

## Ruth Towse: A textbook of cultural economics

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What would a really good undergraduate textbook for a course on the economics of the arts and culture look like? One that was aimed at students of arts administration, business, management, and economics? There are probably more answers to this question than there are instructors who teach such courses, but most would agree on the following: (1) it would cover a wide range of topics and be international in scope; (2) it would draw upon the most up-to-date research; (3) it would present material clearly and logically, with later chapters building on concepts introduced in earlier chapters; (4) it would be targeted toward students with minimal training in economics; and (5) it would be easy to navigate and visually appealing. Ideally, it would also provide pedagogical tools such as end-of-chapter critical thinking questions and exercises (though this is perhaps less necessary for third- and fourth-year students), as well as plenty of bibliographic references.

It is clear simply from looking at their titles and publication dates that most existing texts do not meet the first two of these criteria: they are either too limited in their coverage or too dated or both. David Throsby and Glenn Withers' *The Economics of the Performing Arts*, for example, was published more than 30 years ago and, as its title suggests, is limited to analyses of the performing arts. Richard Caves' *Creative Industries: Contracts Between Art and Commerce* dates from 2000 and deals primarily with the industrial organization of for-profit culture in the United States. James Heilbrun and Charles Gray's *The Economics of Arts and Culture* (second edition), last published in 2001, is heavily oriented toward the United States and does not address the for-profit sector. The seventh edition of Harold Vogel's *Entertainment Industry Economics: A Guide for Financial Analysis*

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is up-to-date, but is largely descriptive rather than analytical, and more oriented to the needs of industry analysts than to those of college students.

It was therefore very good news to hear that a new textbook on the economics of the arts and culture has come out, one aimed at students of arts administration, business, management, and economics. The author, Ruth Towse, has done important work on the economics of copyright and on artists' labour markets. She is very well versed on the latest research in cultural economics, having served as joint editor of *The Journal of Cultural Economics* from 1992 to 2002, and as president of the Association for Cultural Economics International from 2006 to 2008.

Towse's broad knowledge of the field is reflected in the book, which covers a tremendous amount of ground in its 552 pages. Traditional topics for research on the arts—arts participation and consumer demand, production in the live performing arts, the economics of art museums, government policies toward the arts and culture, etc.—have been expanded to include topics such as copyright, the organization of the film, music, and book-publishing industries, and the economics of festivals, heritage, and cultural tourism. Many of the longer discussions focus on Britain and the Netherlands, but examples are drawn from all over the world, ranging from Nigeria's film industry to French artists' unemployment insurance to remuneration of Japanese musicians to book-borrowing preferences in Australia.

Towse has packed all of this material into a text consisting of twenty chapters organized into five parts, titled "General issues in cultural economics," "The 'traditional' economics of the arts and heritage," "Artists' labour markets and copyright," "The creative industries," and "Conclusion and exercises and problems." Part I, which has seven chapters, provides an overview of the field of cultural economics, laying out some of the theories and concepts that have been used in economic analyses of the arts and culture, and briefly describing the economic organization of the creative industries. The second and third parts, each consisting of three chapters, look at the economics of the performing arts, the economics of cultural heritage, and the evaluation of cultural policy (part II), and at artists' labour markets and the economics of copyright (part III). The fourth part consists of a chapter on the economics of the creative industries as a whole, plus five chapters on the music, film, broadcasting, and book-publishing industries and on the economics of festivals and cultural tourism. Part V concludes. Each chapter has its own bibliography, and at the end of the book, there is a small set of exercises and problems.

The material presented in these chapters runs the gamut from early work on the division of labour (Adam Smith) to very recent research on the impact of free entry on visits to UK museums (Department of Culture, Media and Sport, 2008). Towse does a particularly good job at identifying research that bears on issues of current interest to artists, arts organizations, and arts policymakers. So, for example, in the chapter on copyright, she discusses how copyrights involve an economic trade-off: they encourage "original" creation by allowing creators to cover their high fixed costs through temporary monopoly, but discourage "derivative" creation by raising the transactions costs associated with building on the work of others. In the chapter on the economics of cultural heritage, she highlights important issues surrounding the regulation of built heritage, including the moral hazard problem that heritage

listing may present because private owners are able to reap the benefits of government investment through enhanced market prices. In the chapter on the economics of the music industry, she considers how digital music is changing the way that music is marketed, delivered, and sold—and what the implications may be for artists and the industry. In all of these discussions, she makes use of the latest available research, distilling the results in a form that is dense but readable to those already familiar with the basic concepts.

Unfortunately, despite the generally high quality of these discussions, Towse's text does not meet the third and fourth criteria for a really good textbook: it does not build sequentially, and it will probably not be accessible to most undergraduate students—even those that are economics majors. It is not sequential because Towse scatters nuggets of related data and analysis across chapters throughout the book, so that even within the larger parts, most of the chapters neither build on one another nor are self-contained. It is not accessible because she attempts to cover the very wide range of topics and analytical methods employed in cultural economics research much too quickly, jumping from one topic to the next without taking time to reinforce complex ideas. In many cases, she simply provides a definition and a brief example from the cultural sector, before moving on to the next topic.

Consider, for example, the chapter that introduces the creative industries (Chap. 14). Towse begins by describing how the creative industries have been defined and classified by international organizations and national governments. She then provides snippets of statistical evidence on their contribution to the British economy; launches the idea that they are linked by their copyrightable creative content; touches on their ownership, finance, size, market structure, and changing technologies; introduces Caves' (2000) application of contract theory to them; and concludes with a brief overview of their role in international trade. Embedded within this tsunami of information bytes are continual references to related discussions in other chapters, in this case Chaps. 2, 5, 11, 13, 15, 16, and 17. This example is not an outlier; the pattern is repeated in every chapter. So, in the chapter on production, costs, and supply of cultural goods (Chap. 5), she directs the reader to Chaps. 2, 6, 7, 10, 11, 12, and 14. In the chapter on the economics of the performing arts (Chap. 8), she directs the reader to Chaps. 1, 4, 5, 6, 10, 11, 12, 14, and 19 (but not to the two adjacent Chaps. 7 and 9).

The book also fails to meet the fifth criterion for a good textbook: ease of navigation and strong visual appeal. It is not easy to navigate—section and subsection headings are difficult to distinguish from one another, chapter numbers are few and far between, and page numbers are difficult to see. Neither does it have much visual appeal—there is no color, relatively few charts or tables, and no illustrations or photographs. There are a number of inset boxes, about half of which consist of mini-biographies of economists who have influenced the field of cultural economics, and half that provide information or data relevant to the topic being discussed in that section. These boxes can be interesting, but they can also be rather beside the point—for example, Box 15.2 on “Music in Jamaica” appears more like a publicity blurb for the artist Shaggy than an illustration of the limitations of the music industry as a generator of economic growth (p. 414).

As the instructor for an undergraduate course on the economics of the arts and culture—a course that does not require students to have much previous exposure to economics—it is the rapid-fire treatment of complex topics and their non-sequential presentation, not the unexciting graphics and layout, that would make me unlikely to assign this book as a text. But there are other reasons for my lack of enthusiasm. I am uncomfortable with the almost apologetic way in which Towse often introduces economic concepts and analytical tools, and I find her characterization of certain aspects of economics simplistic. For example, in chapter 1 she states, “There are limitations to the use of economics in general and specifically in relation to the arts and culture; an obvious example is artists’ production: few would say that artists are motivated to supply works of art just for the money” (p. 9). I think all would agree that there are limitations to economics, as there are to all academic disciplines but her example does not make this point. Economists have long recognized that non-monetary factors are important drivers of economic behavior; the idea of compensating wage differentials traces back to Adam Smith. Similarly, in chapter 5, she seems to suggest that “neoclassical economics” is an intellectual paradigm that a few misguided economists continue to adhere to despite the fact that “it has nothing to say about ... how real firms behave” but “stresses instead the influence of market prices ... and the constraints of the production function...” (p. 128). I am not sure what Towse means by “neoclassical economics,” but she appears to be criticizing the simple models that appear in introductory economic textbooks. If so, her criticism is not applicable to most current economic research. In any case, it does not make much sense to disparage the expository tools that she herself uses throughout the book to illustrate basic principles.

In conclusion, I do not believe that *A Textbook of Cultural Economics* will see widespread use as a textbook. I, for one, will be sticking to the combination of Heilbrun and Gray (2001) plus Caves (2000) until either or both are updated or a better alternative comes along. However, this does not mean that *A Textbook of Cultural Economics* will sit unopened on my shelf. It is a very good reference work, providing an excellent window into the state of research on cultural economics as of 2010, and I am happy to have it available.

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