



arts & culture

Department:  
Arts and Culture  
REPUBLIC OF SOUTH AFRICA

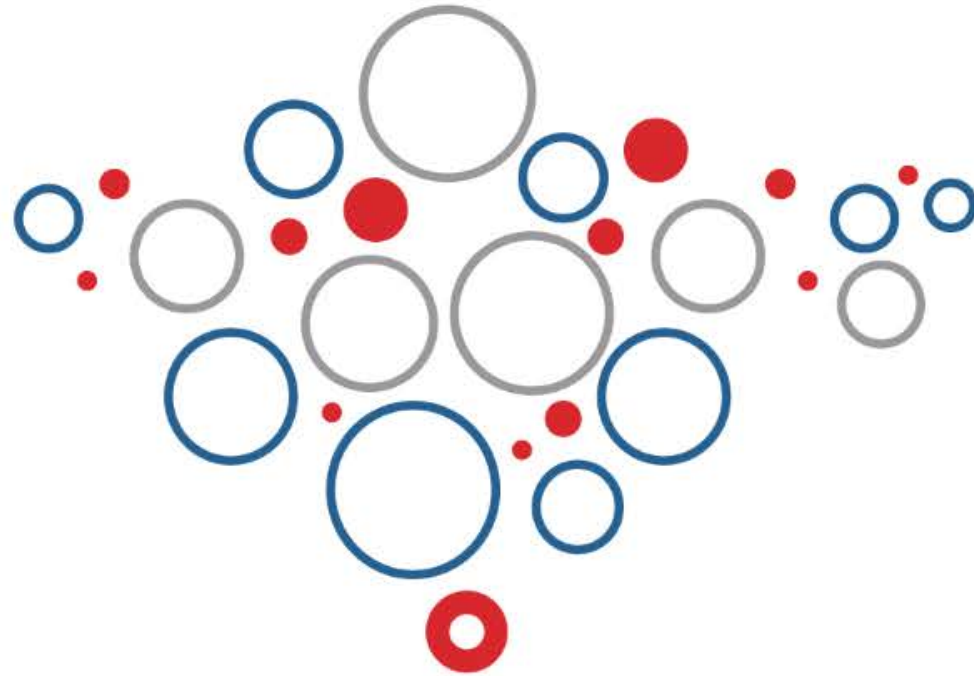


south african  
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**MEASURING & VALUING SOUTH AFRICA'S  
CULTURAL & CREATIVE ECONOMY**



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# Efficiency and Equity in Cultural Policy – friends or foes?

Raymond Ndhlovu



# Cultural Policy

- The success of the arts and cultural sector is dependent on a cogent and sound cultural policy.
- Cultural policy ought to promote the arts and cultural sector, as well as access thereto
- As an extension of/to public policy, cultural policy ought to therefore fulfil the objectives of public policy ie align with government's macroeconomic objectives and goals



# Requirements for successful policy



- All tiers of policy tools and tool calibrations should be coherent and harmonised
- Implementation preferences and instruments of implementation should be consistent across all levels of government
- Policy objectives and targets should be congruent and convergent across all levels



# Economic objectives of cultural policy: Efficiency

- Cultural policy must promote efficiency
- Efficiency is achieved when Pareto optimality is achieved- ie it is impossible to make someone else better off, without making someone else worse off
- Assumptions of Pareto optimality: perfect information in the market, perfect competition, no external costs or benefits, pricing at marginal cost by the profit maximiser

Are you paranoid?

Yes

No, WHY?

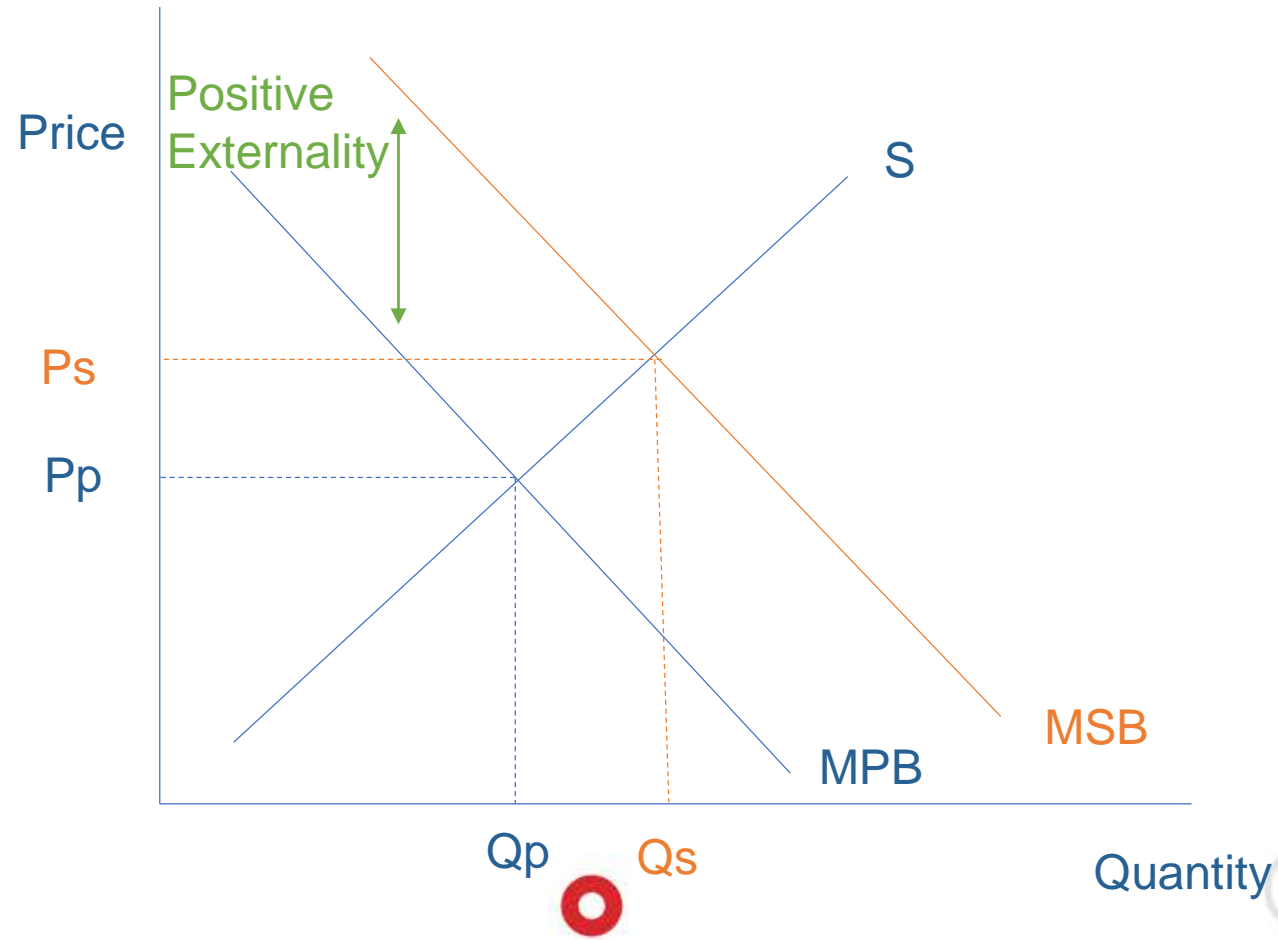
Are you Drunk?

Yes

No X

- Cultural goods exhibit public-good characteristics as they provide benefits that are not directly measurable, or do not have the ability to be captured in the market process, which would ultimately increase total welfare as a result of these benefits

# The market for cultural goods



- Where the demand and supply of cultural goods is below optimum equilibrium level ie inefficient, this is a case of market failure.



# Economic objectives of cultural policy:

## Equity

- Equity looks at the distribution of resources ie the fairness with which resources are distributed and allocated
- Equity is important in developing countries such as South Africa, characterised by a history of coloniality
- Equity involves value judgements
- Not all efficient allocations are equitable, which may necessitate government intervention

are you childish?

yes

 no

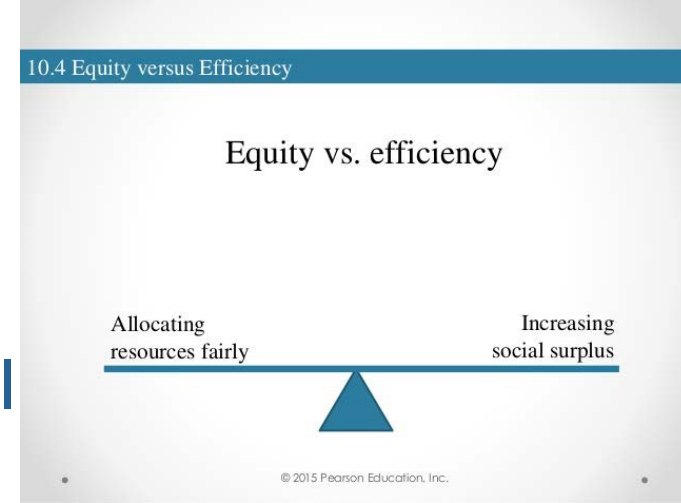
Are you addicted to Whatsapp?

Yes

No

# Efficiency vs Equity

- Achieving efficiency and equity are separate and sequential
- The policy process is essentially only complete when efficiency measures are deemed to be equitable as well
- However, there is often a trade-off between equity and efficiency: governments seek to allocate resources efficiently, and only then ensure that the allocation is equitable
- Whilst the market can self-correct for efficiency (or inefficiency), the same does not always hold for equity



**THANKS FOR WATCHING  
MY PRESENTATION**



**ANY QUESTIONS?**

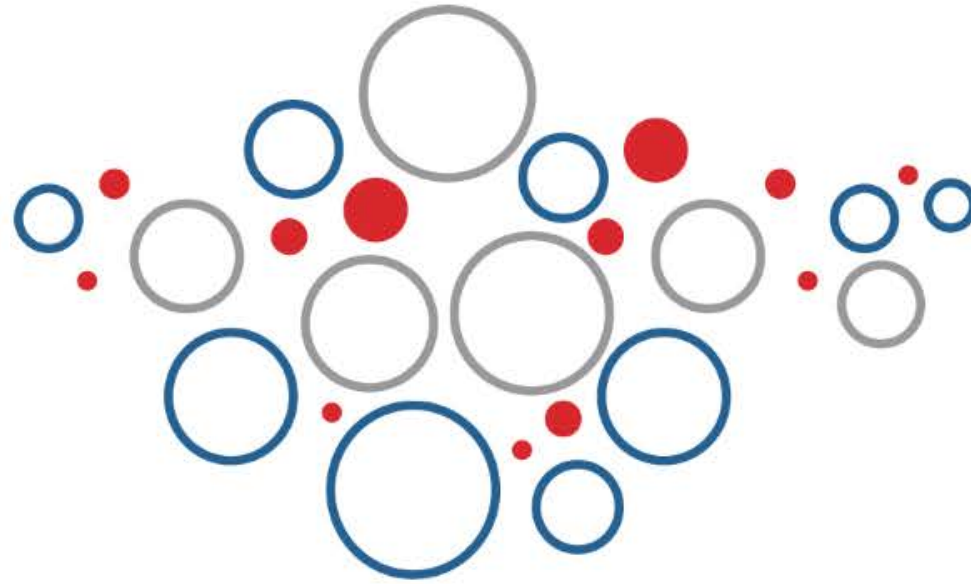


MEASURI

TY

*Thats all Folks!*





**THANK YOU!**

