Comments on David Throsby’s Paper

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It is am grateful to David Throsby for reminding me (us) of the chapter in Baumol and Bowen on the individual artist. It has certainly survived the passage of time—all too depressingly well, since every problem mentioned in it still exists. It there and then raised all the main issues about artists’ earnings. The last 30 years have seen a slow-but-surely increasing interest in the economic behaviour of individual artists and in artists’ labour markets in a number of countries.1 David Throsby has done more than anyone to foster and further this work. He quite rightly brings evidence from his own repeated surveys of Australian artists to bear on various pertinent issues in his paper. In my comments on it, I concentrate on Section 3, the causal factors of low financial rewards in the arts.

It is worth noting at the outset that not everyone who has worked on this question would agree that artists do earn significantly less than other workers. Filer (1986) believed he had exposed “the myth of the starving artist.” Cowen and Grier (1996) take the same stance. What is really at issue here is the different view you get from using one of two distinct data sources, census and survey data. Census data show higher average (or median) earnings than do survey data due to the way artists are defined.2 Those of us who work in the field think survey data are more appropriate for most purposes. In practical terms, there is not always a choice, however. In the U.K. so far, for example, we have not been able to use census data on artists because there are not enough of them to merit their own grouping.3 In this context it pays to be either a country with a large population as the U.S., or one with a small one, such as Australia or Finland. Wassall and Alper (1992) were able to exercise that choice in the U.S. and demonstrated the upward bias of census earnings data. Like them, Throsby shows here (and in earlier studies) that, in addition to overcoming this bias, survey data which provide information on arts, non-arts and arts-related behaviour and on time allocation, tell us a great deal about artists’ supply behaviour.

Throsby offers three hypotheses of the causes of low and declining pay to performers: that arts organisations are spending a lower proportion of total expenditure on artists; that cash-strapped managements cut costs where they can and so cut artists’ pay, causing real wages to fall over time; thirdly, there is a growing supply of artists. His (new) evidence does not confirm the first but it does confirm the second hypothesis; the third he seeks to demonstrate by looking at trends in the estimated artist population in Australia. This grew by 59 per cent over the decade
1983–1993. (In the U.K. with a falling labour force, the artist population grew 34 per cent between 1981 and 1991 – 43 per cent for writers, 71 per cent for visual artists, 47 per cent for performers.⁴) Throsby concludes that though there were steady increases in numbers of all types of artist in Australia, the main growth was among self-employed creative artists e.g. writers (119%); the increase in the number of performers, who are mostly employed, he believes to be consistent with the growth of the labour force as a whole (30%).

It is, of course, difficult to make bold statements based on the survey data of one country. However, the findings in Australia are consistent with those in the U.K., in France and in Finland where a number of artistic professions have been analysed in detail.⁵ David Throsby hesitates to treat these three causes as a consistent bundle. Let me be bold instead! The underlying dynamic of artists’ labour markets is this: there is a chronic oversupply of artists, which drives down artistic pay. Performing arts organisations do not need to pay high wages to attract workers, except to the few stars. Oversupply is endemic and exacerbated by the fact that artists’ training in Europe, at least, is highly subsidised by the state (see Towse, 1996b). Real wages fall – of course. This excess supply does not consist of untalented wannabees but of highly trained, experienced and able performers. Work tends to be spread around (perhaps for novelty reasons) and some performers will always be “resting.” When these people are in work they are paid the accepted rate for the job. When they aren’t they do other work. David Throsby’s estimations of artists’ labour supply and earnings functions are evidence of this.

Baumol and Bowen implicitly recognised oversupply and its consequences but they believed that in the long run the pay differentials between the productive sector and the arts must decline. People could not persist in behaving so contrarily and so much contrary to economic rationality for ever! They were wrong – but wrong for the right reasons (and perhaps also because they placed more reliance on census data on artists’ earnings than on their survey findings). Throsby’s evidence in this paper and in his previous work has helped us to understand the reasons why.

Notes

1. Recent work is summarised in Towse (1996a).
2. See above for a discussion of this point.
4. See note 3.
5. For France see Menger (1996) and for Finland, Heikkinen and Karhunen (1996).

References