

Distinction and Subsidy in the Arts:  
Case Study of the New York City Mayor's Office of Media and  
Entertainment

Presentation for 7<sup>th</sup> North American Workshop on Cultural Economics

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# Distinction and Subsidy in the Arts: Case Study of the New York City Mayor's Office of Media and Entertainment

Research Question:

NYC MOME subsidies are economically regressive.

Is sociological *distinction* why these subsidies continue?

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Rhetorical framing and motivation:

Popular culture meme of Elites

British Utilitarianism: Leaders & followers, Rulers & ruled

VA Political economy: administrative or 'churning' state

Murray Rothbard: welfare-warfare state

Econ history: War socialism from WWI on

# Distinction and Subsidy in the Arts: Case Study of NYC MOME

Stylized Facts:

Demographic Trends

Is administrative state sustainable?

	<u>2000</u>	<u>2020</u>	<u>2022</u>
USA	281,421,906	331,449,520	333,287,557
		17.78%	0.55%
NYC	8,008,278	8,804,190	8,335,897
		9.94%	-5.32%

<https://www.osc.ny.gov/files/reports/osdc/pdf/report-15-2024.pdf>

Stylized Facts:  
Demographic Trends  
Is administrative state sustainable?

From **Blue** States to **Red** States January 2020 – November 2024

NY State: -3%    California: -2%    Illinois: -2%

Texas: +6%    Florida: +6%    South Carolina: + 7%    Idaho: +8%

Outlier Washington, DC: +2%

Data: WorldPopulationReview.com

## Distinction and Subsidy in the Arts: Case Study of NYC MOME

*[T]he film and television industry plays a leading role in New York City's economy and culture. Its ongoing strength will help New York City's creative sectors rebound and set the stage for an **equitable** recovery for all New Yorkers.*

– Anne del Castillo, MOME Commissioner

New York City Film and Television Industry Economic Impact Study 2021

## Distinction and Subsidy in the Arts: Case Study of NYC MOME

- NYC has ~ \$100b annual budget, ~ \$13k per person
- MOME ~ \$750m budget, ~ \$90 per person
- Tax subsidies of 75% above or below-line costs (75% on screen NYC)
- Recipients include: : Warner Media, WNYC, HBO, Netflix, FX, Fox Corporation, Warner Media, The Walt Disney Company, A&E Networks, AMC Networks, BBC America, IFC Films, Hulu, ESPN, ABC, NBC and BET

## Distinction and Subsidy in the Arts: Case Study of NYC MOME

	Average Annual Income (2019, in '000s)	MOME Wage Premium
MOME Program Recipients	\$121	n/a
NYC Public and Private Employers	91	33%
NYC Private Employers	81	50%
NY State	66	83%
United States	55	120%

Data: MOME 2021, St. Louis Fed

- Notes: a) \$ Public employers (about 40% public schools, 20% MTA) > \$ Private employers  
 b) Some argument could be made for US as fiscal jurisdiction



### U.S. National Debt Over the Last 100 Years

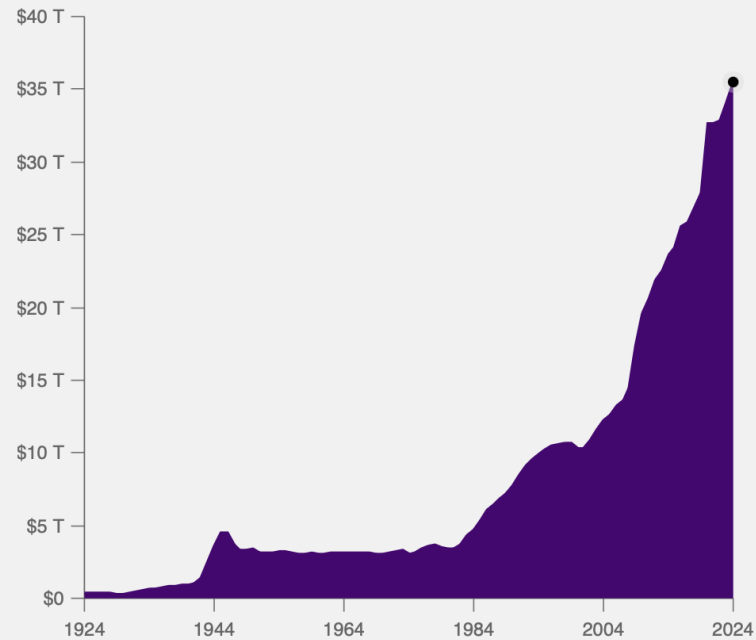
Inflation Adjusted - 2024 Dollars

**2024**

Fiscal Year

**\$35.46 T**

Total Debt



Visit the [Historical Debt Outstanding](#) dataset to explore and download this data. The inflation data is sourced from the [Bureau of Labor Statistics](#).

Last Updated: September 30, 2024

Note: Both NYC and NY State are required to submit balanced budgets

# Distinction and Subsidy in the Arts: Case Study of NYC MOME

## New York City Revenues including Intergovernmental Transfers

	2023	2022	2021	2020	2019	2018	2017
1. Total City Revenues (in billions)	\$110	\$108	\$104	\$96	\$94	\$88	\$85
Operating Grants and Contributions, of which:							
2. Federal Transfers (in billions)	10	15	12	9	7	8	8
3. State Transfers (in billions)	17	16	15	15	15	14	14
4. Total Federal and State Transfers (in billions) (2.+3.)	27	31	27	24	22	22	22
5. % Intergovernmental Transfers (4./1.)	25%	29%	26%	25%	23%	25%	26%
6. Increase in Revenues Year-to-Year	2%	4%	8%	2%	7%	4%	
7. Increase in Transfers Year-to-Year	-13%	15%	13%	9%	0%	0%	
8. Yearly Change in Gross City Product	2%	2%	5%	-4%	3%	4%	
8. Federal % of Transfers (2./4.)	37%	48%	44%	38%	32%	36%	36%
9. Federal % of Total City Revenues (2./1.)	9%	14%	12%	9%	7%	9%	9%

Data from NYC Annual CFRs

Note: National debt and budget process leads to faction (Wagner 2019)  
(Blue v Red states)

# Distinction and Subsidy in the Arts: Case Study of NYC MOME

How can subsidies claim to create **equity**?

- 1) Subsidies are net benefits to those that receive them and a cost to everyone else though increased tax or government debt incidence
- 2) Those employed in subsidized projects gain greater income than the rest of the population
- 3) Subsidies create 'race-to-the-bottom' in competition with other jurisdictions

# Distinction and Subsidy in the Arts

Research Question: Why do subsidies in the arts continue if they create inequality?

Proposed Answer: Arts subsidies create social distinction for those involved in the subsidy process

## Distinction and Subsidy in the Arts

“Such a reading – overemphasizing the unequal distribution of political capital – which would be supported by all the appearances, would no more than record two contrasting and complimentary representations of the division of political labor: the technocratic representation, which makes technical competence (as defined by technocrats) the precondition for access to ‘political responsibilities’ or ‘responsible’ political choices, and the complementary representation, based on the sense of incompetence and impotence, which condemns the economically and culturally deprived to reliance on ‘experts’ or a belief in ‘cryptocracy’, another way of overestimating the other classes.”

Bourdieu *Distinction* (1984: 409-10)

# Distinction and Subsidy in the Arts

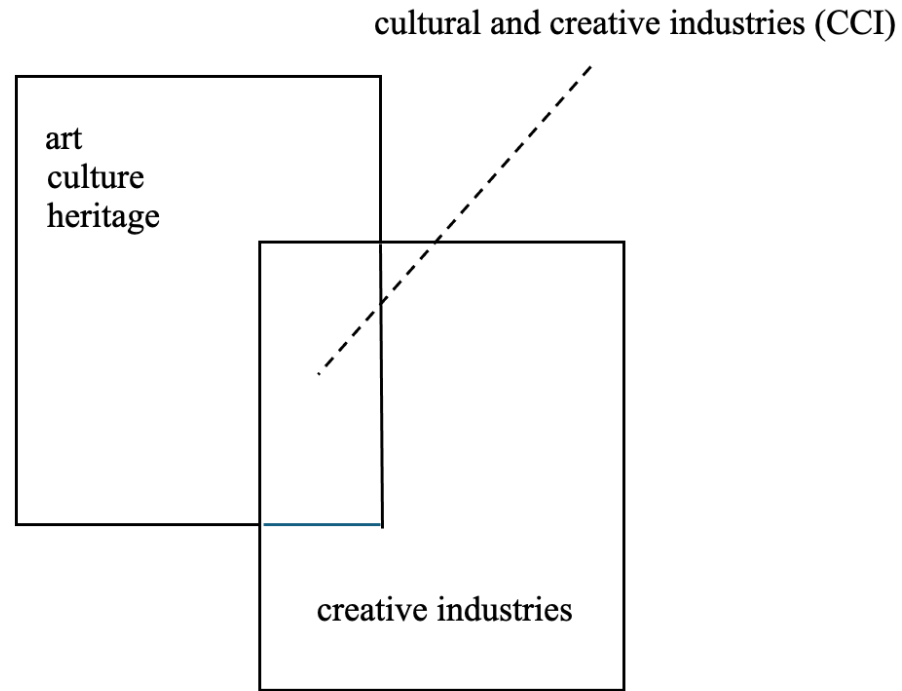
Conclusion:


Cultural elites work to reproduce and expand their power as the dominant class and use cultural production in this process

People are voting with their feet against the administrative state

Is the role of the cultural economist to justify, or to critique, the inequality created by cultural policy?

# Distinction and Subsidy in the Arts





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Thank you !