

# The art of economics

In the previous number of the *Boekmancahier* (No. 26, December 1995) we published six reactions to the lecture given by Arjo Klamer (published in *Boekmancahier* no. 25, September 1995) in which this newly appointed professor in the Economics of Art and Culture proposed that economy should not only consider the choices made by individuals. If this branch of study also wishes to make meaningful statements about the arts it must learn the language of relationships and involve itself with human norms and values. Critics of Klamer made it quite plain that economics in its more traditional guise also has a great deal to offer both artist and policy maker. Furthermore, art is not polluted by money - in fact, just the opposite - and Klamer should not swallow all that artists say hook, line and sinker.

In the present number we publish three critical articles by the British and American economists Charles Gray, James Heilbrun and

Andrew Feist. They discuss external benefits, arts bureaucrats and everything economists are not allowed to teach (but would really love to). After that Arjo Klamer himself is given the floor, to make his (for the time being anyway) closing remarks.

# Philistines in the cathedral?

Thoughts on economics and the arts

**Charles M. Gray** Economist Charles M. Gray doesn't see so many shortcomings in the economics profession. He argues that the full power of economics has yet to be tapped in understanding and explaining the arts. Money does not distort all art experience, and furthermore it is possible to model friendship as if it were an implicit contract

## Positive science of choice

My own preferred definition holds that economics is the science of choice. By this is meant that individual agents, faced with the need to make a decision, weigh the costs and benefits of alternatives, and select the set of options which is both affordable and most compatible with their perception of their own self interest. The choice is complicated by the fact that, since information is costly, agents do not always have complete and accurate information about the attributes of the alternatives, leading them to make choices which, in retrospect, may be less than optimal. Choices can also be strategic, leading occasionally to a type of prisoner's dilemma, where a socially suboptimal outcome seems irrational to the casual observer.

Furthermore, economics is a positive, as opposed to a normative, science. As positive scientists, economists can bring a

dispassionate perspective to the understanding of social phenomena, and can apply analytical tools unencumbered by valuesbased biases.

The basic paradigm which economics brings to social phenomena is subject to ongoing criticism, from outside the discipline (Blau, Etzioni) as well as from within (McClosky, Scitovsky). Klamer's argument, which focuses largely upon the formation and subsequent role of values, as well as monetary measures of value, is in this latter tradition. It is fairly easy to dismiss the outsiders, who often fundamentally fail to grasp the essence of economics. Furthermore, many may feel threatened by the imperialism of economics, which increasingly regards any market or nonmarket phenomenon as lying within its purview.<sup>1</sup> The insiders are not so easily dismissed.

Klamer is quite correct in noting that the cultural sector is minuscule in comparison to

other sectors which regularly come under the scrutiny of economists and other analysts. One may, in fact, sometimes wonder just what all the shouting is about. The political hue and cry over arts subsidies in the United States, including funding for the National Endowment for the Arts, seems far out of proportion to the size of the NEA allocation in the federal budget. The fact that the controversy exists is an indication that the arts have an importance far beyond their relative size in the economy.

In our book, Jim Heilbrun and I (Heilbrun and Gray, 1993, p. 10) offered the opinion - hardly a novel one - that the significance of art and culture lies in its importance to our 'self-image', that is, our conception of ourselves as a civilization. This makes the arts worthy of study. The significant question - sometimes explicit, often implicit - in Klammer's address is whether economics as a science is fundamentally limited in the light it can shed on our understanding of artistic phenomena. He calls upon the Marxian value contradiction - use versus exchange - as an analytical tool, and he yields some of the most provocative ground to sociologists and anthropologists. I am far less willing to yield so quickly to either Marx or other social sciences.

#### Arts markets and money measures

Economists have been extremely successful in measuring costs and production and describing how market prices are determined in a variety of artistic markets.<sup>2</sup> This raises again the issue of whether economists can truly be described as those who 'know the price of everything and the value of nothing' (p. 303). Klammer's criticism really begins with what he describes as the 'two worlds' of money and the arts (p. 303).<sup>3</sup>

Do money measures distort the arts? Klammer asserts that 'the money measurement intervenes in the art form usually to devalue

the experience' (p. 306). This is not unlike the point of view expressed by Hyde (1993, pp. 154-155), whose book is itself a bundle of assertions in want of evidence.<sup>4</sup> But it is not at all clear what this means. This focuses upon the 'unit of account' function of money, but economists understand that this is not the value to any given consumer, some of whom reap consumer surplus from existing market prices, and some of whom exhibit their disagreement by not buying.

If we focus for a moment upon the rationing and signalling functions of money prices, the question shifts. Why does paying a money-denominated ticket price for admission to an orchestra performance diminish enjoyment of the experience? This may in fact enhance the experience if the alternative is a price denominated in queuing time.

Do money prices distort other relationships? Klammer also points out, quite rightly, that the ordinary exchanges among friends are unencumbered by monetary transactions or explicit contracts. But his conclusion gives unduly short shrift to the power of economic reasoning: 'Economic theory does not account for relationships and does not recognize a value that is beyond measure' (p. 307). But these nonmonetary exchanges among friends can in fact be modeled as implicit contracts in a poorly organized market, where the costs of explicit and complete contracting exceed the expected benefits to the parties involved. Failure to adhere to the implied terms - e.g., reciprocity in gift-giving - can conceivably lead to termination of the friendship.

Klammer asserts that children 'don't generate economic benefits, and have emotional benefits that are dubious, [yet] their value is beyond measure' (p. 307). As it happens, a substantial literature in forensic economics seeks to measure both those benefits and that value.<sup>5</sup>

The alternative to explicit measurement is reliance upon an implicit, emotion-laden, and highly imprecise valuation.

#### Conclusion

Much of Klammer's argument relies upon analogy or example, so I have tried to demonstrate that I find a few of those analogies and examples unpersuasive. I must contend that economics best serves society by being value free, although economists are likely to hold and exhibit values as members of society. Monetary measures portray relative market values of various art forms, just as they convey relative values of other desirable entities which ostensibly 'can't be priced'. We have much to learn about the arts, but economics still has much to teach.<sup>6</sup>

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#### Notes

1. Not all outsiders, of course, are critical. See Rhoads (1985).
2. See Chapters 7, *Firms and Markets in the Performing Arts*, and 9, *The Market in Works of Art*, in Heilbrun and Gray (1993) and the works cited therein.
3. For an interesting comparison of these worlds from another point of view, see Shell (1995).
4. Some of my artist friends and acquaintances, seeking an explanatory paradigm for their own behavior and role in society (and not understanding economics), gave Hyde (1983) a warm reception.
5. See almost any issue of *The Journal of Forensic Economics* for discussion and examples.
6. For a survey of how economics influences at least one other social science, see Baron and Hannan (1994).

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# External benefits of the arts

Agnostic position no longer tenable

**James Heilbrun** If Klamer thinks that the external benefits of the arts are still undetermined and that they offer no good argument for public support, he did not understand what Heilbrun and others have shown from 1983 onwards. Economist Heilbrun keeps trying to exorcize agnosticism.

Near the beginning of his speech of acceptance Klamer correctly notes that on the question of economic justifications for subsidising the arts, the literature is 'extensive and the arguments varied.' (p. 301) He is also correct in arguing that 'politicians and inhabitants of the art worlds tend to favor equity arguments' rather than those based on 'efficiency' (p. 301). I would add that there are probably two reasons for that preference: first, the equity arguments are politically attractive and easy to defend; second, politicians and artists really don't understand the efficiency arguments.

Klamer is again correct in pointing out that while government support can be justified on the principle of making art more accessible to the poor (the equity argument), in practice many, perhaps most, subsidies do not succeed in doing that. He cites an Australian study showing that when the incidence of taxes was compared with the incidence of benefits, the net

effect of Australian public art support was to benefit the well-to-do at the expense of those with lower incomes. However, it is worth pointing out that Dick Netzer's analysis of the distributional consequences of arts subsidies in the United States reached the opposite conclusion. In 1985 those with incomes of \$50,000 or more apparently paid more in taxes than they received in benefits, while those with incomes below \$25,000 were (moderate) net gainers. Those with incomes between \$25,000 and \$50,000 approximately broke even (Netzer 1992).<sup>1</sup>

Klamer also notes that the principal 'efficiency' argument is that the arts produce positive external benefits, or what comes to the same thing, are enjoyed, at least in part, as a collective good. If positive externalities exist, economic theory says that a subsidy may be (not necessarily is) justified. But Klamer immediately tells us that 'the arguments in the

present case are hard to sustain' and the spillover effects 'remain undetermined' (pp. 301). He seems to be saying that arts externalities may not exist, or that if they do, their magnitude is unknown.

That is a position critics of government support for the arts in the United States have occasionally adopted. For example, the well-known political scientist (and art collector) Edward C. Banfield has written concerning alleged justifications for government subsidies that it is merely a 'conjecture' that the arts produce positive external benefits (Banfield 1984, 189-190).

## Benefits in Australia<sup>2</sup>

'It is generally agreed, I think, that the only way to measure the size of a collective benefit and to decide how much to spend in providing it is to poll the electorate and ask voters how much they are willing to pay (Musgrave and Musgrave 1984, 51-52). But having said that, economists usually throw up their hands and conclude that it's impossible to carry out such a poll (Ibidem, 54).

Well, not so fast. David Throsby and Glenn Withers did just that in Sydney, Australia in January, 1982, interviewing 827 people in what they described as a sample representative of the Sydney metropolitan population. The first step was to ask eight questions designed to determine whether respondents believed the arts to have properties that could be identified as external benefits. For example, one question asked whether respondents agreed with the statement that "The success of Australian painters, singers, actors, etcetera gives people a sense of pride in Australian achievement." Ninety-five percent either agreed or strongly agreed with that statement. Other questions were phrased so that agreement would indicate nonsupport for the arts. For example: "All theatres, opera and ballet companies, and

public art galleries, should be made to survive on their ticket sales alone." Seventy-eight percent of respondents disagreed or strongly disagreed. Throsby and Withers concluded that responses to the eight questions "indicate an overall acceptance of public benefits accruing from the arts" (Throsby and Withers 1983, 183).

The next step was to estimate willingness-to-pay. Respondents were asked "what is the maximum you would want paid out of your taxes each year to support the arts at their current level?" Economists have long recognized that in a voter survey it would be difficult to elicit answers from the public that indicated their true willingness-to-pay for public goods. Two kinds of strategic bias could occur. On the one hand, if voters understood that they would be required to contribute whatever amount they nominated, they would have an incentive to understate their true willingness (...). On the other hand, if voters were told they would not have to make any payment to back up their willingness, they would have an incentive to overstate their preference for the public good in the hope of encouraging a greater supply at no personal cost.

Throsby and Withers handled the strategic bias problem by posing the question both ways to each respondent. The full payment required answer could then be regarded as indicating the lower boundary of willingness-to-pay, while the no payment required answer would indicate the upper boundary. Presumably the true value would fall somewhere between those limits. When no tax liability was suggested the mean willingness-to-pay turned out to be \$155 (Australian) per person. With full tax liability the mean was reduced to \$97. Both results far exceeded the actual level of expenditure of tax receipts on the arts in Australia, which at the time amounted to only about \$6 per capita (...). (Throsby and Withers 1983, table 2).

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in 1996

Whether or not economists believe the arts produce significant external benefits, the public in Sydney Australia, does so believe and holds furthermore that those benefits justify subsidies considerably in excess of [the then] current levels.<sup>3</sup>

**No will-o'-the-wisp**

We ought to agree that the external benefits of the arts are not a mere will-o-the-wisp, or figment of the overheated imaginations of special pleaders for the arts. The only known method for measuring external benefits (and this is true in any realm, not merely in the arts) confirms their existence. The agnostic position taken by many analysts that these benefits may not really exist, or in any case cannot be measured is, I believe, no longer tenable.

**Notes**

1. Noneconomists should be warned, however, that since incidence cannot be directly observed, all such studies are based on estimates of tax and benefit incidence and therefore should not be taken as equivalent to 'scientific proof'.
2. I discussed the agnostic position at the Ottawa meetings of the Association for Cultural Economics in 1988 (Heilbrun 1989). In the next section of the text I quote from my comments, in the interest of economy.
3. After these passages were written it came to my attention that a similar survey was carried out by William G. Morrison and Edwin G. West of the willingness-to-pay of voters in the Province of Ontario, Canada. That study showed that Canadians, too, recognized the existence of external benefits of the arts. The median voter appeared to find the then current level of tax support - \$128(Canadian) per adult, per year - to be 'just right'. Morrison and West (1986) concluded that the purported externalities therefore had an approximate value of \$128.

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# Economic measurement and arts bureaucrats

**Andrew Feist** Culture should be analyzed in a multidisciplinary way, says Andrew Feist, extending Klamer's argument. Traditional economics is far from useless, were it only that the art bureaucrats have an increasing demand for the statistics of economists.

Arjo Klamer's essay provides a useful, if inevitably partial, summary of economists' interest in the field of culture. The importance of the selected illustrations is clear: while some may choose to ignore the fact, economists have already made an important contribution to a greater understanding of the workings of the cultural sector. The basic argument that follows, that artists on the one hand, and economists on the other, need to correct their views and positions and to adopt more flexible approaches, is one which I would wholly support. An extension of this argument is that a multi-disciplinary approach to analysing culture is the correct one to take up.

It is useful to consider a specific example. The term 'access' is one of the most complex in the arts policy lexicon. Take a single disciplinary perspective and you arrive at a different definition of what constitutes 'access to the arts', and what the pertinent issues

around access are. An economist might dwell on issues around pricing, elasticity of demand and the availability of substitutes. A sociologist might define access in terms of the socialisation process that surrounds attendance and the type of product available. And a geographer would point out that access to the arts is, in the first instance, primarily an issue of regional distribution.

The arts are, and should move closer to being, analysed from a whole range of disciplinary perspectives. Economics is just one of these perspectives, albeit one which is now quite developed. It goes without saying that a more pragmatic approach to the application of economic theory to the world of the arts and cultural industries would be welcome, if only because it permits the value of other disciplinary approaches to be more easily embraced.

Klamer writes much on the relationship

between artists and economists. Attractive as Klamer's dichotomy is, it is an over-simplification, a point emphasised in Frey's commentary on the speech. Artists may spout the rhetoric of disinterest in the economics of the sector, but this is disingenuous. Most are happy to turn to economic principles when they are considering issues around their own financial and economic status. Since so many artists contest they are undervalued, and consequently underpaid, most have some notion of their sense of value.

## Arts bureaucrats want measurement

My principal additional refinement of Klamer's artist-economist axis is to make reference to the role of an important third party. Between the artists and the economists lie the arts bureaucrats. The arts bureaucrat inhabits the murky and uncertain waters of resource allocation. While they may not attract the plaudits of neither economists nor artists, they play a central role in the development of the relationship between the two.

One thing that binds the economist and the latter day arts bureaucrat together however, is the need for measurement. On the one hand, economists have done much to point out the general inadequacy of cultural statistics; in some areas, they have undertaken useful work in mapping key elements of the sector. Arts bureaucrats on the other hand have woken up to the applied value of measurement in this field and in this respect, they have a clear set of objectives.

The need to engage in effective measurement of the economic dimensions of the cultural sector, which has preoccupied arts bureaucrats in recent years, has been a part of a process of moving from statistical invisibility to visibility. This has been part of a wider political process of survival. In this respect arts bureaucrats have acted in a thoroughly rational

way. The late twentieth century obsession for measurement is not unique to the arts sector. There are few fields in the UK economy which have not entered into the world of more sophisticated statistical profiling during the last fifteen years. But it also reflects a long term and specific disadvantage of the arts sector.

For a range of reasons the sector is poorly mapped and this is touched on briefly in Klamer's text. That this state of affairs exists reflects the ambiguous definitions which surround the sector and the complex nature of the arts and cultural industries, a point well made by Brosio (1994). It also reflects the historically inadequate collection of official statistics in this area. Statistical agencies in the UK at least have been slow to react to wider structural changes in the economy. Consequently data collection is not adjusted accordingly.

As for artists and arts bureaucrats, one might expect them to hold broadly similar views on the need for measurement and considerations of economic issues. Practice however suggests that this is not the case. Arts bureaucrats have been quick to latch on to the economic case for the arts (some would argue too quick); but many artists appear keen to reject everything that has to do with an economic argument, reflecting some of the sentiments that Klamer describes. BBC Television News recently carried an excellent illustration of the case. A seasoned and erudite arts administrator was asked for his views on the economic benefits that flow from public art installations. In response to the question, he made a cogent statement on the benefits that effective public art can bring to a defined local area. What he could not predict was the juxtaposition of his contribution alongside an interview with an artist specializing in public art. The artist, who

was a likely beneficiary of the culmination of the administrator's arguments, emphatically denounced the whole economic approach. This artist was simply not interested in the notion of economic dimension to the arts. Never, of course, extrapolate on the basis of a single case, but the illustration is illuminating. While a rejection of this kind may make artists feel better about the purity of creation, they have a clear and vested interest in oiling the wheels of the economic and political process.

#### Definition and intervention

My two concluding points relate to specific issues raised in the speech. First, Klammer's assertion that the cultural sector is small is interesting, because it raises the central question of definition. The problems of definition which afflict the arts and cultural sector have not been dreamed up by arts bureaucrats in order to claim large swathes of employment and turnover for themselves. Brosio's observations stand. The problems of definition very much reflect the complex nature of a sector that increasingly defies simple categorisation. In the UK, and particularly in employment terms, the boundaries of what constitutes the cultural sector are poorly drawn, which reflects the natural ecology of the sector. In a way it is boring to go on about definitions but I would at least challenge the view that the sector is 'small'; even if one accepts a small base for the sector, there is sufficient evidence to point to significant increases in employment during the last decade and a half (O'Brien and Feist 1995).

Second, let us take the argument for public support as a means of preserving one's cultural inheritance. The issue of cultural inheritance, which Klammer invokes with specific reference to the French, is part of the more complex field of public sector intervention in the field of the cultural industries. It has been the cultural

industries, as Girard would define them (Girard 1981), and national governments' attempts to regulate them, that have seen the clearest manifestations of public sector intervention on the basis of cultural inheritance. And it is by no means only the French who have used this particular argument to invoke support and intervention of all kinds. Usually such interventions are grounded in a concern for, and an understanding of, the importance of language as a form of cultural inheritance. In fact the history of public sector intervention in the cultural industries present an interesting contrast to current discussions around the motivations behind cultural policy. The pre 1939 history of public sector intervention in the British film industry and broadcasting are cases in point (Dickinson and Street 1985; Barnard 1989).

Klammer's call for correction and understanding from both extremes is most welcome: few could disagree with the benefits to arise from the 'sobering effects of the economist's perspective' or that an encounter with artists is likely to identify the need to correct some economists' blinkered and rigid perspective. The need for mutual acknowledgement and a relaxation in artists' and economists' respective positions would seem to be a welcome development. As for that other constituency, the arts bureaucrats, it is to be hoped that the application of economic theory succeeds to spread far beyond the rather sterile world of impact analysis, into the minutiae of the cultural sector. There is already ample evidence that such analyses can pay important dividends for all concerned.

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# Reaffirming the value of culture

A reply to the critics

**Arjo Klamer** In the world of economics one can travel along the road of individual, rational choice. In answering his critics Arjo Klamer keeps to the alternative road: that of value. Reciprocal relationships, which are essential in the arts sector, cannot be analyzed if you don't take values into consideration. Commercial transactions can add value to artistic products, Klamer admits, and the arts can be portrayed differently from the way he did. But the road of value still offers far more fine vistas than the critics are willing to admit.

## Not unnoticed

These lines of Robert Frost are favorite among economists. No wonder because they are about choice and that's what the science of economics allegedly is about. The choice is supposed to be rational, informed by preferences and budgetary constraints. The choice for choice has spawned a most productive approach to economics, the so-called neoclassical approach. This approach has been so persuasive that no other road appears to be worth traveling.

However, we economists have choices as to our approaches as well. There are other roads along which we can travel. To name only a few, there are institutional, Marxist, hermeneutic, and anthropological roads. My leanings have always been away from the road of choice to a combination of the latter. The focus on choice appeared too confining and the alternative roads looked more interesting and more insightful, too. So it was no surprise to myself

that when the world of arts became my area of interest, that I would venture in a direction that is different from the one economists usually go when they face the arts. The intent is contained in the title of my research program, which is also the title of my inaugural speech: 'The value of culture' (*Boekmancahier*, September, 1995, no. 25, pp. 298-310). After I had given both terms a liberal interpretation I discovered that I had committed myself to taking the road less traveled by. And that has made all the difference.

The critical responses in this issue as well as the previous issue of the *Boekmancahier* bring out some of the obstacles on the *road of value*, as I shall call the road of my choice. In a few cases the obstacles prove to be the making of those who are used to travel along the road of choice. In the latter case an agreement will be far off. The road of value veers too far off the beaten path of choice to allow for a merging in the near distance. We have quite different

} *Two roads diverged in a yellow wood,  
And sorry I could not travel both  
And be one traveler, long I stood...  
Two roads diverged in a wood, and I-  
I took the one less traveled by,  
And that has made all the difference.*  
(Robert Frost)<sup>1</sup>

interpretations of the subject of economics and of the strategy that makes for a good science. In particular the incorporation of anthropological and sociological elements in my approach to the subject tends to cause problems among those who are set upon following the *road of choice*. The reader beware.

Before continuing I should express my delight with the willingness of so many reputable scholars to react in the thorough and thoughtful manner they did. In scholarly life no fate is worse than to meet indifference with one's work. Unfortunately, it is the fate that befalls more than ninety percent of scholarly work. Most papers get never cited, most speeches go unnoticed. To have a chance to respond to criticisms, no matter how severe they are, is almost too good to be true. In the end I have hopefully made clear that the criticisms have compelled me to reconsider a few propositions that I made, and recognise problems that I ignored. But they also confirm my choice for the road less traveled by.

## The language of relationships

Even if the road that I chose in the Value of Culture is less traveled by, it is already paved with the work of Max Weber, Karl Polanyi, Marshal Sahlins, Amitai Etzioni, Vivian Zelizer, Deirdre McCloskey and so many others who have explored the economic significance of culture. Max Weber, for example, considered the role of the protestant ethic in the emergence of capitalism and that of confucianism in the economic systems of East-Asia. Polanyi explored the moral constraints under which markets operated through times while Etzioni has tried to fill in the moral dimension of contemporary economic behavior. Zelizer has amplified this theme with her studies of the moral factor in the trading of life-insurance, wives and children. Deirdre McCloskey has highlighted the importance of bourgeois ethics

for a well-functioning market society, harking back to the writings of Adam Smith, his *Moral sentiments* in particular. The upshot of all this work is that culture matters in the economy.

Recently, Francis Fukuyama proved himself to be a fellow traveler. In his widely published book *Trust* he points at the importance of spontaneous associations and, more generally, trust in the formation of economic relationships. Recently I also found support for my themes in Robert Putnam's book *Making Democracy Work*, which shows the importance of social capital, that is, the build-up of social relations, for the functioning of a democracy (cf Coleman 1990). All the authors mentioned apply a broad interpretation of culture in terms of a system of (moral) values, beliefs, and aspirations that distinguishes one group of people from other groups. I simply follow in their footsteps.

In my exploration of the road of value, the attention had to shift from individual choices, the sole focus of those who travel the road of choice, towards the relationships that people form. I was looking for the moments when or situations where values come about and endure. This did not seem to occur in markets or bureaucratic systems. So the question is: where do the values come about that account for things like friendship, trust, and the appreciation of the arts? In my attempt to answer this question I came across the notion of reciprocal relationship as it gets established by means of gift exchanges. Those who had studied these relationships, sociologists like Marcel Mauss and Peter Blau, made clear to me that when the terms of interactions are left ambiguous and open to interpretation, (moral) values have to enter. When mutual trust collapses, reciprocal relationships dissolve (think of divorce).

In contrast typical market relationships are closed-ended. Strictly taken, they are quid-pro-

quo relations and represent the instantaneous exchanges of equivalents - one Van Gogh for 82 million dollar, one popsickle for 88 cents and that's it. Bureaucratic relationships are close-ended, too, since they work according to well established rules - meet the conditions and receive your benefit, and that's it. Market and bureaucratic relationships, in their pure form, appear in no need of values that bind both parties. Prices in the former and rules in the latter are the deciding forces. As a matter of fact, markets make relationships all but superfluous. The same is true for the ideal type of a bureaucratic relationship. Not much of a relationship is needed when bureaucrats strictly apply the rules regardless of the person they are dealing with.

Yet, as Putnam and Fukuyama recently argued and so many before them, relationships constitute the cement of society. They generate the values and the trust that seem instrumental for the functioning of markets (cf. Fukuyama) and bureaucratic systems (cf. Putnam). The really important relationships are reciprocal with the crucial characteristic that the mutual obligations that they generate remain ambiguous and open for interpretation. As the investigations into gift exchanges have indicated (see Klamer 1995) the ambiguity and the openness are crucial for the durability of relationships.

Many of my critics, especially the economists, miss this theoretical point. It is no surprise to me because choice travelers have so far been without the need for the language of relationships. This explains why neoclassical economists have been overall disinterested in what their colleagues in the other social sciences had to say. Along the road of value the sister disciplines of sociology, anthropology and, who knows, psychology, have proven to be indispensable.

### **Commercial relationships and the arts**

Traveling along the road of value I began to take the complicated relationship between the arts and money seriously. When the value of something like art, or friendship, or a child, is ambiguous and open to interpretation, market relationships do not work. At least so I claimed. It should follow that reciprocal relationships crowd out market relationships in that case. Casual evidence appears to confirm this empirical hypothesis. Obviously, more evidence is needed to convince some of the critics.

A possible source of confusion is the notion of the commercial. Several critics argue that because commercial transactions abound in the world of arts, the (neo-classical) language of choice and markets apply. A commercial relationship, however, is not the same as a market relationship. The latter is the relationship between anonymous parties. When I buy a share on the stock exchange I do not know the seller. There is no need to. As a consequence, there is no need for a relationship. Commercial is any relationship where the value of the transacted item is measured explicitly. This includes the market transaction. But any commercial exchange is not a market exchange. When you scratch my back in exchange for my gratitude, we have the making of a reciprocal relationship. When we agree that a payment of ten guilders by me to you settles my obligation to you, this aspect of our relationship is commercial at least. A market relationship it is not, since we know each other.

One question that arises in the case of a commercial relationship is how we arrived at the price of ten guilders. The process may matter in this case. Both parties need to interpret the situation (What does the other do if I were to propose another price? What would the price be if the other is my boss instead of my wife?) The interpretation involves moral values (I can't pay my wife, can I?) and such

values come about in reciprocal relationships. The conclusion is that commercial interactions are quite unlike market interactions and need to be understood in the context of the relations in which they occur.

Transposed to the world of the arts this line of reasoning cautions the investigator to think markets where commercial transactions occur. Even where artists act commercially in the sense that they drive hard bargains and seek the best price for their product, they do not necessarily behave like financial speculators do. Relationships between visual artists and their distributors, the galleries, appear to be quite special and, as far as I know, are ruled by the norms of reciprocity. The need for enduring relationships require the artist as well as the owner of the gallery to be sensitive. A hard bargain may be good for now but can turn out costly later, when the other party refuses to continue the collaboration.

All the points made so far have general application. Commercial relationships are ubiquitous in business life; in most cases reciprocity occurs in some form or another, so I surmise. In this respect the arts do not need to differ from other economic activities. Unfortunately, I confused matters by advancing the hypothesis that art has special qualities that set it apart from market goods such as cars and icecream. I should not have done so. It's like hanging out a red cloth for a bunch of steers for if anything gets the blood boiling in the circles of artists and their critics it is the demarcation between art and non-art. Later I added that the arts share these special qualities with goods like children and friendship but the damage had been done. Too many critics tripped over my claim that the arts is special due to their open-ended nature and the ambiguity of their value. I was accused of being too romantic about the arts. I doubt that it matters much for my

argument. It would have been more prudent to abstain from taking a position on this matter and simply observe that artists tend to have serious problems with the commercial dimension of their activities. The observation would have led me to the question why that is and that would have been enough to motivate the anthropological approach that I propose.

### **Basic agreement**

Now it is the turn to my critics. Their criticisms are basically of two kinds. The economic criticisms target the economic perspective that the road of value inspired. The artistic criticisms try to make mince-meat of my conceptualisation of the arts as well as my perspective on the art worlds. Many critics do a little bit of both. Let's see how the argument in 'The value of culture' stands up after considering the most important points raised.

Blokland gives an excellent representation of my arguments. Along the way he fires a few shots. First he objects to my narrow definition of the arts. I eagerly agree. There is much more to the arts than what middle-class white westerners define art to be. More work needs to be done, especially concerning the role and value of non-western art.

Blokland disagrees when it comes to the justification of subsidies of the arts. The problem is that he makes too much of my distinction between art as a product and art as an experience. The latter distinction, which I borrowed from Dewey, served as a first step to the recognition that an art object has many attributes; some of these attributes lend themselves easier for commercialisation than others. I go along with Blokland's argument that the outcome of the discussion is a reflection of reigning values.

Later in his article he makes the common mistake to attribute to me an argument that I attribute to others. For I agree with him that



the rejection of aristocratic values in the name of democracy, freedom, and equality is nonsense. But I do think it nonsense when he accuses me of assuming constant preferences. The very premise of the road of value is that values and preferences are social and so change along the way. In the end he and I must agree!

The comments of Bruno Frey I had dreaded most because he is not only a formidable economist but also one whom I had placed right at the middle of the *road of choice*. On the latter point he has proven me wrong. To my surprise we travel a long way together. In the end Frey is more of an economist who is intent on showing the relevance of economic insights to the worlds of the arts whereas I am content with the anthropological position observing how those worlds function economically and socially. Accordingly he goes out of his way to defend the economic perspective that I treated less than generously. It's good he does. It is needed to reestablish the balance. See, to paraphrase Lenin, when an iron rod is bent out of shape, one needs to bend it the other way to get it straight. I may have bent the rod that other way to the point that the conventional perspective seems worthless. Frey sets the reader straight. In doing so, Frey alerts us to alternative ways of studying the public valuation of the arts, such as contingent valuation studies that ask people directly what they want to pay, and referenda. He is the advocate of the latter option. If only we lived in Switzerland!

The notion of *crowding in*, had escaped me before but I have included it in my vocabulary by now. Frey is quite right in pointing out the possibility that commercial transactions can add value; it was the case when the Dutch got to value their Rembrandts only in the nineteenth century when they began to fetch good prices in the international markets. But as I stated earlier, I think we need to go into more detail when we consider commercial and market

transactions to include the relational forms in which and through which they come about. On this point Frey does not come along, at least not here.

### Demystification

My closest associates have proven to be my toughest critics. I do think that Berend Jan Langenberg looks at what I do from the road of choice and so misses my point. Surely, artists care about money and do not shrink away from asking high prices when they get away with them. But there is so much more to their interactions than that, such as the intricate network of reciprocal relationships that is needed to keep much the arts afloat. Like Frey, Langenberg refers to the crowding in effect of measurement in terms of money, although he does not use the term, but that leaves the crowding out effects that I stressed.

Both Langenberg and Abbing, my next critic, want to pierce what they perceive the romantic veneer of the art worlds to expose the tough economics that underlies it. It is the typical strategy of demystification - as if we scientists are here to show how things really are. Apparently artists are underneath just as commercial as the most hardened stock traders. The anthropologist in me cringes at the thought. The reason is that such a perspective, although provocative, does injustice to the differences between the worlds of trade and those of the arts. The traveler who chooses the road of value is rather inclined to respect and explore the differences. As I am doing.

Accordingly, I am less worried than Hans Abbing about taking two steps backwards only because I do not go along his demystification of the art worlds. Abbing, for example, is interesting to me because of the contrast between him as the artist and as the economist. His life, in a way illustrates my point.

### Various worlds, different roads

Marx Adang is an art historian. He, too, is disturbed by my allegedly romantic view of the arts. The anthropologist in me wonders what causes the annoyance with him, Abbing, and later, Arts? When I made an impassionate plea for the importance of roots in our lives at a recent conference of artists, an art critic got mad with me for being so 'emotional'. In other groups I am accused of being too reasonable and too rational. What does that tell me? That I am wrong in one case and right in the other? No, all this means is that we experience the various worlds we inhabit, or our life-worlds (to use Gadamer's term) differently, and that the differences get expressed rhetorically, that is, in our communications. The differences are for real and need to be understood. Adang concludes from my alleged romantic outlook I am already coopted by the artists. He does not need to worry. If only he could hear the reactions wherever I propose cuts in state subsidies for the arts! But as I noted earlier, my alleged romanticism does not matter much for the argument.

When Adang argues that art is a heterogeneous product, he does so to be critical of me. But the heterogeneity of art was the very issue that preoccupied me. It led me, for example, to differentiate art as an activity from art as an experience. If he is of the opinion that I have not gone far enough in analysing the attributes that make up the value of an art product, I can only agree. Again, more work needs to be done.

Like Adang, Wil Arts, the economic sociologist, is worried that on my travel I lose sight of the prices that rule in the worlds of the arts. We find each other in our sociological perspectives. His introduction of Max Weber into the discussion is pertinent. Our main difference concerns the future. He foresees the continuing rise of homo economicus, the

rational person, whereas I hold out for a reevaluation of the moral and emotional sides of lives. If that is wishful thinking, so it is.

### Versus the road of choice

The criticisms in this issue all belong to the economic types. Gray stands strong on the road of choice. It's his good right, of course. He is certainly in good company. But it's not the road I chose. On his road it is interesting to note that economists are able to measure the value that people give their children. Along my road it is interesting to note that people do not interact with their children in such measured terms and that they don't do in order to sustain reciprocal relationships with their children.

Heilbrun focuses on the arguments pertaining to the subsidization of the arts. He cites several important studies attesting to the existence of external benefits of the arts but none of them is definitive in any way. Contingent evaluation studies are tough to do, and it's even tougher to know what to do with them. They do not tell me, for example, how people come to attach a positive value to the arts even when they do not participate themselves in any way. Why is it that the Dutch continue the monarchy? Along the road of value we do not take such opinions at face value. They may change, for one. Changing values is what much of art education is about.

Finally, Feist believes I exaggerate the distinction between artists and economists. I doubt it and curiously enough, Feist later presents instances in support of the distinction. He is quite right to introduce the bureaucrat into the story. My earlier discussion of the bureaucratic relationship here has been inspired by Feist's comments. I owe him one.

### Progress

In the end virtually all critics agree that it's good to disagree. I agree. To speak with Keynes,

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'it is only by argument, by conflict if you like, that economics makes progress'.<sup>2</sup>

And progress I have made. The responses have, if anything, strengthened my belief in the richness of the perspective that the road of value offers. I grant that in my enthusiasm I shortchanged the traditional economic perspective. My excuse is that the rod has to be bent the other way in order to restore some balance. About my characterisations of the art worlds I am less sure, certainly after reading through the various criticisms. That is fortunate because it means that there is still work to do.

**Notes**

1. 'The road not taken'. *The poetry of Robert Frost*. New York: Holt, Rinehart, 1966, 105.
2. Cited in A. Robinson. 'Kempores and his Cambridge Colleagues'. In: *Kempores, Cambridge, and the General Theory*; D. Potinkin and J. Clark Leith (eds.). Toronto, 1978.

**Bibliografische gegevens**

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