

Bruno S. Frey

Economics of Art and Culture

 Springer

Contents

Part I Introduction

1	What Is the Economics of Art and Culture?	3
1.1	A Challenging Discipline	3
1.2	The Scientific Approach	5
1.3	Fascinating Issues	5
1.3.1	Does the Market Produce Bad Art?.....	6
1.3.2	Can Arts Policy Be Left to Democracy?	7
1.4	Conclusion	9
	Related Literature	9

Part II Aspects

2	The Social Value of Art	15
2.1	Contrasting Views	15
2.1.1	Impact Studies	15
2.1.2	Capturing Non-market Benefits of Art	16
2.1.3	Different Views	17
2.1.4	Evaluation	18
2.2	Conclusion	19
	Related Literature	20
3	Art Markets and Auctions	21
3.1	Producers and Consumers of Art	21
3.2	Equilibrium Between Supply and Demand	22
3.3	Auctions	22
3.4	Types of Art Market Risks	24
3.4.1	Risks Inherent in Works of Art	24
3.4.2	Unexpected Market Changes	25
3.4.3	Behavioural Anomalies	26

3.5	Why Do People Invest in Art?	27
3.5.1	Diversification	27
3.5.2	Biased Information	27
3.5.3	Taxation and Money Laundering	27
3.5.4	Conspicuous Consumption and Art Investment	28
3.5.5	Love of Art	28
3.6	Conclusion	28
	Related Literature	28
4	The Artists' Labour Market	31
4.1	Starving or Rich Artists?	31
4.2	Why Do People Become Artists?	32
4.3	Who Is an Artist?	33
4.4	Income	33
4.5	Awards	34
4.6	Superstars and Winner-Take-All Markets	34
4.7	Creativity	35
4.7.1	Personal Creativity	35
4.7.2	Institutional Creativity	36
4.8	Are Artists Really Unhappy?	37
4.9	Conclusion	37
	Related Literature	38
5	Reproductions in Art	39
5.1	Contrasting Views on Copies and Fakes	39
5.1.1	The Moral View	39
5.1.2	The Legal View	40
5.1.3	The Art Historic View	40
5.2	Beneficial Aspects of Imitations	41
5.2.1	Copies Provide Utility	41
5.2.2	Artistic Capital Is Promoted	41
5.2.3	Supporting Creativity	41
5.3	Harmful Aspects of Imitations	42
5.3.1	Demand Side	42
5.3.2	Supply Side	43
5.4	What to Do?	43
5.5	Conclusion	44
	Related Literature	44
Part III Areas		
6	Creative Cultural Economy	49
6.1	Creativity and Culture	49
6.2	Economic Properties	50

- 6.3 Conclusion 51
- Related Literature 51
- 7 The Performing Arts 53**
 - 7.1 Characteristics of the Performing Art 53
 - 7.2 Demand Side 54
 - 7.3 Supply Side 54
 - 7.3.1 Operas 54
 - 7.3.2 Drama 56
 - 7.3.3 Government Supported Organizations 57
 - 7.3.4 Profit-Oriented Enterprises 58
 - 7.3.5 Co-operative Organizations 59
 - 7.3.6 The Cost Disease 60
 - 7.4 Conclusion 61
 - Related Literature 61
- 8 Festivals 63**
 - 8.1 An Abundance of Festivals 63
 - 8.2 A Paradox 64
 - 8.3 Features 64
 - 8.3.1 Demand Side 64
 - 8.3.2 Supply Side 66
 - 8.3.3 Possible Future Developments 68
 - 8.4 Conclusion 69
 - Related Literature 69
- 9 Films 71**
 - 9.1 Characteristics 71
 - 9.1.1 Supply Side 73
 - 9.1.2 Demand Side 75
 - 9.2 Conclusion 76
 - Related Literature 76
- 10 Museums 77**
 - 10.1 Types of Museums 77
 - 10.2 Demand for Museums 78
 - 10.2.1 Private Demand by Visitors 78
 - 10.2.2 Social Demand 79
 - 10.2.3 Effects on Markets 80
 - 10.3 Supply 80
 - 10.3.1 Cost Structure 80
 - 10.3.2 Firm Structure 82
 - 10.4 Museum Behaviour 82
 - 10.5 Collection Management 85

10.6	Entrance Fees	86
10.7	Commercial Activities	86
10.8	Conclusion	87
	Related Literature	87
11	Superstar Museums and Special Exhibitions	89
11.1	Characteristics of Superstar Museums	89
11.2	Special Exhibitions	92
11.2.1	Demand Side	93
11.2.2	Supply Side	93
11.3	Conclusion	95
	Relevant Literature	95
12	Cultural Heritage	97
12.1	Many Types of Cultural Heritage	97
12.2	Values Generated	98
12.3	What and How to Preserve?	101
12.4	Conclusion	102
	Related Literature	102
13	UNESCO World Heritage List	103
13.1	Content of the List	103
13.2	Positive Aspects of the World Heritage List	104
13.2.1	Attention	104
13.2.2	Protection	104
13.3	Negative Aspects of the World Heritage List	105
13.3.1	Questionable Selection	105
13.3.2	Overextension	105
13.3.3	Not Being on the List Means Being Less Valuable	106
13.3.4	Attracting Destruction	106
13.4	Alternatives to the UNESCO World Heritage List	107
13.4.1	No Intervention	107
13.4.2	Use of the Market	108
13.4.3	Competing Evaluations	108
13.4.4	Random Selection	109
13.5	Alternative Approaches	109
13.5.1	Beneficial World Heritage List	110
13.5.2	Beneficial Alternatives	111
13.6	Conclusion	112
	Related Literature	112
14	Cultural Tourism	115
14.1	Types of Tourism	115
14.2	Economic Analysis	116

- 14.2.1 Impact Versus Willingness-to-Pay Studies 116
- 14.2.2 Attracting Cultural Tourists 117
- 14.2.3 Dealing with Overcrowding 118
- 14.3 Conclusion 120
- Related Literature 120

Part IV Cultural Policy

- 15 Public Support of the Arts 123**
 - 15.1 Government Support of the Arts 123
 - 15.1.1 Direct Government Expenditures 124
 - 15.1.2 Indirect Public Support of the Arts 124
 - 15.2 Arguments for the Public Support of the Arts 124
 - 15.2.1 Market Failure on the Supply Side 124
 - 15.2.2 Market Failures on the Demand Side 125
 - 15.2.3 Comparative View 126
 - 15.3 Constitutional Issues For and Against the Public Support
of the Arts 127
 - 15.4 Conclusion 128
 - Related Literature 129
- 16 Does Art Make Us Happy? 131**
 - 16.1 Happiness in the Arts 131
 - 16.2 Measuring Happiness 131
 - 16.3 Happy Artists 132
 - 16.4 Participation in Cultural Activities 132
 - 16.5 The Relationship Between Art and Happiness 132
 - 16.6 Reverse Causality? 133
 - 16.7 Conclusion 134
 - Related Literature 134