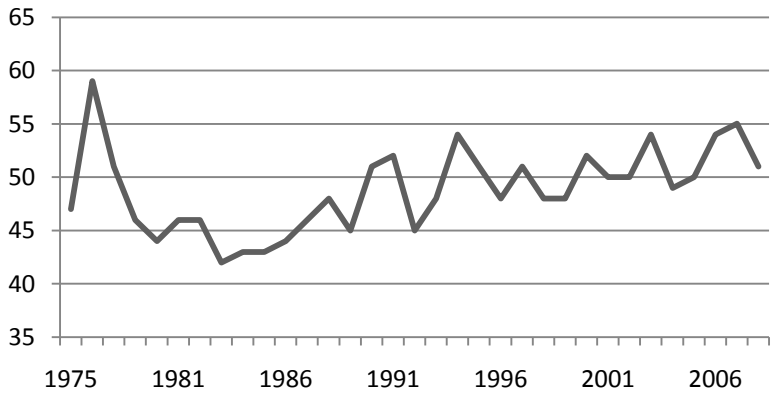
Graph 2.2.3 – Number of Recipients of GWC



Source: Swedish Authors' Fund (2008)

The Swedish Authors' Fund's director mentions the attempts to follow-up and to evaluate effects as one of the major differences between the way the it works today and its operations in the 1970s (Söderström, 2008). The rapid expansion of the group receiving support in the early years, visible above in *graph 2.2.3*, also made the early selecting procedure less thorough. The number of recipients reached its peak in 1995 at 236 having decreased in 2008 to 188. Two follow-up surveys have been made, in 1999 and 2004 and another one is planned for 2009 (Sveriges Författarfond, 2005). In these, the writers were asked questions on their literary output and economic conditions. From the latest report it was concluded that the GWC fills its purpose as the authors earn relatively little and their productivity remains high. High productivity is in this case defined as six books per author in the period 1999-2004 (Sveriges Författarfond, 2005). Only a small group of authors had written nothing during the period and were subject to more scrutiny. It is further noted that the recipients are content with the design of the GWC and that on the basis of the information retrieved through the survey no formalized output requirements need to be made.

Graph 2.2.4 – Average Age New GWC Recipients



Source: Swedish Authors' Fund (2008)

The average age of the newly added recipients has been varying since 2000 ranging from 49 to 55 as illustrated above in *graph 2.2.4*. A slow increase in the average age is detectable, possibly as a reaction to increased demands on the author in terms of having to 'climb the stair' of preparatory scholarships.

In reference to the assumptions behind direct support the Swedish Authors' Fund's director claims that it is in line with a public perception of the value of literature and that scholarships and other schemes may serve both to uphold a decent living standard and to benefit the artistic production (Söderström, 2008). Regarding the risk of secure cash flows reducing the incentives for authors to be productive he notes that there are other things motivating writers and that choosing the profession in order to make money would be misguided (Söderström, 2008).

Economic conditions of authors receiving the guaranteed writer's compensation
In the survey done by the Swedish Authors' Fund the taxable income of those receiving guaranteed writer's compensation was retrieved. Although it was done on a voluntary basis a few felt the questionnaire violated their integrity (Sveriges Författarfond, 2005). Evaluating might also have spurred some awareness as some writers chose to put their guarantee on hold after being asked for more data on their output.

It turned out that the economic reality of the group did not differ substantially from that of writers in general. The median taxable income was 230,700 SEK for 2002 (as compared with 209,900 SEK of all writers in 2004). The fact that earnings are reasonably low is according to the Swedish Authors' Fund an indication of the need for keeping the scheme (Sveriges Författarfond, 2005). Furthermore it emphasizes that although there are a number of high-income earners in the group most do not have a stable flow of earnings. This also motivates a support as a way of managing the economic dry spells.

2.3 The Swedish Government's Economic Argumentation

In formulating objectives and choosing its tools the government has relied on the input of various practitioners and researchers for providing an intellectual ground for policymaking. This concerns both general justifications for spending public resources on culture and assumptions made on the nature of the artist and how to properly design incentives.

Government Argumentation for Public Support
The parliamentary report of 1995 upholds culture's intrinsic value as its main reason to engage in public support of the arts (SOU 1995:84). This statement is however also complemented with more specific motivations. Economic theory is cited and cultural policy motivated by externalities, long-term planning, lack of information and/or autonomy, market structure and equity.

In terms of equity it is argued that adult education and community organizations serve to encourage participation in cultural activities, especially among the less educated. Moreover there is a social value from preserving the cultural heritage and maintaining institutions. Artist aid plays a specific role as it entails a market argument for

intellectual property right compensation but it is also meant to more generally allow the artist to continue being culturally active to the benefit of society.

Among the other justifications are that some cultural ventures are long-term and commercially risky or unfeasible which make them candidates for public aid. Lack of information inhibits rational decision-making both in general and in terms of cultural consumption and is thus related to the concept of restricted autonomy. These problems are potentially mitigated by government interventions. It needs however to be added that the parliamentary group considers the economic argumentation lacking in depth and prefers the intrinsic value as the fundamental justification of public intervention (SOU 1995:84).

Thus although efficiency and equity grounds can be found for public support, the overarching rationale derives from the intrinsic value of the arts, which is also underlined in the directives for the new proposal (Dir. 2007:99).

Government Assumptions on Artist Creativity
Through scholarships and other support measures selected artists benefit financially from artist policy. In trying to create a livelihood for artists and provide means not offered by the private sector the government makes assumptions not only about culture but also about cultural workers. These premises on the driving forces of artists are made explicit in several reports on cultural policy. In government reports a recurring statement on the creative process is that it is long-term and needs to be undisturbed by economic pressures to be innovative and concerning artists that they are eager to produce and thus less commercially rational leading to oversupply and poor living conditions.

It is however notable how some older reports lack more explicit assumptions on artists' incentives (SOU 1974:5; SOU 1975:14). In discussing artist policy they rather make vague statements on reasonable pay in relation to other professions but only on the basis of artistic merits. Support of artists is further related to the objective of countering the negative implications of market forces within culture and contributing to artistic innovation. For this to be the case they should not be plagued by material worries in their cultural activities. Especially self-employed artists are singled out as in need for aid in order to be able to devote their time to cultural production (SOU 1975:14). It is acknowledged that defining the group eligible for support poses a challenge and also that much administration should be left to the artists' organizations.

In a report on artists' conditions from 1990 the nature of the cultural worker is treated more extensively (SOU 1990:39). Importantly a conflict between the artist and the bourgeoisie represented by the market is observed. Artists are often ambivalent to the market as an ideological counterparty and source of livelihood. Thus there is a distance between popular, or commercial, culture and more refined arts. Cultural policy serves to defend 'fine arts' from being consumed by popular culture. In this context it is claimed that: "Artist policy is to be regarded as a kind of research support and generosity as well as risk taking is needed. A thousand flowers must be allowed to bloom."[4] (SOU 1990:39, p. 127) Turning to the low incomes of artists it is

[4] Our translation.

acknowledged that this is related to their commitment to the arts. A strong desire to produce and reach out to the public weakens their negotiating positions vis-à-vis market counterparties (SOU 1990:39).

This feature of artists is highlighted in a 1975 report as the powerful artistic drive that makes them "less responsive to market signals" (SOU 1995:84, p. 238). Instead of changing profession they accept meager standards and at the same time contribute to an oversupply and subsequent unemployment. This also leads to unsustainable expectations of government aid. Apart from strong artistic incentives access to affordable cultural training is also taken as a factor increasing the supply of artists. In Sweden many students have chosen esthetics as a specialization in their secondary education and enrolled in public music schools. It is also noted that arts education often neglects the mundane realities of professional artists such as marketing, taxes and labor market (SOU 1995:84). To some extent this is regarded as an information problem that impedes rational behavior and sound career choices.

The same report also turns to the specific conditions of cultural work (SOU 1995:84). The importance of artistic independence is underlined as well as the real issues making it possible to earn a living from the arts. In order to promote an experimental approach the artist needs to be able to work long-term and patiently and overcome creative crises. The report also reflects upon the concept of quality identifying professional quality as a more objective feature comprising innovation, tradition and skills and perceived quality as the subjective process within each art consumer. One problem with innovative quality is that it may initially only be appreciated by a small crowd (SOU 1995:84). Success is not always immediate although an artistic piece may be important to the development of the field and later recognized as such. It is also concluded that the artist needs to be allowed to fail.

The 1995 proposal acknowledges that professional artists that can fully engage in creative work are paramount for achieving cultural diversity and innovation. Public aid is needed as the artists need to be able to concentrate on their work during longer periods of time. Innovation and development of niche genres are parts of being an artist and thus should be allowed although demand might be lacking. It is however emphasized that scholarships and aid are complements and that the aim is for cultural workers is to live off their work.

3. Theories on Supporting Culture and Stimulating Creativity

3.1 Economic Motivations for Cultural Policy

Some tie the birth of cultural economics to Baumol and Bowen's analysis of the cost disease in the 1960s (Blaug, 2001; Throsby, 1994). This early theory has developed into a long-lived and persuasive argument for public subsidies of the arts. Other scholars of the field have relied more on standard economic welfare theory stipulating that an intervention may be justified if the arts convey external benefits or bear similarities to public goods (Frey, 2000; Netzer, 1978). Attempts have been made to merge the field with other social sciences contrasting concepts of external benefits and economic value with cultural definitions of value and capital (Throsby, 2001).

Outside the standard welfare analysis also lies the concept of arts as a merit good, roughly a good that is wanted but not consumed; an assumption that has actually been supported by empirical investigations finding that people are indeed willing to pay for culture they do not directly make use of (Blaug, 2001). As cultural economics is divided in terms of theoretical framework for understanding public subsidies, argumentation on classical welfare grounds as well as strands that are less solidly based in traditional efficiency trade-offs will be treated and their validity in terms of supporting literature specifically discussed.

Market Failure - Public Good and External Benefits

The art's potential characteristics of a public good have been discussed by several researchers (Netzer, 1978; Bowen, 1997). A *public good* is intimately related to market failure as its characteristics of non-exhaustibility and non-excludability makes it unprofitable to produce and the market mechanism will consequently be inhibited in supplying the socially desirable quantity. Obviously many segments of the arts market do not have these traits. It is easy to exclude someone from watching a play or reading a book. Other parts are less straightforward. The basic supply of Swedish television broadcasting was until recently indiscriminately transmitted over the air and therefore paid for through a license fee compulsory for owners of television sets. Public art is by nature unfeasible to provide exclusively and is therefore commonly financed by taxes. Notably the provision of a public good is not a way of ignoring the market's signals and consumer demand but rather a way of providing a setting for such a demand to be realized (Bowen, 1997). If literary output were to be a public good it would thus qualify for government intervention. This is however not obviously the case as copyright law allows for exclusion and profit-making.

In trying to address the specifics of cultural goods Bowen applies the concept of "mixed commodities" (Bowen, 1997, p. 255). These are partly public and partly private and as such beneficial to society as a whole but entail extra utility to the consumer. Such goods qualify for some level of public support but at the same time they can reasonably expect to be at least partly financed by charging consumers. In this context performing arts, as exemplified by Bowen, could be a "mixed service", justifying its public support (Bowen, 1997, s. p. 256). Another way of expressing this combination of private and social benefits is by referring to *externalities*. Culture might not be a public good itself but generate *social benefits*. Baumol discusses how such benefits stem from national pride, option value and pleasure from support of virtue (Baumol, 1997). Famous opera houses or art museums possibly increase our welfare as they make us feel better about our country. An element of national prestige might also be derived from having more critically acclaimed authors although stronger feelings of pride may very well be derived from areas such as sports or film making. Option value is the perceived utility from having the opportunity to consume a certain good even though there is no such demand at present. Such value may be generated by publishing support given to private publishers as an incentive to experiment in issuing titles that might be perceived as culturally important but less profitable. In combination with state scholarships this increases the earning possibilities of literary talents not immediately appreciated by a broader public demand. Even though the individual consumer does not necessarily acquire these books he may appreciate their presence in case he might one day feel the urge to venture into a certain niche of literature.

Bowen adds commercial benefits, bequest value and social value to education to these public benefits (Bowen, 1997). More books imply more stories to be converted to audio books, movies and other commercial endeavors. Literary publications may also play a role in enriching the quality of education. If public aid manages to expand book publishing into commercially weak segments making the supply more diverse this might encourage reading and studies of literature. Stimulating production of books may not only strengthen education but be considered a valuable aspect of democracy as literarily gifted citizens express their opinions and stimulate debate. If books improve political efficiency this would be a social benefit possibly motivating sponsoring a selection of authors.

Further *external benefits* that are not necessarily social may stem from culture. Netzer gives the example of how an art form is supportive of another, as a source of employment opportunities or inspiration (Netzer, 1978). Another reason may be the value of failed experiments – arts is risky business and others in the field may profit from a competitor's mistake. A possibly more mundane source of external benefits is the attraction of tourists, well-off inhabitants and others increasing demand and spurring economic activity in an area.

Inherent Inefficiencies and Cost Structure
Another argument for public support put forward by Netzer is derived from the *cost structure* of producing culture (Netzer, 1978). If there are large fixed costs but low marginal costs as in the case of museums or theatre productions, then setting a price covering costs would render a socially insufficient quantity of consumption. Economies of scale thus make for an efficiency argument for giving the suppliers a bulk sum of money to cover fixed costs and making admission free or almost free of charge. Another handicap for the arts to overcome is information costs. Advertising is expensive and therefore reaching large audiences may be financially difficult giving the government reason to fund informational campaigns they suspect will lead to the discovery of a latent demand. A potential reason for supporting Swedish authors might be that the small market otherwise would be an obstacle favoring writers from bigger countries with more marketing resources. If it is assumed that literary talent would be wasted in such a system this could validate government support. A prospective artist, unknown to the public, is in this case likened to an infant industry in need for financial backing until he survives on his own.

Social Equity
Subsidies of the arts risks being a regressive policy as long as its consumers earn more than the national average (Baumol, 1997). Thus the equality argument for public support needs to be qualified beyond pure transfers. Bowen describes the redistributional argument as an attempt to create more equal opportunities to be a future culture consumer (Bowen, 1997). If culture is not offered to some groups these will not acquire any preferences for the arts. Hence the deprivation is not simply a matter of monetary means but one of social exclusion. To avoid this Bowen argues that especially minors should be exposed to culture in order for them to be able to enjoy culture in the future (Bowen, 1997). Netzer concluded that although subsidies may not change consumer patterns dramatically the high prices of culture consumption call for subsidies even if preferences may take long to change (Netzer, 1978).

Libraries may be a way of getting people acquainted to culture and thus bridge inequalities in future consumption patterns. An expanded book production increases the selection on offer in libraries and thus the quality their service. Policy measures that reduce costs of consumption and increase choice thus seem coherent with the view of access to literature as an important aspect of social equity.

Merit Goods
A merit good is a good that should be produced not because of any benefits recognized by individuals but because society deems it important (Throsby, 1994). Some genres such as for example poetry or experimental dance may very well lack the demand necessary for a private market but they could be considered intrinsically important and therefore qualify for subsidies (Netzer, 1978). The value of these goods thus derives not from consumer's own perceptions and preferences but from the goods' intrinsic qualities. Works of literature are obvious candidates for being meritorious goods. Many struggle commercially but a paternalistic argument could be made for the importance of making people engage in, preferably innovative, reading experiences. In terms of the arts Throsby however questions assigning it too many features of a merit good claiming the concept is often used for a disguised case of social benefits where consumers actually accept the value to society of supplying the good (Throsby, 1994).

Debate
Most economists appear to favor publicly supporting the arts albeit on different grounds (Blaug, 2001). Among the prominent critics is Cowen claiming that those pessimistic about a market of the arts overestimate the adverse effects and do not offer any real viable alternatives. The market is instead the only option where artistic freedom can be truly rewarded (Cowen, 1998). Bowen also elaborates the case against supporting culture although not necessarily sharing the view. If culture is of such value to its consumers, these should obviously be prepared to pay for it (Bowen, 1997). Furthermore, letting an elite board dictate the cultural preferences imposed on society may be perceived as paternalistic and in conflict with democratic principles.

Opposing public support is not always equivalent to taking a fierce pro-market stance. The Anglo-Saxon tradition of private contributions and patrons of the arts is an alternative source of funding addressing the market imperfections discussed above. It is a practice in line with liberal thought on the importance of individuals making decisions voluntarily. Public resources may in this context even be harmful as some proponents of the philanthropic model fear that public grants crowd out private contributions (Cowen, 1998).

Leaving the ideological feuds aside, although recent empirical work has indicated some public support for subsidizing the arts less evidence has been found concerning the actual impact of such expenditures (Blaug, 2001). Abovementioned arguments give reasons to engage in its support but are less elucidating about how this is to be achieved and the nature of cultural productivity.

3.2 Economic Theories on Artists and their Incentives

As has been shown above, there is a widespread belief that the market for cultural goods, or the market for art, is flawed for several reasons. This would call for interventions and the restriction of a more pure free market system (Towse, 2001). Any constructed mechanism remedying these perceived market failures must take into account in what way the market fails. Subsidies, often in the area of artist policy, might be better evaluated if potential origins of failures pertaining to artistic production are scrutinized.

Artists have been compared to scientists in their way of conducting business. This means that both disciplines operate partly in a market for ideas, where creativity is thought of to be a valuable trait (SOU 1990:39). Both scientists and artists, at least the kind which society deems successful, produce their work on the fringe of what potential customers of their work are aware of. Groundbreaking ideas, which is a valuable trait sought after in both art and science, is an attribute of a good that is hard to value (Cellini & Tiziana, 2007). With only the artist or scientist possessing information about the new product, the general tendency for the market is to undervalue such products. The real problem arises because the lack of information is an integral part of the product. Take the uniqueness or creativity away from a work of art, and you are most probably left with an imitation of previous art. A possible solution to this problem is to have a catch-all funding mechanism for new art or science. By funding new and *avant-garde* art the government, or someone else, makes it possible for artists to produce art that is so new and different that the general public do not know how to value it. In time however, this art may be regarded as a masterpiece and a precursor of the art that is produced later on (Cellini & Tiziana, 2007).

The result of a market described above, with asymmetric information and investments with revenue forecasts that are difficult to derive, may very well end up in a position where only the most predictable art is produced. An artist does usually have a set of talents, and can use them in different settings, producing different art. Were there no other means of income, a good, but not great, artist may end up producing for the median customer on the market (Castaner & Campos, 2002). There is not enough demand for niche art, so most averagely skilled artists will be driven to more sellable art, and thus increase competition at the median as well, possibly forcing some authors to exit the market. If a subsidy or grant system is put into place to award niche or avant-garde artists, the artists could not only be able to continue producing the art they specialize in, but there will also be more room for artists producing more general art (Frey, 2000).

Another problem arising in the market for cultural goods is the peculiar fact that though many artists struggle with incomes below standards of many other professions, there are still some who prosper and earn vast amounts of money producing art. This might be because of a winner-takes-it-all mechanism, where small differences in quality or creativity between artists translate into large differences in payment (Rengers, 2002). This in turn relies on the relative scarcity of good artists, so that a famous artist can price his or her art at a higher level. In a system without public support for artists, a problem like this would translate into fewer artists

producing art with potential positive externalities. With public subsidies, the problem would still exist, and it is possible that it would translate to subsidies and grants instead of art prices. The highest paid artists in the market should, if there are no more market failures to account for, also be the best in their profession. If a winner takes it all in the market, he or she might just as well take a disproportionate part of the grants as well, inhibiting the growth and production of other, lesser-known artists (Rosen, 1981).

What Drives the Artist?

A common trait of the labour market for art is that it is overcrowded; many artists are for the most time unemployed and when they work they often earn low wages (Blaug, 2001). To earn enough, many artists hold dual jobs so that they earn their living at a non-art or art-related job, and then use the rest of the time to work on their own art (Towse, 2001). A possible explanation for this is that artists not only seek monetary success, but are more preoccupied with the potential fame that their work could give rise to. As early as in the 18th century British scholars debated whether artists where able to produce the 'right' art, but if their quest for fame would drive them to write for a common mean, society ends up with the same problem in the art market as with asymmetric information (Cowen, 1998). Fame and fortune could thus be seen as two sides of the same coin; affecting the authors in similar ways.

Artists' response to changes in relative wages and rewards would constitute a starting point for a discussion on how subsidies and grants should be designed, if they are to be present at all. The previous discussion about perceived market failures does however indicate that some public intervention may be warranted. Such systems are also already in place in many countries, especially in Europe. Grants and subsidies can however be a double-edged sword. Just as grants may allow more people to produce art, it can also have adverse effects on already established artists. Analyzing the situation from the common economic notion that marginal utility decreases as income increase, an author that receives subsidies too easy may slow down on their production, as they now face lower marginal utility from sales of their art. If artists value their work this way, principal-agent theory with close supervision of the receiving artists' production is the way to design an incentive scheme for the production of art (Rengers, 2002).

Focusing on the positive side of subsidies, they are a way to overcome the problems of asymmetric information and that of production only for the market median. Grants, both private and public, increase the span of produced art as more artists at the fringes of the market for art get an opportunity to produce as well (Frey & Pommerehne, 1989). To produce art for only monetary reward is still seen as taboo, a trait not confined to the production of art alone, but possibly more stigmatizing in a creative business. Artists producing mainly for the monetary benefit do of course exist, and there also many artists that can make a good living out of only producing the art of their own preference. Selecting artists to receive grants thus becomes a choice for public authorities and others who decide in these matters. Artists do have an incentive to classify their own form of art as a struggling and misunderstood one, leading to problems for the decision-makers trying to single out those in actual need (Netzer, 1978). One solution adheres to the fact that it is preferable to divide artists into two groups: those in it for the money and those who do it for other rewards. By making grants from private sources tax-deductable when given to non-profit art organisations

in the United States, the subsidy system keeps the art subsidized this way in the non-profit, and possibly, avant-garde area (Cowen, 1998).

Another area of interest concerning the nature of subsidies is the measure of control they inherit from the institution granting it. If a grant is too explicit in what the grantee is supposed to do, it can easily crowd out creative work from the artist (Frey, 2002). The subsidy affects the artist negatively in different ways. One is the perception the artist has of being controlled. Creativity is a very intangible resource and artists may need freedom in pursuit of creative projects. The other way is a substitution from works of art that the artist would produce if left alone from performance controls, to art that is stipulated in the granting of the subsidy (Frey, 2002). A successful subsidy should therefore be constructed so that the artist is left with a high degree of autonomy in order to avoid the two pitfalls of granting subsidies.

Work as Utility in Itself

A key concept of cultural economics and most historical analyses of creativity is the concept of intrinsic value of art production (Frey, 2002). Arguably, more professions than artists can appreciate their work, but in previous studies of the peculiarities of art labour markets the intrinsic value of producing art has often been one of the explanations (Towse, 2001). The concept is more formally defined in an article of Throsby (1994), which will serve as the basis of the coming explanation.

Contrary to standard theory, artists in this model do not only value the trade-off between income from work and leisure time, but also the time they spend working. The production of art becomes a valuable and important part of their utility function, not primarily because of the potential earnings but because the time used working is valued positively. Those artists that face the restrictions inherent in the work-preference model are not able to survive only producing the art of their own liking. Instead they are forced to get another job so they can pursue their interest of art. The other job becomes a prerequisite for their art careers, but does not need to be totally different from their preferred occupation; they might be able to receive an income from working in a art-related area, but still nurture a desire to work with art that more reflects their own preferences (Throsby, 1994; 2007).

The difference between this model of behaviour compared to standard theory is what happens when these multiple job-holders experience changes in relative wages. Standard theory predicts that they would substitute towards the occupation with highest marginal earnings, but if the relatively higher valued occupation is less related to their first choice art, artists might be substituting work the other way (Papandrea & Albon, 2004). An artist now facing higher income in the non-preferential occupation will use this new income to spend even more time producing art. The artist is thus not primarily interested in achieving a high income, but to make a sufficient living and spend all available time pursuing the art of their liking. Raising income levels for artists would thus make them produce more art as they do not need to set aside as much time for attaining a sufficient income.

In a recent study, Throsby (2007) finds that artists do want to substitute more time into the production of their own art, as they find themselves constrained in regards of income. A majority of the responding artists were willing to use more time producing

art, even as they were all fully aware of the fact that their art pays a lower income. In contrast, Robinson and Montgomery (2000) finds that although the intrinsic value of producing art might be able to explain the differences between art and non-art returns of work for a sample of artists, at the margin they still substitute working time to the occupation with the highest income, regardless of whether this is in the arts or non-arts. A more problematic finding for the work-preference model is the research done by Rengers (2002), where it is shown that when income increases, artists are prone to substitute away from work, even if they solely work with their own preferred art. As these contradicting findings suggest, the work-preference model for artists do hold some explanation for why people work within the arts, but findings are inconclusive in regards to what happens at relative changes in income and incentives to work.

4. Test of Guaranteed Writer's Compensation

The previous section ended with a non-standard theory of incentives for artists, the work-preference model. To test whether this model of incentives is relevant, we will examine the effect of the Swedish guaranteed writers' income (GWC). This will thus not only examine the validity of authors valuing the intrinsic value of their work, but also the more practical issue of whether this part of Swedish cultural policy is effective.

An author receiving a guaranteed income would in a way lose the direct link between output and a large part of his or her income. If authors prefer working with new books above other choices, the new and guaranteed income should enable authors to more fully concentrate on their writing, and possibly produce more works. They should at least not slow down their production, as their preference is to work. Authors receiving GWC have all been receiving grants from the Swedish Authors' Fund before, so although the level of subsidy rises slightly, the working conditions remain similar. A guaranteed income can help an author functioning as under the work-preference model; because he or she can stop worrying about future consumption, removing the precarious situation authors otherwise find themselves in when writers' cramp strikes.

On the other hand, if authors' utility functions more closely resemble standard theory, they now also value their leisure time, choosing to substitute hours worked if they have a chance to do so. With GWC there is less incentive to produce new books, as a substantial part of the income is already assured. The marginal earnings of more hours put into writing new books have decreased. With a guaranteed compensation and with authors conforming to standard utility functions, we should not expect to see any increase in book output. It can very well be the case that the opposite will happen, book production decreases as authors face new, looser, incentives.

Numbers and quantity is not always the right way to measure, a fact that is often emphasized especially in cultural policy. We will therefore not only test whether book production has changed after authors have been granted GWC, but also if the books they write differ in perceived quality. We will try to capture the quality of books by measuring their availability at libraries. This not only captures their popularity with the people using the library, but also how good it is perceived to be by the librarians deciding whether to order the book or not. To see differences inside this group of

authors, we will also perform tests with separate groups of the sample, for example comparing writers with translators.

4.1 Description of Data

The data used in the subsequent tests have been collected from the Swedish royal library's website for books in Swedish libraries, LIBRIS (2008). The LIBRIS database contains books from 409 Swedish libraries. This includes the Royal Library, which must store at least one copy of each book published in Sweden. From the Swedish Authors' Fund we received a list of people currently receiving GWC. Using this list together with the database at LIBRIS, we were able to extract all books in the system associated with the current receivers of the compensation. The data was then cleaned from reprints and other books not directly related to the relevant authors' production. Every book in the dataset has various attributes, such as printing year, length, co-authors and availability in different libraries.

Using the received benefits from the library compensation and the majority of each writer's output, we construct a classification of receivers, consisting of 134 writers, 39 translators, eight illustrators and seven photographers. Some of the authors have been producing works of art in more than one of these areas, but they are only counted in one of the groups each, as we assume that the majority of that author's work should make the biggest impact on decisions.

	Books
Total amount	7320
Average amount per author	38.94
Standard deviation	31.46
Largest amount	171
Smallest amount	5

Table 4.1.1 – Summarized statistics of books per author receiving GWC

The data can be roughly illustrated by summarizing a few descriptive statistics. *Table 4.1.1* concerns the number of books produced. As writers have been active different periods of time the average does not tell us very much in itself; instead the table serves to give a general picture of the data at hand. It is a notably heterogeneous dataset with a large standard deviation but this is not unexpected as different professions and career durations are bundled together.

Annual production	*Books*
Average	1.23
Standard deviation	0.90
Largest	5.06
Smallest	0.17

Table 4.1.2 – Books per year for authors receiving GWC, active years being all years after first published book

Breaking the statistics down to active years renders a measure of productivity. *Table 4.1.2* describes the number of books produced on a yearly basis. The active years are counted starting from the year of the earliest book registered in LIBRIS. The average is 1.23 books but with a large standard deviation. The substantial individual differences indicated by the standard deviation are not very surprising as individuals differ in productivity and produce different types of output. A factor possibly increasing the heterogeneity is that for example a writer taking a break from his work would reflect as more unproductive as the output is spread out over his career independent of such decisions.

	Copies in libraries	*Author average*
Average	17.77	17.86
Standard deviation	8.93	4.16
Largest amount	68	36.33
Smallest amount	1	9.52

Table 4.1.3 – Amount of copies in libraries, both for the whole dataset and grouped by the authors.

As for the prevalence of GWC recipients' works on libraries, the common average has been taken of the number of copies in libraries for books in the dataset. This is shown in *table 4.1.3*. This resulting average gives an indication of how common it is for libraries to keep works by the authors from this group. Books thus appear on average in about 18 libraries which is about 4.4 percent of the total number of libraries in the data set. To compare differences between authors, *table 4.1.3* also gives some descriptive statistics of the average number of copies for each author. Together these numbers suggest that there are large differences in availability of books in libraries not only between different books, but also between authors.

4.2 Test on Differences in Quantity

The main point of this analysis in examining art policy, and particularly grants to authors, is to look at the number of books published. Not only is this an obvious target for quantitative analysis, but for authors and literature artists this is the main medium of expression. Art policy in Sweden often emphasizes that the main objective is not how many books that are published, but the quality of the literature produced. Benefits to society emanating from literature must however originate from literary works. The amount of such works thus becomes a valid area of research even if the absolute number of published books not accurately measures the success of social policy. On the other hand, a change in output would if quality is unaffected be either beneficial or adverse in respect to the underlying goals of cultural and artist policy.

As we test a very heterogeneous data set where even the smallest change still is a whole book we want to make every author's change in output matter. An ordinary t-test of the difference in means between two paired samples, before and after guaranteed compensation, would be misleading as one author's change in any way might conceal a number of other authors changing their output in the other direction. Mainly, we wish to examine changes in the authors' behaviour, not the absolute effects of the policy. To remedy this problem, we will use a regular sign test where the amount of different signs is compared to a mean under a null hypothesis. To test for both positive and negative changes in output, the test will be two-tailed.

As mentioned above, the test will be comparing output of books one period before authors receive GWC and one period after. The periods tested will be three and five years long. The test is constructed this way because we do not want to make unnecessary assumptions about writers' lifetime productivity cycle. Arguably, a young author might be more creative but on the other hand, a writer might as well have learnt his or her trade at an older age, thus being more productive in later years (Frey, 2000). By comparing two fixed periods instead of a more general measurement, e.g. books per year, an author ages maximally ten years in the compared periods. The mean age of receiving guaranteed compensation varies from 49 to 55, so most authors should be in the same phase of their lives, making comparisons better. Because of the sometimes low frequency of books produced, one or two per year, a test of only the year before and the year after receiving the grant would also be less apt in capturing the effects of the guaranteed writer's compensation.

All of the 188 authors currently receiving GWC today will not be used in all the tests. We exclude last year [2008] from the test, because the data was collected in November and thus do not give a full representation of that year. We also exclude a number of years to actually have a period of possible production of books after receiving GWC. Authors that have received their guaranteed compensation after 2002 or 2004 for the three and five-year period tests respectively will not be included.

When comparing the period before (t_{-1}) and after (t_{+1}) an author receives GWC, we have chosen to exclude the year they start receiving their compensation. This is because the work spent to finish a book could have taken place an earlier year, when the author did not know that he or she would receive a guaranteed compensation. But it could just as well have been written during that year when the guaranteed compensation started. Because of this uncertainty, it is better to exclude the year between t_{-1} and t_{+1} so that there is less ambiguity in the results.

For control purposes, we also conduct tests comparing the two periods t_{-2} and t_{-1}, the three or five-year-period before the compensation is granted, and one period further back in time. If GWC indeed make a difference in output and our assumptions of otherwise homogenous working conditions during the two compared periods hold, then there should be a significant difference in output between t_{-1} and t_{+1}, but not between t_{-2} and t_{-1}. If there on the other hand is a difference also between the two periods assumed to be more alike, we can not deduce any relevant results from our sign test, as the data then would differ in more ways than just in changes in incentives for the authors.

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Hypotheses
H_0: No change in output, the number of authors producing more after receiving compensation should equal the number producing less.
H_1: Authors produce less or more after receiving the compensation, there are more authors either producing more or less than before receiving guaranteed compensation.

Test periods	***Period length***	***Obs.***	***Output in second period***			***Expected under H_0***[5]	***p-value (2-tailed)***
			Lower	***Larger***	***Equal***		
t-1 vs. t+1	*3 years*	160	**76**	53	31	64.5	5.23%
	5 years	146	**77**	53	16	65	4.33%
t-2 vs. t-1	*3 years*	160	64	**71**	25	67.5	60.57%
	5 years	146	**67**	56	23	61.5	36.73%

Table 4.2.1 – Sign test of difference in output before and after receiving GWC.

The results and some of the input to the test can be examined in *table 4.2.1*. If we would conform to the standard of rejecting the null-hypothesis if the test is significant at maximum five percent, then the only periods where we are able to reject the null-hypothesis is t_{-1} vs. t_{+1} in five-year periods. However, the test of the same two periods but with the shorter duration of three years is close to the five percent limit, hence, the results of this tests seem to indicate the same thing, that output in the second period is actually significantly lower than in the period before GWC was granted. That the difference may depend upon receiving GWC is also further confirmed when the two periods before the grant is compared. When testing t_{-2} vs. t_{-1} both time periods' tests are highly insignificant. We can thus not reject the null hypothesis in these cases and this contrasts them to at least the five year period test discussed above. There seems to be a large difference between tests where the two periods differ in guaranteed compensation, and when they do not. This could mean that receiving a guaranteed compensation actually alters the incentives for a writer towards producing less than before. When faced with a higher level of income without any new demands on counter performance, the marginal utility of income from a new book appears to weaken. Notably, the main source of income for a writer before receiving guaranteed compensation is not earnings from library loans, but sales of his or her books. When granted the compensation, the largest part of the income may instead come from the Swedish Authors' Fund.

The group receiving GWC consists of different occupations all relating to literature. Not only writers, but translators, photographers and illustrators can receive the guaranteed compensation. Performing the same test as above, but on the different sub-groups of the recipients may reveal other insights as to whether changes in incentives influence artists' output. Writers are likely to be the group of artists in this setting that are most prone to 'dry periods' and writer's cramp, having to more or less create their work 'from scratch'. Compare this to translators or illustrators where the material they have to adapt their work and creativity to have already been completed. Translators and illustrators do also work under different conditions than writers. Translators are more prone to be employed by one of the larger publishers and will be presented to

[5] Under H_0, the amounts of authors producing more or less in the second period should both equal this number.

possible books to translate (Söderström, 2008). Finally, photographers are more similar to writers in this perspective.

Of the four groups, only writers and translators are in large enough numbers to be able to get any conclusive results from their tests. Fortunately, they both constitute different working conditions, so only using these two groups should still be an interesting way to test incentives under GWC.

Test group	*Test periods*	*Period length*	*Obs.*	*Output in second period*			*Expected under H_0*	*p-value (2-tailed)*
				Lower	*Larger*	*Equal*		
Writers	*t-1 vs. t+1*	3 years	113	**56**	36	21	46	4.70%
		5 years	106	**56**	36	14	46	4.70%
	t-2 vs. t-1	3 years	113	38	**53**	22	45.5	14.18%
		5 years	106	37	**50**	19	43.5	19.80%
Translators	*t-1 vs. t+1*	3 years	34	14	14	6	15	100%
		5 years	32	**16**	14	2	15	85.55%
	t-2 vs. t-1	3 years	34	**19**	14	1	16.5	48.69%
		5 years	32	15	15	2	15	100%

Table 4.2.2 – Sign test on different groups receiving guaranteed writer's compensation

The four tests on writers resemble the results from above where the whole group was tested. This is not a surprising finding as writers constitute the majority of people receiving guaranteed writer's compensation. Results from tests on translators do however differ substantially. The tests on translators are highly inconclusive, some of them actually reaching the presumed mean of the distribution, making them highly insignificant. It is difficult to infer any special changes in output for translators when they receive GWC. Connecting this finding with the differences in work conditions between writers and translators, it seems that the more free-lance conditions of the writer make them able to choose to lower their output. Translators on the other hand, usually have a more rigid work schedule where books which are to be translated are given to them from a publisher. As translators more often are connected to a publisher that can provide them with work, they also have less freedom to influence the amount of work they have to put in, resulting in a finding that they do not significantly change their output of books after receiving GWC. Though we can speculate in these terms, the main problem with the test on translators is that the sample is substantially smaller than the other tests, making it more difficult to infer any significant results, if there are any at all.

4. 3 Test on Differences in Quality

As the tests above indicate, authors receiving guaranteed writer's compensation do not produce more books. On the contrary, they produce less. This might not be a problem concerning cultural policy, as quantity never has been the main goal of the policy. By granting a guaranteed income, the purpose is to give the author chance to live through dry periods so that quality works can be published. Hopefully, the quality of the book will improve as the author does not have to take his or her economic situation into consideration during work.

A proxy for the quality of books might be availability at libraries. Except for the Royal Library and Lund University's library all other libraries have the option not to shelf a book. A book available at more libraries should either be very popular or being considered a more qualitative work of art, as it has been chosen by the staff at that

library. If books written by an author receiving GWC are less likely to be available at libraries, cultural policy seems to be misguided for at least two reasons. One is that supposedly writers with guaranteed compensation do not care as much about the quality, or likeability, of their books. Therefore, libraries are less inclined to order them. Second, less books by authors receiving guaranteed compensation in libraries mean that one of the goals of the cultural policy, availability of culture to more people, is not fulfilled but the opposite is happening.

This test utilizes a regression of books published between 1970 and 2008, excluding reprints a total of 7263 books from the same dataset and authors as the tests above. The start year is chosen to be 1970 because this is just a few years before the first person in the dataset receives guaranteed compensation. The dependent variable is LIBR, which is the number of copies of each book that are available at libraries. The main independent variable is a dummy named GWC, with value one if the book is published during the time the author receives guaranteed writer's compensation, otherwise zero. One problem with this regression is that older books are disadvantaged because they can be removed during the years. To control for this, a number of dummies, each one for a three-year period with the first one from 1973 up until 1975, is made dependent variables in the regression. This way some of the explanation of differences in availability at libraries will be explained by age. This also helps the validity of our main dummy variable, GWC, as it is more active towards the end of the examined period when all authors in the dataset have guaranteed writer's compensation. The expected signs of the time dummy variables are positive, as the base case will be the period of 1970 to 1972 and newer books should be more popular so more libraries hold them in their supply.

$$LIBR = \beta_1 \times \mathrm{GWC} + \beta_2 \times 1973-75 + \ldots + \beta_{13} \times 2006-08$$

Equation 4.3.1 – Regression of LIBR depending on GWC and time effects.

Performing an OLS-regression with *equation 4.3.1* yields the following results:

Ind. var	*Coef.*	*t*	*p-value*
GWC	-0.81973	-3.32	0.001
1973-75	0.256654	0.27	0.786
1976-78	1.654326	2.00	0.046
1979-81	4.175793	5.07	0.000
1982-84	4.496576	5.51	0.000
1985-87	5.120669	6.43	0.000
1988-90	5.689339	7.15	0.000
1991-93	8.149699	10.10	0.000
1994-96	8.846383	11.00	0.000
1997-99	9.058753	11.19	0.000
2000-02	7.686061	9.31	0.000
2003-05	5.799218	7.03	0.000
2006-08	1.246453	1.50	0.135
Cons.	12.76073	17.54	0.000

Number of obs.	7263
R^2	9.09%
Adj R^2	8.93%

Table 4.3.1 – Results of regression of LIBR depending on GWC and controlled for time effects.

The reason for performing this regression was to see if a significant change in the availability of books written by authors receiving guaranteed compensation can be explained by the guaranteed compensation. In the regression almost every independent variable is significant including the main purpose of the study, GWC. The regression suggests that books which are written when the author receives guaranteed compensation is available at approximately 0.8 libraries less than other books in this dataset. If this really is the case, artist policy towards authors does not contribute to more and better works of art. Concerning this regression however, such drastic conclusions can not be made. Note that the R^2-value of this regression is low, below ten percent. This means we are not fully able to capture the variety in availability between books, so further enhancements of the regression model must be made. As there are large differences between authors, a common constant may not be the best way to capture availability not affected by time or GWC. Some of the differences between authors might instead appear in GWC, as authors have been receiving GWC for different lengths of time.

To test the robustness of our results and to further counter differences between authors, independent author dummies are introduced. These form the basis of explaining the main difference between authors, as some might be more popular than others. Still, the idea of this regression is to see if there is any explanatory effect in receiving the grant, so the size of these individual effects will not be examined further. Furthermore, because of the large differences between authors, both in produced books and in availability at libraries, no common intercept will be included in the test. Arguably, when independent dummies are used, there is no need to give explanatory power to a common value of books produced. Because of the lack of an intercept, the expected signs of all independent dummies are positive. All writers have published books, and all books are represented in at least one library.

$$LIBR = \beta_1 \times \text{GWC} + \beta_2 \times 1973-75 + \ \dots \ + \beta_{13} \times 2006-08 \ + \beta_{14} \times \text{writer}_1 \ + \ \dots \ + \beta_{202} \times \text{writer}_{188}$$

Equation 4.3.2 – Regression of LIBR depending on GWC and controlled for time and individual effects

Ind. Var	*Coef.*	*t*	*p-value*
GWC	-0.47556	-1.48	0.139
1973-75	1.187715	1.36	0.175
1976-78	2.666343	3.43	0.001
1979-81	5.002175	6.47	0.000
1982-84	4.95669	6.42	0.000
1985-87	5.326964	6.99	0.000
1988-90	6.030172	7.82	0.000
1991-93	8.535601	10.79	0.000
1994-96	8.957809	11.29	0.000
1997-99	9.297657	11.52	0.000
2000-02	7.549632	9.13	0.000
2003-05	5.912462	7.08	0.000
2006-08	1.572723	1.84	0.065

Number of obs.	7263
R^2	85.49%
Adj. R^2	85.08%

Table 4.3.2 – Regression with LIBR as dependent variable. Individual effects are included in the regression, but not in the table for ease of reading.

Concerning the explanatory power of this model, it seems to be very high with both R^2 and the adjusted R^2 above 85 percent, this is however not so surprising; a model with 202 independent variables for differences between individuals is bound to have a large explanatory value.

Compared to the previous test we are left with an insignificant effect from GWC. Other variables predict the availability better. All 188 independent author dummy variables are significant at a 1 percent level and the variables controlling for time are significant except the first and the last one, perhaps because availability of books published those periods does not differ too much from the base case of 1970-1972 for each writer. As availability at libraries is the closest proxy we have on whether a book is popular and hence better, this test seems to indicate that there is no clear difference in the quality of a book written before or after the author receives guaranteed compensation.

We modify the regression one more time to see if there is any aspect of availability that we have missed in the previous tests. Instead of explaining the effect of the guaranteed compensation with just one variable, we will divide GWC into time-dependent GWC variables. This way we can examine if any period in time displays a significant change of output when authors are granted guaranteed compensation.

$$LIBR = \beta_1 \times \text{GWC} \times 1970-72 + \ldots + \beta_{13} \times \text{GWC} \times 2006-2008 + \beta_{15} \times 1976-78 + \ldots + \beta_{25} \times 2006-08 + \beta_{26} \times \text{writer}_1 + \ldots + \beta_{27} \times \text{writer}_{188}$$

Equation 4.3.3 – Regression of LIBR depending on GWC divided over time together with time and individual effects.

Ind. Var	*Coef.*	*t*	*p-value*
GWC70-72	4.281739	0.90	0.368
GWC73-75	0.7151488	0.15	0.880
GWC76-78	0.2204601	0.15	0.879
GWC79-81	0.3407977	0.24	0.808
GWC82-84	1.633103	1.67	0.094
GWC85-87	0.5491115	0.76	0.446
GWC88-90	-0.0847849	-0.13	0.894
GWC91-93	-0.7848888	-1.20	0.230
GWC94-96	-0.7771344	-1.20	0.228
GWC97-99	-1.30755	-1.90	0.057
GWC00-02	-1.196846	-1.51	0.132
GWC03-05	-2.362058	-2.49	0.013
GWC06-08	-2.764614	-1.80	0.071
1973-75	1.233257	1.39	0.163
1976-78	2.632922	3.31	0.001
1979-81	4.940725	6.25	0.000
1982-84	4.630257	5.82	0.000
1985-87	5.059508	6.42	0.000
1988-90	5.901136	7.31	0.000
1991-93	8.721711	10.26	0.000
1994-96	9.159367	10.62	0.000
1997-99	9.886811	10.89	0.000
2000-02	8.130237	8.24	0.000
2003-05	7.573862	6.67	0.000
2006-08	3.8039	2.29	0.022

Number of obs.	7263
R^2	85.52%
Adj. R^2	85.08%

Table 4.3.3 – Regression of LIBR with respect to time-dependent GWC variables and individual author effects.

This third test combines the results of the two preceding it. Concerning the different GWC dummies, one is significant at a five percent level, three more at ten percent, and the remaining nine are insignificant. This further adds to the inconclusiveness of changes in quality depending on GWC. Although a majority of the significant and near-significant effects are negative, the large amount of insignificant but positive effects during other time periods make the overall effect of GWC on availability at libraries difficult to estimate. Interestingly, when splitting the effect over time, the coefficients go from positive to negative, and towards more significant results. Once

again this could be attributable to our data set as it includes authors currently receiving guaranteed compensation, making it biased towards current times as older authors have retired and stopped receiving the compensation.

5. Discussion

According to our findings the authors write fewer books after having received the GWC and evidence in terms of effects on quality, as measured by prevalence at libraries, is inconclusive. In order to decide if this implies that the GWC is failed or misguided the basic objectives of the scheme need to be considered. The policy goals most relevant for established authors appear to concern the nature of their work; more innovation, quality, independence etc., or their potential to reach out to society. The given results, less books and unimproved quality, are not easily interpreted as a way of fulfilling these goals.

Arguably quality is difficult to capture but the inconclusive findings of the test on quality of books may be explained by the examining process at the Swedish Authors' Fund. Before receiving a guaranteed compensation, most authors have already received time-limited grants, and they are thus already screened in terms of writing quality and ability to produce new books. Therefore the quality of writing does not need to go up when they receive the new guaranteed grant, as they are already 'good' writers and have usually been working under similar conditions before. On the same note, authors do not obviously write books with a lower quality just because they have part of their income guaranteed. The group has been chosen as high-quality authors and for them to experience an induced metamorphosis strongly altering their creative capacity in the midst, or end, of their career is rather unfeasible.

Another issue in discussing the limits to improving quality is the independence of the author. The Swedish Authors' Fund is in some respects unique. It fills a traditionally legal purpose in compensating authors but combines this with implementing cultural policy. The construction is a not entirely straightforward compromise. The distribution of the non-individual part of the writer's compensation is problematic as it introduces judgment and potential bias. This involves making implicit and explicit assumptions on the nature of its beneficiaries. It is assumed that the artists should be relieved from commercial pressures and thus make bolder and better art. An important aspect in this context is unconditionality. A writer should feel the economic comfort to pursue innovative work without the need to make profit or cater to certain interests. In order to receive the GWC a writer would however generally need to have already qualified for a number of scholarships. A rational author eager to receive monetary support would thus not be entirely free in choosing themes and methods of expression if he would be calculating on the books being evaluated by a small crowd of political and artist representatives. Therefore it needs to be recognized that instead of working under the pressures of the market, the writer depending on government aid needs to gain the approval of a select group of peers and politicians.

As the effect on quality is unclear and book output appears to decrease the appropriateness of the design of the support needs to be addressed. If it is meant to give the authors more time to write culturally valuable books it would make sense to award the GWC in the most creatively productive phase of the author's career. In

particular if the impact is expected to be positive and the writer considered talented there is a rationale for verifying these capabilities as early as possible in order for the author to spend as much time as possible writing in his most productive years. Instead the newcomers to the GWC scheme are usually in their 50s. This is naturally due to a compromise between the need to gather evidence and extrapolating future potential and making sure the guarantee is not too late. Still supporting artists in their later years reminds more of a reward scheme than of a way to promote industriousness. Seen from this angle the GWC might however have some different, unverified, positive effects. It potentially functions as a prize encouraging writers to be productive early on in their careers in an attempt to finally be rewarded. This is however not in line with the stated intentions of the scheme and such an arrangement would arguably be designed in a different way.

Another problem might be the loose requirements on recipients ex post. Much trust is put into the hands of writers as they are supposed to provide material for evaluating the scheme themselves. The Swedish Authors' Fund does follow up some cases of suspected low productivity but evaluations appear not to be done more systematically but more as a way of dealing with the most troublesome cases from a public relations perspective. It is concluded that the authors in general are highly productive although the measure used is not put in comparison with earlier periods. Satisfactory productivity is translated into fulfilling an arbitrarily chosen absolute condition instead of considering whether any change has occurred as result of the payments. Instead of keeping to vague standards on an acceptable productivity the GWC's administrators might benefit from investigating the scheme's meaningfulness in its potential to change behavior before and after receiving of the guarantee.

If productivity is indeed lowered by receiving practically unconditional support this indicates that mistakes have been made in assumptions made on the artists. Money is often considered a means to switch from bread work to creative efforts. As writers do not appear to spend more time writing this effect might have been overestimated and more mundane forces could be at work. Returns on writing are for the vast majority of authors meager. For those receiving the GWC these returns may seem even less attractive. Furthermore the prerequisites of the work-preference model could be questioned. If time is to be shifted towards artistic work this implies that the author is actually interested in or capable of spending more time writing. This may be true for many writers but the established writers awarded the GWC are most likely more or less full-time writers, considering their productivity.

Thus the GWC scheme may well be questioned in its failure to achieve the goals of Swedish cultural policy and a case could be made for relying on support that is less unconditional or simply of shorter duration. It must however be recognized that the GWC may fill another purpose, that of supplying writers with a steady and decent income. Artist policy, as a sub-field of cultural policy, does stipulate goals that differ from, and possibly contradict, those of public art subsidies in general. According to these, income for artists should be provided and professional practitioners given the opportunity to live from their creative labor.

A recurrent theme in government argumentation on artist policy is the imbalance between supply and demand on the artist market punishing cultural workers in terms of low salaries. Some self-critically blame an over-education into cultural professions but generally the market conditions are deemed more or less inherently unfair to the individual artist. This has spurred policy motivations bordering to those for pure labor market interventions. It is not entirely unusual for governments to concentrate efforts to ease the suffering of newly laid off workers but persistently supporting a profession not favored by the market is another matter. Still, cultural policymakers treat the cultural producers as systematically disfavored. One criterion of artist policy for supporting a select group of authors in this magnitude would be that they are active professionals. This could be assumed to be true regarding the recipients of the GWC, at least at the time they are awarded the guarantee. From this perspective the economic welfare of artists is however no longer an instrument but an objective in itself. It is unclear in what way this would contribute to broader cultural policy goals. If this link is not more reassuringly argued, policies primarily serving artist policy objectives risk confusing outsiders as to what is actually being achieved.

Limitations and suggestions of extensions
Improving the analysis of subsidy systems for artists may require other types of data than what we have been able to collect. The Swedish Authors' Fund receives their funding based on library loans and administers pay-outs to authors in accordance with their number of loaned books. Using data as the loan frequency of individual books may give other insights to what a subsidy scheme such as GWC results in. Finding other proxies for quality, not just popularity, may be a bigger challenge, but using industry recognized measurements could be a way to measure quality. Such measurements include number of works from an author translated into other languages, national and international book awards and sales figures. Another aspect missed out by our test may be the range of activities outside book production that often derives from being an author. If an author would spend more or less time for example lecturing, reading in public or writing articles this is obviously not captured by the data.

Our examination of book output was divided into types of authors, and although with a small sample the test on translators indicated a difference in that group compared to the test of writers exclusively. To further investigate differences in the group receiving GWC, tests could be made on authors in different genres. Authors of children's books and those composing poetry experience differences in their working conditions and also in payment and relative public popularity.

The guaranteed writer's compensation in Sweden is in a way unique as it is relatively free in the obligations to the authors. Comparing the effects of receiving this compensation compared to other subsidies holding more restrictions, either in time or productivity, could prove an interesting area of research. Such studies could enable us to pinpoint the difference in propensity to work, testing notions such as Frey's theory of grants crowding out creative production (Frey, 2002), and Throsby's work-preference model (Throsby, 1994).

It needs to be recognized that the sample consists of a relatively small group in many ways unrepresentative for the average cultural worker. GWC recipients are likely to earn more from their creative efforts and devote more time to its artistic activities.

Thus conclusions may not be equally valid in respect to broader circles of struggling artists. Widening the scope to other groups of artists would generalize findings to a level where we can make more certain statements about artist and cultural policy in Sweden.

In order to more comprehensively investigate whether artists in general function as under the work-preference model or choose to value leisure instead similar schemes as the GWC where identified in other trades of art could be examined. An adjacent subsidy to the GWC is the general artist guaranteed income, which is awarded to artists who have made essential contributions to Swedish culture. Comparing the output of these artists where it is applicable, could provide further insights in how artists and their incentives work.

6. Conclusion

The results of this thesis point to the behavior of authors being more in line with that of individuals in general than is often assumed and to the importance of pecuniary returns, also from producing culture. In response to a virtually unconditional and substantial increase in income, a writer's willingness to toil behind his desk seems to decrease. A straightforward economic explanation would suggest this being a rational response to diminishing returns from labor as compared an earlier poorer state. Such behavior does not exclude the notion of an inner drive to be creative but stresses that a professional writer values not only immaterial benefits from his work.

As this is hardly a desired outcome from cultural spending it might reflect a more fundamental misconception of the incentives for creativity. An intention of the direct support of authors has been to free up time to allow the artists to concentrate on their literary production. This implies that the economic standards on the market more resemble a constraint to creativity than an inducement. Once the economic stress is removed the author will turn more wholeheartedly to his artistry.

Policies have been crafted and implemented under these assumptions of the special kind of incentives that apply to cultural workers. Generally, grants and subsidies are awarded with no extra strings attached, implying that cultural policy values the artist's own independence in terms of contents and trusts his commitment to producing art. This unconditionality may need to be reconsidered if the measures are to be made more efficient achieving the objectives of cultural policy.

Moreover the interpretation of these objectives and their theoretical foundations are unclear. In discussing the government's approach to culture it is worth mentioning the sparse references made to economic theories on the subject. Although such argumentation has been elaborated by academics and many researchers favor public art subsidies as a way of enriching society, government reports still focus on the less tangible intrinsic qualities of culture.

Policymakers' refusal to accept instrumental values of culture sits oddly with increased efforts to stress measurable benefits of public support. The rhetoric of intrinsic values may even have influenced artist policy, turning its purpose from being a means to an end to an undertaking for its own sake. Although providing an artist

with a stable income may very well increase his production in some cases this does not appear to be true for GWC recipients. This illustrates the potential dangers in pursuing sub-objectives that not necessarily comply with the fundamental tenets of cultural policy.

In conclusion, Swedish cultural policy has lived with approximately the same underlying assumptions for a long time. Economic stress has been considered a dilemma inhibiting creativity and the finest artists have been rewarded with more or less unconditional financial support. If the upcoming government report on cultural policy takes a new stance on the sources of creativity and reasons to promote literature remains to be seen. In any case, it is a fair guess that the debate on what really drives the pen will continue to puzzle policymakers as well as writers.

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20549 Peter Höglund

Appendix A – List of Authors Receiving GWC in 2008

Name	*First year receiving GWC*	*Type of Author*
Eva Adolfsson	2003	Writer
Wilhelm Agrell	1990	Writer
Alexander Ahndoril	2005	Writer
Suzanne Almqvist	2000	Translator
Rebecca Alsberg	2000	Translator
Johan Althoff	2007	Writer
Ann-Charlotte Alverfors	1986	Writer
Karin Andersson	1990	Translator
Britt Arenander	1982	Translator
Lars Åke Augustsson	1985	Writer
Yngve Baum	1983	Translator
Lisa Berg Ortman	1980	Writer
Bengt Berg	1991	Writer
Lasse Berg	1984	Writer
Micke Berg	1996	Translator
Göran Bergengren	1996	Writer
Mats Berggren	2002	Writer
Thomas Bergman	1987	Writer
Maria Bergom-Larsson	1989	Writer
Christina Björk	1997	Writer
K arne Blom	1999	Writer
Lars Erik Blomqvist	1976	Translator
Anders Bodegård	1993	Translator
Maria Pia Boëthius	2005	Writer
Margareta Brogren	2007	Translator
Ulla Bruncrona	2001	Translator
Ernst Brunner	1988	Writer
Ingrid Börge	1994	Translator
Stefan Casta	2001	Writer
Björn Collarp	2000	Writer
Sigrid Combüchen	1989	Writer
Peter Curman	1978	Writer
Ingvar Dahlström	2000	Writer
Magnus Dahlström	1998	Writer
Björn Dawidsson	1989	Photographer
Inger Edelfeldt	1992	Writer
Ylva Eggehorn	1988	Writer

Lars Ekenborn	1984	Writer
Maria Ekman	1983	Translator
Christer Eriksson	1987	Translator
Ulf Eriksson	1992	Writer
Peter Lucas Erixon	2002	Writer
Anna-Karin Eurelius	1981	Writer
Maj Fagerberg	1999	Illustrator
Christine Falkenland	2001	Writer
Aris Fioretos	2004	Writer
Ann Forslind	2004	Illustrator
Lennart Frick	1976	Writer
Katarina Frostenson	1991	Writer
Eric Fylkeson	1984	Writer
Anita Goldman	2008	Writer
Camilla Gripe	1999	Writer
Claes Grundsten	2003	Photographer
Gunna Grähs	2007	Illustrator
Kerstin Gustafsson	1985	Translator
Gunnar Gällmo	1999	Translator
Lennart Hagerfors	1990	Writer
Ulf Peter Hallberg	2002	Translator
Peter Handberg	2000	Translator
Carola Hansson	1996	Writer
Gunnar D Hansson	1991	Writer
Gunnar Harding	1977	Writer
Magnus Hedlund	1985	Translator
Tom Hedlund	1986	Writer
Per Helge	1993	Writer
Elisabeth Helms	1995	Translator
Marie Hermanson	1998	Writer
Per Holmer	1984	Translator
Claes Hylinger	1983	Writer
Göran Hägg	1983	Writer
Anna Höglund	1996	Writer
Ingrid Ingemark	1998	Translator
Leif Janzon	2006	Translator
Jens S. Jensen	1985	Writer
Anders Johansson	1988	Writer
Inger Johansson	1992	Translator
Kjell Johansson	1985	Writer

Arne Johnsson	1997	Writer
Reidar Jönsson	1977	Writer
Lena Kallenberg	1996	Writer
Robert Kangas	2003	Writer
Peter Kihlgård	1997	Writer
Bengt af Klintberg	1994	Writer
Inge Knutsson	1983	Translator
Juris Kronbergs	2001	Translator
Per Kågeson	1981	Writer
Manni Kössler	2003	Translator
Hans Lagerberg	1986	Writer
Rose Lagercrantz	1986	Writer
Per Landin	2004	Writer
Lena Landström	2005	Writer
Olof Landström	1993	Writer
Ola Larsmo	2001	Writer
Mats G Larsson	2006	Writer
Mats Larsson	1992	Writer
Åke Leijonhufvud	1985	Writer
Lars Lerin	1998	Writer
Birgitta Lillpers	2006	Writer
Ia Lind	2005	Translator
Mecka Lind	2000	Writer
Pija Lindenbaum	1998	Writer
Joakim Lindengren	2008	Writer
Börje Lindström	1990	Writer
Sven-Olof Lorentzen	1993	Writer
Lotta Lotass	2008	Writer
Kristina Lugn	1984	Writer
Kristian Lundberg	2005	Writer
Gunilla Lundgren	1988	Writer
Gunnar Lundkvist	1995	Writer
Marie Lundquist	2006	Writer
Janne Lundström	1990	Writer
Öjevind Lång	2005	Writer
Viveca Lärn	1988	Writer
Tomas Löfström	1984	Writer
Ellen Mattson	2008	Writer
Eva Mattsson	1988	Writer
Thomas Millroth	2008	Writer

Karin Mossdal	1989	Translator
Peter Mosskin	1988	Writer
Jan Mårtenson	1982	Writer
Martin Naucler	2006	Photographer
Rose-Marie Nielsen	1992	Translator
Bo Sigvard Nilsson	1998	Writer
Hans-Jacob Nilsson	1991	Translator
Ulf Nilsson	1984	Writer
Johan Nordbeck	2006	Writer
Jens Nordenhök	1988	Translator
Lars Norén	1972	Writer
Elisabeth Nyman	1997	Illustrator
Gunnar Ohrlander	1989	Writer
Tommy Olofsson	1987	Writer
Peter Ortman	1982	Writer
Meta Ottosson	1993	Translator
Anna-Karin Palm	2006	Writer
Christer Persson	1980	Writer
Anders Petersen	1982	Photographer
Joakim Pirinen	2004	Writer
Bengt Pohjanen	1989	Writer
Annika Preis	1988	Translator
Bertil Quirin	2002	Writer
Bunny Ragnerstam	1982	Writer
Charlotte Ramel	2003	Illustrator
Marie Louise Ramnefalk	1983	Writer
Björn Ranelid	1993	Writer
Joachim Retzlaff	2007	Translator
Anders Rising	2001	Photographer
Ulla Roseen	1991	Translator
Eva Runefelt	1986	Writer
Bengt Arne Runnerström	1991	Illustrator
Carina Rydberg	2007	Writer
Inger Rydén	2001	Writer
Elisabeth Rynell	1992	Writer
Niklas Rådström	1985	Writer
Tony Samuelsson	2005	Writer
Håkan Sandell	1999	Writer
Monica Schultz	1990	Illustrator
Steve Sem-Sandberg	1999	Writer

Nathan Shachar	2004	Writer
Fredrik Sjöberg	2008	Writer
Eva Sjöstrand	2002	Translator
Staffan Skott	1977	Writer
Åke Smedberg	1994	Writer
Ingalill Snitt	2004	Photographer
Jefferik Stocklassa	1997	Writer
Jan Stolpe	1984	Translator
Ingela Strandberg	1995	Writer
Eva Ström	1990	Writer
Ragnar Strömberg	1989	Writer
Gun-Britt Sundström	1981	Translator
Jan Henrik Swahn	2002	Writer
Torbjörn Säfve	1988	Writer
Staffan Söderblom	1988	Writer
Anna-Clara Tidholm	1987	Writer
Thomas Tidholm	1988	Writer
Mikael Timm	2008	Writer
Cecilia Torudd	1985	Illustrator
Aino Trosell	1991	Writer
Horst Tuuloskorpi	1986	Writer
Mats Wahl	1994	Writer
Carl-johan Vallgren	2000	Writer
René Vazquez Diaz	2004	Writer
John S Webb	2003	Photographer
Jacques Werup	1980	Writer
Monica Zak	1991	Writer
Gun Zetterström	2003	Translator
Eric Åkerlund	1983	Writer
Klas Östergren	1989	Writer
Nina Östman	1999	Writer