Mark Blaug: Rebel with Many Causes

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15. Mark Blaug and the economics of the arts

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In 1976, Mark Blaug edited a volume entitled *The Economics of the Arts*. I do not know whether this was before he met Ruth Towse, or whether he met her because of the book, or because, like in the old times – and I like this idea – he became enamored with the singer she used to be, but what I certainly know is that Mark loved Ruth. One day, sitting at a dinner with him, I dared a remark on Ruth, and he almost jumped on me to defend her. I do not remember what I had said, I am sure it was nothing (too) obnoxious, but still, it made him jump. I wanted to start with this very innocent recollection, which I will never forget, and offer Ruth my deepest sympathy. She lost a great friend, a great husband, and a great scientist. 

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The papers that he edited in this 1976 book will tell us something about what he thought at the time. The book was indeed published just one year before the first issue of the *Journal of Cultural Economics* came out in 1977, and long before the field received international recognition with Throsby’s (1994) paper in the *Journal of Economic Literature*, the more recent book by Benhamou (2000), translated into several languages, and the *Handbooks* by Towse (2003), and Ginsburgh and Throsby (2006). I will also discuss what Blaug covers in his 2001 paper, published 25 years after his *Economics of the Arts*.

Before proceeding, it is worth noting that Blaug’s (1976) title contains the word *art*, but not the word *culture*. Throsby’s (1994) title is more confusing. It contains both words, since it is concerned with the production and consumption of the *arts*, but the view it gives is about *cultural economics*. Benhamou’s (2000) book as well as Towse’s (2003) handbook discard the word *art*, while the other later 2006 handbook has...
again both. The title of Blaug’s (2001) paper is referring to cultural economics. Does this matter? I think it does, and will try to stick out my neck and show why I think it does, though what we are supposed to study is far from being well defined.

In Sections 15.1 and 15.2, I will discuss Blaug’s two incursions into the economics of the arts and into cultural economics. Section 15.3 expands on what Blaug had already suggested: our field is not very inventive. Most important ideas come from elsewhere. We exploit the gold mines discovered by others, and until now, we have not done much that has filtered into other subfields of economics. Section 15.4 is devoted to what the field looks like in the late 2000s. Section 15.5 goes back to the economics of the arts where we started, and asks whether what we are doing now corresponds to what I believe Blaug would also have said or thought, though he would probably have been less extreme and critical than I am.

15.1 THE WORLD ACCORDING TO BLAUG IN 1976

Let me start with the first lines of the introduction of Blaug’s (2001, p. 123) survey: ‘Cultural economics or the Economics of the Arts, as it used to be called, may be said to have been created almost de novo thirty years ago by Baumol and Bowen’s (1966) book.’ This excerpt settles the question of the starting point. He did not write this sentence in his 1976 book, but the tribute paid to Baumol was clear enough, since he wrote the preface to the volume, which includes also no less than three papers (out of a total of 16) by Baumol and Bowen.

Clearly, Baumol and Bowen had looked at the ‘real’ world to invent their ‘disease’, but I would still qualify their contribution as theoretical, or at least conceptual. In a nutshell, today as in 1750, a quartet needs four musicians, and while there may be productivity gains in the rest of the economy, and therefore wage increases, they will have to be passed through to musicians. Otherwise, nobody will be attracted to become a professional musician, and quartets will disappear. If, on the other hand, these wage increases are passed through to musicians, and since no productivity gains can be made, quartets will become too expensive to run, and will also disappear. Therefore, intervention (public or other) is needed. Many arguments have been suggested to counter this theory, but it still has a lot of appeal, and generated a large literature.²

Blaug’s volume concentrates on two empirical issues:³ (a) what are the reasons for which the arts should be subsidized⁴ and (b) is it possible to measure whether subsidies, if any, are efficient? These two issues ‘touch
on almost all the outstanding problems of the performing arts and visual arts: opera, ballet, modern dance, orchestral concerts, theater, museums, and galleries’ (Blaug 1976, p. 14). The paper by Scitovskysy (1972, p. 69) ends with a dark observation, and a warning that appears as a watermark in most papers of Blaug’s volume: ‘If anything is wrong with the arts, we should seek the cause in ourselves, not in our economy. I am asking you to think about it, and to think about it as consumers rather than as economists.’

At the time, theory papers were rare, and with the exception of the more conceptual paper by Baumol and Bowen (1965), which was announcing their book published in 1966, there was no theoretical paper in Blaug (1976). The problems that were found important at the time were almost only related to policy issues and to cost-effectiveness analysis.

15.2 THE WORLD ACCORDING TO BLAUG IN 2001

Many papers and books appeared after this volume. Some had been published before 1976, but they became important or were rediscovered in the light of later articles. Blaug deals with many of them in his 2001 paper, but since I cannot copy and paste his paper here and cite the 200 references that it contains, I will necessarily be selective and unable to cite the names of all those who contributed to the field and strengthened it.

Blaug distinguishes the following topics in which he considers that progress was made: (a) taste formation and rational choice, (b) demand and supply in art markets, (c) industrial organization and art institutions, (d) art markets and the estimation of returns, (e) economic history of the arts, (f) artists’ labor markets, (g) Baumol’s cost disease, a never-ending subject, and (h) public subsidies, another lasting topic. He also cites new issues ‘coming just over the horizon’, such as the economics of copyright, international trade in cultural goods, and culturally sustainable development.

Blaug also draws a distinction between analytical progress (elaboration and refinement of theoretical concepts) and empirical progress, but has to admit that most papers were empirical, and this has hardly changed in the more recent years, as will be shown in Section 15.4.
15.3 THE INPUT OF NON-ART ECONOMISTS TO THE ECONOMICS OF THE ARTS

Blaug concludes his 2001 paper as follows (p. 133):

Cultural economics is clearly a rich area for the application of economic theory and econometric technique but what we have all been hoping for is that the field might actually suggest and promote developments that would spill over with benefit to economics outside its own domain. Has this happened? Not really but is that perhaps asking too much of a subject no older than 30 years? Certainly its progress in its brief life is nothing to be ashamed of.

Blaug is right. Nothing did spill over from art or cultural economics to economics in general. But there is worse, since many tools that we use are or have been ‘invented’ and imported from economists who certainly have some feeling for art and culture (and sometimes wine), but whose main field of research was or is different. Most of the names that appear in Blaug’s (1976) collection of papers, including Lionel Robbins, Tibor Scitovsky and Mark Blaug himself came from other fields. Here are some more recent examples.

The cost disease was maybe Baumol’s major contribution to the field, but he also committed another sin with his 1986 paper where he shows that the monetary returns provided by art are smaller than those earned by investing in stocks, or bonds. This is essentially an applied paper, but the clever remark was that the difference between the returns on art and financial markets could be interpreted as accounting for the aesthetic pleasure that is provided by looking at artworks. Baumol’s contribution should, however, be related to two other contributions. The first is Rosen’s (1974) article on hedonic (or implicit) prices that deals with something that was known for quite some time, but Rosen was ingenious enough to show that the simple estimation (regressing prices on characteristics, which is what is done by most people who keep referring to Rosen, probably without having read him) of such implicit prices, was flawed, in the sense that, in general, the function does not allow ‘to recover the underlying utility and cost functions from such data alone’ (Griliches 1990, p. 189). Implicit prices emerge from the equilibrium between demand and supply on markets for characteristics. The mere regression of prices on characteristics was used as such in a large number of papers, including by myself, to estimate price indices over time, but it has no other virtue than allowing constructing such an index. Statisticians developed another technique (repeat sales regression) to estimate returns in housing markets. Baumol (1986) used this idea, though he did
not construct an index. The other contribution is Ashenfelter’s (1989) paper on wine and art auctions, which made auctions known outside of the difficult theoretical field in which they were entrenched, and made economists who were interested in the arts aware that hammer prices could be used to estimate price indices.

In 1981, Rosen published his celebrated superstars paper, showing that small differences in talent make for large differences in income, albeit I could never understand whether the result is proven or whether it is incorporated in the assumptions of the model. The paper attracted a large interest in the field of the economics of the arts, but unfortunately led to little empirical research, since it is very difficult to find a convincing variable representing talent. Though many cultural economists, in particular Alper, Throsby, Towse and Wassall, have greatly contributed to the field of artists’ labor markets and incomes in the late 1980s and early 1990s, an important impulsion came from Filer (1986), another outsider, with a provocative paper in which he uses US census data to show that artists do not appear to earn less than other workers with similar training and personal characteristics. The title of his paper ‘The starving artist – myth or reality’ certainly contributed to its fame, though his results were later proved to be questionable.

Stigler and Becker (1977), Becker and Murphy (1988), Frey (1997) and Bisin and Verdier (2001) paved the way to our understanding of rationality in cultural consumption and transmission, though very little has been done to bring their models to empirical applications.

With the exception of Frey, none of these scientists belongs to what we came to call art or cultural economics; their main work was devoted to other fields. This is not fully the case with my two last, but not least, examples, whose names and papers already appear in Blaug’s (1976) volume: Michael Montias and Alan Peacock. They also started otherwise. And as we all know, the economics of the arts was not Mark Blaug’s main interest either.

Montias used to teach and to write on comparative economics of Eastern European countries. In his remembrance lines on Montias, Yale economist Herbert Scarf even claims that Montias and Koopmans, Nobel Prize winner in economics, ‘collaborated on several papers in which mathematical techniques were applied to comparative economic systems’. Montias’s book on the Structure of Economic Systems published in 1977 was immediately followed in 1978 by his first paper in art history (or is it economics?), ‘Painters in Delft, 1613–1680’). He also went into pure art history with his book on Vermeer (1989), and may have been the first to use statistics, econometrics and modeling in art history, adding art to the relatively recent field of cliometrics, born in the
late 1960s. But in fact, and according to those who knew him well, Montias was from the very beginning of his career, interested in the arts and especially in art history.

So was Peacock. Not surprisingly, since he is also a composer, and conducted the London School of Economics Orchestra while he was teaching economics at the School. ‘A portrait of the artist as a young man’ shows Sir Alan working on public finance, fiscal policy and public choice, while at later age, he used his vast knowledge of economics and applied it to the arts. To make sure that he would know everything in the field, he also served as chair of the Scottish Arts Council, member of the Arts Council of Great Britain, and chair of a Committee on Financing the BBC. His *Paying the Piper* (1993) is one of the most elegant economics books that I ever read, not so much because the cover shows a fragment of *La Musique* by Matisse, but because it is so beautifully written. Not every cultural economist is able to achieve such stylish writing at the same time as such deep thinking.


To see what happened to the field(s) after Blaug’s (2001) paper, I spent some time looking at the papers published in the *Journal of Cultural Economics* between 2008 and 2011. Out of 54 papers, 48 are purely empirical, five are theoretical or conceptual (two are presidential addresses), and only one builds a theory, and brings the theory to real data. This is at odds with what happens in most other economics journals, where pure theory is less present than say, 20 or 30 years ago, but most papers contain a theoretical model, and its empirical validation. This does not mean that researchers start with theory. They often construct a theoretical framework to ‘support’ their empirical results – and do it as if they were clever enough to do it the other way around – but purely empirical papers would very often be rejected by top journals. This is so, even when they study, like Taylor (2012) in a very recent paper published in the *American Economic Review*, the extinction of the North American bison.

What has of course changed is econometric sophistication, which was almost absent in 1976, mainly because data were scarce and econometric software was poor. But I leave it to the reader to decide whether it is
authors who became more sophisticated or econometric software and computers that make it so much easier.

I also looked at the most frequent topics discussed in the Journal of Cultural Economics during these four years. Instead of classifying them into the categories that Blaug has chosen – because many papers cover several of Blaug’s categories, such as attendance and public spending – I did it by ‘sector’: (a) film, DVDs, video and video games (12 papers), theater (6), music (4), visual arts (4), museums (3), heritage (2), tourism (2), literature (1), other or mixed (12). Four papers deal with copyright, three with public spending in general. Remember also that among these 54 papers, 48 are purely empirical.

What about research for the coming years? The call for papers of the 2012 meeting of the Association of Cultural Economics International in Kyoto contains nine times the words culture or cultural; the word art is used only twice, the same number of times as industries. This is bad enough, but what is even more frustrating is the use of words such as entrepreneurship, business, cultural tourism, marketing, promoting culture, entertainment, media, internet, video games, which are not only a long way from the arts but also from the vocabulary used in economics.16 We thus went from the economics of the arts, to cultural economics, then to cultural industries and finally to creative industries. My fear is that we are slowly, but surely, taking the direction of cultural business.

15.5 ECONOMICS OF THE ARTS, CULTURAL ECONOMICS, CREATIVE ECONOMICS, AND CULTURAL BUSINESS

This brings me to a couple of comments that Blaug (2001, p. 123) devoted to the name of the field:

Since then [that is since Baumol and Bowen’s (1966) paper], one or two writers have sought to widen [the field] to embrace the ‘economics of culture’, turning it from a sub-discipline of economics into a sub-discipline of anthropology, but most of the literature remains wedded to the older narrower conception in which cultural economics means the economics of the performing visual and literary arts.

I both agree and disagree. Was Blaug thinking that those who brought the field from economics of the arts to cultural economics would stop there? I do not know of course, except that already in his 1976 book, he regrets that there was nothing on television, radio and films, jazz or pop music,
all of which are obviously part of nowadays culture and, to some extent, of art. But the name morphed again into creative industries at the time Caves’ book (2000) came out. Nowadays, the creative industries also include restaurants, video games, the web, and God knows what else. Do not misunderstand what I want to say, I have nothing against these industries, creative or not, but my point is that, though going from economics of the arts to creative industries in the space of 35 years indeed enlarged the share of the world’s GDP on which we work, I really doubt that this made our field any better or more interesting and exciting. It just makes it closer to the European Union’s new policy that ‘recognizes the potential of the cultural and creative industries in boosting the socio-economic development of regions across the EU’.

Of course, this may have helped to see the field recognized, as was mentioned by Gillian Doyle (2010, p. 257) in her Presidential Address to the 16th Biennial ACEI conference held in Copenhagen in 2010:

From about 2000 onwards, growing opportunities for cultural economists have also undoubtedly been fuelled by a widespread re-evaluation of the role arts and culture may play in supporting economic growth. Previous perceptions of arts and culture as inherently worthy but economically unproductive activities have changed, and now creative and cultural industries are seen as key drivers of growth in the wider economy ... The creative industries’ turn has ushered in an era of unprecedented opportunity for cultural economists.

I hardly understand why we should be proud of seeing research in the arts and culture being productive, and though the aim of creating new (in particular job) opportunities for cultural economists is laudable, I do not think that theoretical physicists, mathematicians, philosophers, archeologists, students of Aramaic or Quechua, or historians of economic thought would like to change their field into something that becomes ‘productive’. Nor should they.

The finding that creativity is a concept that can foster growth is far from being new, and is at least as old as Schumpeter who died in 1950. Though the proposal that the cultural industries can foster growth is widely (and wildly) advertised by several international organizations including UNCTAD, UNESCO, and the European Commission, which never fails to fail, it is also unproven. Causality may rather go in the other direction, as was the case during the Italian Renaissance and in the Low Countries at about the same time. When people become wealthy, they get interested and ask creators to produce art, but I hardly see art causing growth.
Moreover, the music industry and for-profit scientific publishers point to the contrary. They both lobby for copyright to maintain their position, claiming that it fosters creativity and protects authors and creators. As shown in two recent papers by Waldfogel (2011a, 2011b), piracy and illegal distribution of music have not reduced the creativity of musicians. What both the music industry and for-profit scientific publishers do is to bridle the diffusion of music and of science, lower the welfare of those who consume them and lead scientific libraries to bankruptcy. The so-called ‘protection of authors’ argument they use is at best very doubtful. They just try to protect themselves, as they always did when the industry was facing exogenous shocks (see Tschmuck 2006).

I doubt that Homer, Rembrandt, Beethoven, Joyce, Borges, as well as ‘entertainment’ producers, actors, composers or singers such as Eisenstein, Orson Welles, George Gershwin or even Louis Armstrong would agree seeing their artistic creations put in the same bag as Sony’s last video game, or compared to the food that is served by next door’s Pizza House, since even ‘cuisine’ is now considered a fine art. Indeed, in 2010, UNESCO included French gastronomy in its list of World Intangible Cultural Heritage, an act hailed by France’s ambassador to UNESCO as ‘a contribution to cultural diversity’.

Let me give a less extreme but still typical example of a ‘commodity’ produced by the ‘cultural’ or ‘creative’ industries, a DVD with a movie called ‘J’ai le droit de vivre’ (‘I have the right to live’) distributed by Les Artistes Associés and Studio Canal. No brochure, just a couple of silly comments on the back cover, such as ‘the charm of the Fonda/Sidney couple is captivating from the beginning to the end of this big black movie’. It is difficult to guess that this is a movie by Fritz Lang (who must be fully unknown by now) released in 1937 under the title ‘You only live once’ by United Artists, though in order not to violate copyright laws this appears on the cover of the DVD in characters for which you need a magnifying glass if you want to read them, but then, who wants to read this anyway? Price paid: 5 euros in 2011, that is more than 70 years after the release of the movie. It would have cost ten cents to include a brochure that explains the importance Fritz Lang had on cinematographic art and would have been a manifestation of the arts to cultivate or educate people. Whether this corresponds to what the Spanish painter Antoni Tàpies had in mind is questionable: ‘A [work of art] should be something, an object vested with the mental energy of the artist, a kind of electric charge which, if touched by a spectator whose sensitivity is the appropriate one, triggers his emotions’ (my translation; Dagen 2012, p. 28).
Today, the arts and culture are being muddled with entertainment, the realm of ‘culture industries’, an expression that was coined as early as in 1947 by Adorno and Horkheimer. I cannot resist in giving the following two quotations from Adorno (1975, p. 12), but I urge you to read the full paper. The first quotation is

We replaced [the expression mass culture] with ‘culture industry’ in order to exclude from the outset the interpretation agreeable to its advocates: that it is a matter of something like a culture that arises spontaneously from the masses themselves, the contemporary form of popular art. From the latter the culture industry must be distinguished in the extreme … . The culture industry intentionally integrates its consumers from above. To the detriment of both it forces together the spheres of high and low art, separated for thousands of years. The seriousness of high art is destroyed in speculation about its efficacy; the seriousness of the lower perishes with the civilizational constraints imposed on the rebellious resistance inherent within it as long as social control was not yet total. Thus, although the culture industry undeniably speculates on the conscious and unconscious state of the millions towards which it is directed, the masses are not primary, but secondary, they are an object of calculation; an appendage of the machinery. The customer is not king, as the culture industry would like to have us believe, not its subject but its object.

Adorno and Horkheimer, later followed by Hannah Arendt, emphasize the difference between ‘mass culture’ and ‘cultural industries’. Obviously, Adorno has nothing against mass or popular culture, which is now supported even by art theorists and philosophers. And this is obviously what Mark Blaug had in mind when he deplored the absence in his 1976 volume of papers on ‘television, radio and films, jazz or pop music’. The second important sentence by Adorno (p. 13) is concerned with ‘[t]he entire practice of the culture industry [that] transfers the profit motive naked onto cultural forms’.

Entertainment and popular culture have been fully captured by a handful of international profit making firms, such as the big four music producers (Universal Music Group, Sony Music Entertainment, Warner Music Group and EMI Group), Live Nation, the largest promoter and music venue owner, or Clear Channel Communications, the largest owner of radio stations in the US. Likewise, a small number of for-profit publishers have captured scientific research (see Dewatripont et al. 2007). These are the pirates, not the individuals who download 50 songs per year, and certainly not the scientist who publishes his papers and who is almost forced to sign away his copyright.

One could argue that Adorno and Horkheimer (1947), Adorno (1975) or Arendt (1960, 1961) are old-timers, and that there is time for progress
and newness, though in the field of the arts, it has often been said that there is no progress. Here is what Nobel Prize winner in literature Vargas Llosa writes in his not yet translated 2012 book, *La civilizacion del espectaculo*:

Culture, in the sense in which this word is traditionally used today, is vanishing … . The trivialization of art and literature is a major disease of our society: the idea to convert our natural propensity to amuse ourselves into a supreme good is reckless … . The multicolored material that has been substituted [to what I was exposed to at school or university] is an imposture that was realized with ease, and with everyone’s consent … . Light literature, like light cinema or light art gives the reader and the spectator the easy impression that he is cultured, that he is at the avant-garde, with a minimal intellectual effort. (my translation)

This is very close to what Scitovsky had already written back in 1972, and which is quoted earlier in this chapter. Following the steps of Cowen’s (1998) *In Praise of Commercial Culture*, the profession now boisterously uses the words markets, consumption, development, industries, entrepreneurship, business, tourism, globalization, marketing, promoting culture, entertainment, media, internet, video games. Should we misuse our economic research skills on such issues? Or do we have to go back to the words of art critic Harold Rosenberg who would say that such studies are just adding ‘to kitsch an intellectual dimension’ to which, however, Arendt (1960, p. 1) adds that this ‘intellectualization of kitsch is justifiable on the grounds that mass society, whether we like it or not, is going to stay with us in the foreseeable future’. Is there no longer any difference between economics and management, business or commerce? Is this really what we want? Is it what Mark would have liked to see? I am not sure, though Ruth confided to me that he did some teaching in management, and ‘found it a bit more interesting than he’d first supposed’.

Our field is located at the crossroads of several disciplines: art history, art philosophy, sociology, law, and economics and tries (or should try) to tackle questions such as why Van Gogh’s paintings are expensive, and why copies of his works are cheap; why Pre-Raphaelite painters came back in the 1960s, after having been completely forgotten during almost a century (with an obvious effect on their prices); why European public or national museums are not allowed to sell parts of their collections; how the performance of museums should be evaluated; which (and given the budget constraint, how many) buildings should be saved from demolition, and kept for future generations; why the arts should be supported by the state; why there are superstars who make so
much money; whether works that have been sold should nevertheless be subject to copyright laws … (Ginsburgh 2001, p. 758)

and why a photography of a work by Rembrandt should be subject to copyright; why internet pirates may not be so wrong; why contemporary classical music is so difficult to listen to; and why there is such a big need for competitions and awards.

Some of these topics may be considered productive, others not. But they are all concerned with art or culture, and much creativity is needed to analyze and understand them. We should be interested in scientific research and knowledge, as Mark always was. Not in business.

And I think that Mark would have shared my hope that our future will not be made of e-books, Kindles, and video games only. As James Baldwin (1955, p. 175) famously wrote 'People who shut their eyes to reality simply invite their own destruction, and anyone who insists on remaining in a state of innocence long after that innocence is dead turns himself into a monster'.

POSTSCRIPT

I have cited only a few names of people who have contributed to the field, and have omitted willingly a large number of authors because this chapter was concerned with Mark Blaug, whom I did not want to see submerged by many other names. I started working in the field in 1988 during a visit at Université d’Aix-Marseille, where André-Louis Gérard-Varet, introduced me to Baumol’s (1986) paper. And, though I still make some forays into my previous and some new research topics, I came to like the economics of the arts, and kept working in the field. In 1988, almost all the names that are cited in Blaug’s (2001) paper were already there, and I benefitted immensely from all this literature. I should have cited them all, but this would have made for a list of 200 papers and probably 300 names. If you need to see to whom I am indebted, just turn to pages 135 to 142 of Blaug’s (2001) bibliography.

NOTES

* Ruth Towse was kind enough to make comments on an earlier version of this chapter, including some very useful ‘inside information’, including on the Association of Cultural Economics and its journal, some of which I did not dare print … . I am also very grateful to Sheila Weyers for the many discussions that convinced me that the field of the economics of the arts was worth more than I thought it was. Victor
Fernandez Blanco brought to my attention Vargas Llosa’s (2012) last book, and Yann Nicolas made excellent suggestions. Matthias Klaes and two anonymous referees should be thanked for comments. One of them found that my criticisms leveled at the Journal of Cultural Economics’ interests of up-and-coming researchers were unjustified. I am grateful to him, however, that he did not ask me to change them.

1. Many other influential books came out, such as Netzer (1978), Grampp (1989), Frey and Pommerehne (1989), Feldstein (1991), Heilbrun and Gray (1997) and others, but they were dealing with more specific topics or countries.


3. The list of papers included in Blaug’s 1976 volume is given in the Appendix.

4. Needless to say that Grampp (1989) pulls down all the reasons.

5. Though wine is quite close to the arts, as suggested by art philosopher Scruton’s (2009) book.

6. None of which was published in the Journal of Cultural Economics, unfortunately. Note that Rosen (1974) was published before the Journal started.

7. The first contributions to hedonic pricing were empirical. See Court (1939) and Griliches (1961). Lancaster (1966) gave to the technique its lettre de noblesse, that is its theoretical foundations by suggesting that commodities were not consumed per se, but for the combination of characteristics they are endowed with.

8. For surveys on auctions and on hedonic prices, see Ashenfelter and Graddy (2006) and Ginsburgh et al. (2006). Frey and Pommerehne (1989) were among the first to use the technique.

9. Rosen outlines a two-step procedure in which the first step is to estimate a hedonic function \( p = f(v) \), to evaluate its derivatives at points corresponding to the observed values of \( v \), and use these derivatives as prices in a system containing supply and demand functions for characteristics, paying attention to the usual identification problems in estimating simultaneous equations. This approach was used in some papers, but never in the field of art markets, mostly because there are no data describing buyers and sellers.

10. This implies that the other estimated parameters cannot be interpreted as implicit prices. The variables are just there to make the observations less heterogeneous.

11. The first paper I could trace on artists’ labor markets and earnings is by Wassal and Alper (1984) and was published before Filer’s.

12. See Golhani et al. (2006, p. 19). To my great disappointment, I was unable to find any paper coauthored by Koopmans and Montias, who like Scarf (and Blaug for some time), were both at Yale.

13. To the list of such elegant books, I should also add Grampp (1989).

14. William Hendon, who also organized the first international conference of the Association at Edinburgh in 1979, invented the name of both the Journal and the Association.

15. I chose this period because I wanted to look at the most recent output. I excluded three papers of a symposium dedicated in 2008 to the 25th anniversary of the publication of Feld et al.’s (1983) Patrons Despite Themselves.

16. The sessions that were finally organized dealt with: Artists and creativity, Artists and the digitized world, Art markets and cultural consumption, Creative clusters and urban development, Cultural entrepreneurship and business, Economics of marketing and promoting culture, Cultural heritage and cultural tourism, Cultural policy and arts institutions, Culture, globalization and language, Economics of copyright, Economics of cultural industries, Entertainment and media industries, Internet economics and culture, Economics of video games. See http://www.jace.gr.jp/ACEI2012/callforpapers.html. Here are some of the topics that were discussed at the 2011 AIMAC (Association Internationale de Management des Arts et de la Culture)

19. A book about which the Times Literary Supplement critic Andrew Stark writes ‘Yet the book hovers over, without ever quite touching on, the reason why many critics feel ambivalent about the relationship between capitalism and culture’.

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Baldwin, J. (1955), Notes of a Native Son, New York: The Dial Press.


APPENDIX: PAPERS INCLUDED IN BLAUG’S (1976) VOLUME

W.J. Baumol, Preface: Recent developments in the economics of the arts
M. Blaug, Introduction: What is the economics of the arts about?
T. Moore, Reasons for subsidizing American theatre (1968)
W.J. Baumol and W.G. Bowen, Arguments for public support of the performing arts (1966)
T. Scitovsky, What’s wrong with the arts is what’s wrong with society (1972)
A.T. Peacock, Welfare economics and public subsidies to the arts (1969)
A.T. Peacock and C. Godfrey, Cultural accounting (1973)
K. King and M. Blaug, Does the Arts Council know what it is doing? (1973)
R. Findlater, The Arts Council and its critics (1973), with K. King and M. Blaug,
  A reply (1973)
M. Blaug, Rationalizing social expenditure – The arts (1976)
W.J. Baumol and W.G. Bowen, A survey of American and British audiences for
  the performing arts (1966)
L. Robbins, Unsettled questions in the political economy of the arts (1971)
M. Montias, Are museums betraying the public’s trust? (1973)
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