

AADM – Y535 (Section 13382, Fall 2008)
Arts Administration and the Cultural Sector

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Course Description

In this introductory course to the Arts Administration program we will study the market environment in which arts administrators work, in particular looking at the relationships, formal and informal, between artists, ‘humdrum’ workers, administrators, and consumers. From small art galleries to major feature films, arts administrators face the task of coordinating the work of creative talent and other professionals to bring the work to the consumer, and we will examine how this coordination is carried out.

Of course, administrators in the newsprint or shipping industries also need to work with complex relationships, and so we will want to consider the many ways in which the arts, in all their variety, are *different* from other sectors, and the implications of these differences for how works of art are produced and brought to market.

Course Text

The required text for this course is Richard E. Caves, *Creative Industries: Contracts Between Art and Commerce* (Harvard University Press, 2000). We will read the entire book, at roughly the pace of two chapters each week, although we retain some flexibility due to interesting diversions that might arise.

Caves begins by looking at those features that distinguish creative activities from the production of ordinary goods, and then turns to how creative goods – in the visual arts, performing arts, and film – are brought to market. This is followed by an analysis of what makes the demand for the arts different from ordinary goods, the problems of high costs in the arts, the role of nonprofit organizations, and finally, the issues that arise in the administration of durable creative goods and copyright.

There are additional short readings, from the scholarly and popular press, given below.

Note there are two sorts of readings in this course: (1) Documents on the web, where you simply follow the URL as provided; and (2) Articles from journals.

All of the journal articles listed below are available online in the IU library. To find articles, go to the IU homepage, then:

- Click “Libraries”
- Click “Resource Gateway”
- Click “Online Full-Text Journals”

- Type the “Journal Title” in the space provided, and click “Search”
- Often a few possible links are given – choose one that includes the year you are looking for.

If you have any troubles, let me know!

In this course we will *not* be considering, except in passing, issues in cultural policy or in the more focused problems of arts management, as these topics are covered in depth in other courses in the Arts Administration program, namely Public Policy and the Arts (offered in Fall 2008), and the Economics and Administration of Artistic Organizations (offered in Spring 2009).

Course Outline

September 5

Caves, Introduction: Economic Properties of Creative Activities.

September 12

Caves, Chapters 1 & 2: Visual artists & Galleries.

Velthuis, Olav “Symbolic meanings of prices: constructing the value of contemporary art in Amsterdam and New York galleries” *Theory and Society* 32 (2003): 181-215.

September 19

Caves, Chapters 3 & 4: Artists and Gatekeepers; Artists’ Earnings.

National Endowment for the Arts “More Than Once In A Blue Moon: Multiple Jobholdings by American Artists” Report #40. Executive Summary [[link](#)].

National Endowment for the Arts “Artists in the Workforce 1990-2005” Report #48. Executive Summary [pdf [link](#)].

Cowen, Tyler “Why women succeed, and fail, in the arts” *Journal of Cultural Economics* 20(2) (1996): 93-113.

September 26

Caves, Chapters 5 & 6: Movies.

Edward Jay Epstein, *The Big Picture: The New Logic of Money and Power in Hollywood* (Random House, 2005). You can read the prologue, which captures the differences between the studio system and contemporary Hollywood here: [[link](#)]. [Note there are four parts to the prologue].

October 3

Caves, Chapters 7 & 8: Unions and Guilds; an important lesson about sunk costs.

October 10

Caves, Chapter 9: Books and records go to market.

Shira Ross, 'The greatest mystery: making a best seller' *New York Times* May 13, 2007. [\[link\]](#).

David Byrne, 'David Byrne's survival strategies for emerging artists' *Wired* 16.01 (2007) [\[link\]](#) [Note the link takes a while to download].

Robert Sandall, 'Off the record' *Prospect*, issue 137, August 2007. [\[link\]](#).

'A change of tune' *The Economist*, July 5, 2007. [\[link\]](#).

Jeff Leeds, 'The new deal; band as brand' *New York Times*, November 11, 2007. [\[link\]](#).

Alan B. Krueger, 'The economics of real superstars: the market for rock concerts in the material world' Princeton University (2004) [\[link\]](#).

Anderson, Chris "The long tail" *Wired* 12.10 (2004) [\[link\]](#).

October 17

Caves, Chapter 10: Movies go to market.

Denby, David "Big Pictures" *The New Yorker* (January 8, 2007): 54-63 [Note the Academic Search Premier link with the Library seems to work best].

October 24

Caves, Chapters 11 & 12: Consumers, Critics, Certifiers.

Duncan J. Watts, 'Is Justin Timberlake a product of cumulative advantage?' *New York Times* April 15, 2007. [\[link\]](#).

Ginsburgh, Victor "Awards, success and aesthetic quality in the arts" *Journal of Economic Perspectives* 17(2) (Spring 2003): 99-112.

King, Timothy "Does film criticism affect box office earnings? Evidence from movies released in the U.S. in 2003" *Journal of Cultural Economics* 31(3) (2007): 171-186.

October 31

Caves, Chapter 13: Innovation.

Galenson, David “Analyzing artistic innovation: The greatest breakthroughs of the twentieth century” NBER Working Paper #12185 (April 2006) [[link](#)].

Galenson, David and Joshua Kotin “From the new Wave to the New Hollywood: The life cycles of important movie directors from Godard and Truffaut to Spielberg and Eastwood” NBER Working Paper #14150 (June 2008) [[link](#)].

November 7

Caves, Chapters 14 & 15: Cost Disease; Nonprofits in the Arts.

W. J. Baumol and W. G. Bowen, ‘On the performing arts: the anatomy of their economic problems’ *American Economic Review, Papers and Proceedings* 55(1/2) (1965): 495-502.

Henry B. Hansmann, “The role of nonprofit enterprise” *Yale Law Journal* 89(5) (April 1980): 835-901. [note this is online in the JSTOR Arts and Sciences IV Collection].

November 14

Caves, Chapters 16 & 17: Dealing with Cost Disease; Rents.

William J. Baumol, ‘Children of Performing Arts, The Economic Dilemma: The climbing costs of health care and education’ *Journal of Cultural Economics* 20(3) (1996): 183-206.

Tyler Cowen, ‘Why I do not believe in cost disease’ *Journal of Cultural Economics* 20(3) (1996): 207-214.

November 21

Caves, Chapters 18 & 19: Payola, Collecting Societies.

Towse, Ruth “The singer or the song? Developments in performers’ rights from the perspective of a cultural economist” *Review of Law and Economics* 3(3) (2007): 745-766 [[link](#)].

November 28

Thanksgiving Break

December 5

Caves, Chapters 20 & 21: Mergers, the Make-or-Buy Problem, Auctions, Storing Creative Goods.

Ashenfelter, Orley and Kathryn Graddy “Auctions and the Price of Art” *Journal of Economic Literature* 41(3) (September 2003): 763-787.

Ashenfelter, Orley and Kathryn Graddy “Anatomy of the rise and fall of a price-fixing conspiracy: auctions at Sotheby’s and Christie’s” *Journal of Competition Law and Economics* 1(1) (2005): 3-20.

December 12

Caves, Chapter 22 & Epilogue: Old and New Art; Old and New Technology.

Cowen, Tyler “Why everything has changed: the recent revolution in cultural economics” *Journal of Cultural Economics*, forthcoming.

December 15-19

Final Exam (Date and Time to be announced).

Evaluation

There will be five, short written assignments, each worth 15% of the final grade, and a final exam worth 25% of the final grade.

The grading scale is as follows:

97-100% = A+	87-89% = B+	77-79% = C+	67-69% = D+
93-96% = A	83-86% = B	73-76% = C	63-66% = D
90-92% = A-	80-82% = B-	70-72% = C-	60-62% = D-
Below 60% = F			

SPEA Academic Policies - Academic Dishonesty

SPEA faculty do not tolerate cheating, plagiarism, or any other form of academic dishonesty. If you have not done so, you should read the IUB Code of Student Rights, Responsibilities, and Conduct, which can be accessed at <http://dsa.indiana.edu/Code/> so you will be sure to understand what these terms mean and what penalties can be issued for academic dishonesty. Academic dishonesty can result in a grade of F for the class (an F for academic dishonesty cannot be removed from the transcript). Significant violations of the Code can result in expulsion from the University.

Plagiarism is using another person's words, ideas, artistic creations, or other intellectual property without giving proper credit. According to the Code of Student Rights, Responsibilities, and Conduct, a student must give credit to the work of another person when he does any of the following:

- a. Quotes another person's actual words, either oral or written;
- b. Paraphrases another person's words, either oral or written;
- c. Uses another person's idea, opinion, or theory; or
- d. Borrows facts, statistics, or other illustrative material, unless the information is common knowledge.

AMERICANS WITH DISABILITIES ACT STATEMENT:

I will make accommodations for students registered with Adaptive Educational Services (AES) on the Indianapolis campus (Phone: 317-274-3241 or e-mail AES@iupui.edu) or the Disability Services for Students Office in Franklin Hall on the Bloomington campus (Phone: 812-855-7578).