

Economic Circumstances of the Performing Artist: Baumol and Bowen Thirty Years On
Author(s): DAVID THROSBY
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Economic Circumstances of the Performing Artist: Baumol and Bowen Thirty Years On

DAVID THROSBY*
Macquarie University, Sydney, Australia

1. Introduction

It is a characteristic of some works of art that they repay frequent revisiting. A return to a favourite painting, poem, play or piece of music often reveals new insights that had not been seen or heard before. So it is with books. And while neither William J. nor William G. would claim the status of an artwork for their seminal volume whose thirtieth birthday we celebrate today, there is no doubt that referring to it from time to time often throws unexpected new light on old problems.

Another attribute of significant contributions to the literature is that in many instances they are remarkable as much for what they stimulate others to say as they are for what they say themselves, as the ideas they contain are absorbed, reflected upon, criticised, and reworked over the years. In the case of Baumol and Bowen, of course, it has been their theoretical and empirical analysis of the finances of performing companies that has led to the greatest response from researchers and others interested in the economics of the performing arts. Such a response is scarcely surprising, given the centrality of the income-gap proposition to Baumol and Bowen's work, reflected indeed in the very title of the book itself. Yet there are many other areas dealt with in the book that have provided an equally fertile source of ideas for others to build on – their treatment of the rationale for public support of the arts is a case in point.

One area which has only recently begun to receive the attention it deserves is the economic behaviour of the individual performing artist, who is, after all, the mainspring of what we see and hear on the platform or the stage. Chapter V of Baumol and Bowen deals with "The Performer, the Composer, the Playwright and the Choreographer." This chapter maps the grim economic circumstances of the creative artist (referred to throughout as "he", in the unselfconscious usage of all those years ago). It documents the artist's exhausting working conditions, high professional expenses, frequent unemployment, unfavourable workplace arrangements, lack of fringe benefits, and, above all, meagre income, adding up to "what most of us would consider a nightmare world were we suddenly plunged into it"

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(p. 134). The authors concluded the chapter with some cautious optimism that more responsible behaviour by performing companies might in future lead to some improvement in the economic circumstances of the artists who depend on the companies for their livelihood.

What has happened in the three decades since these tentative hopes were expressed? Has the lot of the performer, the composer, the playwright and the choreographer in fact improved? In this paper I consider some aspects of these questions as they relate principally to the earnings of artists, firstly by discussing the factors that have influenced the levels of artists' incomes in the performing arts over the last thirty years, and secondly by exploring some specific adjustment strategies that artists have employed to mitigate the effects on them of adverse trends in the industry at large.[1]

In this paper I illustrate some of the points discussed using data relating mainly to Australian artists. It may be noted that, though institutional, social and cultural circumstances differ somewhat between countries, artists are artists the world over, and observations about their condition and behaviour in one country are likely to have at least some application in others.

2. The Current Picture

Although systematic data are difficult to obtain, there is likely to be universal agreement amongst those working in the area that artists' incomes, thirty years on, are still relatively low. In most advanced countries, the sorts of census data used by Baumol and Bowen to demonstrate the low ranking of performing artists on conventional income scales in the 1960s will still provide much the same picture today. Indeed, many of the observations made about performing artists' general economic circumstances in Baumol and Bowen seem as applicable now as then. This patern is confirmed by more detailed statistics obtained recently from sample surveys of professional artists in several countries, including the US (Jeffri, 1989; Wassall and Alper, 1992), the UK (Towse, 1993), Australia (Throsby and Mills, 1989; Throsby and Thompson, 1994), and the series of studies of Finnish artists by Merja Heikkinen, Paula Karhunen, Sari Karttunen and others for the Arts Council of Finland.

The current state of artists' earnings is illustrated by a recent Australian survey covering practising professional artists across all art forms. Data taken from this survey specifically for performing artists and assembled in Table I show the annual incomes of occupational groupings[2] within the performing arts in Australia for 1992–93. Income from artists' primary creative practice comprises only about half of their total income, with the remainder being made up of income from other arts-related work (mainly teaching) and nonarts work. As was the case thirty years earlier in the U.S., the lowest returns are earned by performing artists – actors, dancers, musicians and singers – whilst writers and composers fare somewhat better. Nevertheless, even the latter more favoured artists are poorly paid in

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Table I. Mean earned incomes of artists working in the performing arts: Australia: 1992–93 ($A'000 per annum)

	Creative income	Other arts income	Total arts income	Non-arts income	Total income
Playwrights/scriptwriters	24.3	3.5	27.8	6.2	34.0
Composers	20.0	14.6	34.6	3.6	38.2
Directors	19.3	8.6	27.9	2.7	30.6
Actors	9.8	1.9	11.7	6.9	18.6
Dancers/choreographers	7.2	4.1	11.3	4.5	15.8
Musicians	11.7	8.8	20.5	6.3	26.8
Singers	9.6	3.5	13.1	7.7	20.8
All performing arts artists	13.6	7.5	21.1	5.8	26.9

Source: Calculated from data from survey reported in Throsby and Thompson (1994).

comparison with occupational groups which require similar levels of professional training and qualification. We may note, for example, that managerial, administrative and professional employees enjoyed mean annual earnings of around $40,000 in the survey year.[3] Overall, the ranking shown in Baumol and Bowen's Table V-1 (pp. 102–104), which lists occupations in descending order of median income in 1959, is likely to have changed little in the intervening period, as far as performing artists are concerned.

Furthermore, Baumol and Bowen noted the skewed distribution of artists' incomes, with a strong bias towards the lower end of the range. Similarly today, the majority of artists of all types are found in the lower income ranges, and median incomes in all groups are generally considerably lower than means.[4]

Baumol and Bowen also pointed out, however, that some artists were doing quite well; they drew attention to a "relatively comfortable upper echelon of performers – the actors in successful Broadway plays, the musicians in the large-budget major orchestras and leading singers at the Metropolitan Opera" (p. 107). This pattern probably still applies, and is perhaps reproduced in a number of other countries for performers in, for example, West End plays, major European orchestras and Italian opera. Baumol and Bowen also noted that a very small number of performing artists, the superstars, fared extremely well, and we now understand more about why this is so.[5] In fact the area of career choice of artists has thrown up some interesting and as yet largely unanswered questions: is the labour market a game of chance, are some artists drawn into it through love of risk, and are "work-preference" motives important in labour supply decisions?

Returning to the bleak overall picture of financial returns to creative labour in the performing arts, we might ask whether incomes, clearly chronically low, have also in fact been declining? Again, reliable data are in short supply. But in the Australian case there is some evidence of a secular decline in the creative income of artists over the last ten years, as shown in Table II. For all artists (including

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Table II. Real creative income of artists: Australia: 1981–82 to 1992–93 ($A'000 per annum at 1992–93 prices)

	1981–82	1986–87	1992–93[a]
Writers[b]	13.3	14.6	13.5
Composers	n.a.	20.4	20.5
Actors	18.9	23.6	10.9
Dancers	15.7	8.9	7.0
Musicians	21.3	13.8	12.2
All artists[c]	16.5	14.6	11.8

[a] Minor discrepancies between these figures and those shown in Table I above due to minor differences in numbers included in each case; see also note b.
[b] Includes writers not working in the performing arts.
[c] Includes visual artists, craftspeople, community artists, and others.
Sources: 1981–82: Australia Council (1983); 1986–87: Throsby and Mills (1989); 1992–93: Throsby and Thompson (1994).

those not working in the performing arts), creative income has declined by more than 2 per cent per year on average in real terms since 1981–82. It seems that it has indeed been the fall in performers' incomes that has been the principal contributor to this decline. At the same time it might be noted that the secular decline in artists' total incomes from all sources has not been as marked, because the fall in creative earnings has been offset to some extent by increased incomes from other work.

3. Causal Factors

What are the major reasons why the returns to creative labour in the performing arts are low and possibly declining? Here we consider just three potential causal factors.

3.1. Companies' expenditure on artistic labour

Baumol and Bowen's tentative hope that performing companies themselves might be the source of improved circumstances for artists in the future was noted in Section 1 above. Yet in fact it can be hypothesised that the very income-gap pressures that they diagnoses have been likely if anything to lead to a decrease in the proportions of companies' expenditure accruing to artistic labour. Performing companies trying to contain expenditure in the face of a prospectively widening income gap may only have limited room to manoeuvre in terms of the cost elements that can be curtailed. With items such as venue costs, administrative salaries, etc.

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more or less given, the pressure to reduce costs frequently falls squarely on the nature and extent of the artistic program for a forthcoming period. In 1979, Glenn Withers and I suggested that in these circumstances drama companies, for instance, had an incentive to produce plays with smaller casts and simpler sets, and to move to a repertoire mix containing fewer modern works for which copyright fees had to be paid (Throsby and Withers, 1979, p. 131ff.). Similarly, opera and dance companies might economise at the margin on the numbers of chorus, or produce works with less elaborate design requirements. To the extent that these incentives affect behaviour, the eventual payments to artists would tend to decline.

Further, there may be pressure on companies to divert expenditures towards raising other sources of revenue: hustling for sponsorship, merchandising activities, and so on. These expenditures, in the short term at least, may crowd out other outlay possibilities, including the hiring of artistic labour.

Thus it can be suggested that one reason for low rewards to performing artists is the downward pressure on performing companies' labour expenditures, and that over time this pressure may lead to further erosion of the artists' position. We can examine the latter proposition by looking at time series data on the cost structures of performing companies. Some illustrative evidence is provided in Table III, where the components of expenditure and income for 13 major Australian companies in theatre, music, opera and dance are shown for the period 1984–1993. Whilst it seems that a declining proportion of government subsidy in the income of the companies has been made up by an increasing proportion of sponsorship, there is no clear evidence of a crowding out of labour costs by marketing expenditures, nor is there evidence that labour's share has been falling[6]; indeed if anything it has risen marginally over the ten-year period, a trend which, even though very weak, would in fact be consistent with Baumol and Bowen's tentative prognosis.

3.2. Real wage rates

Notwithstanding the movements in aggregate labour expenditures, there is still some pressure on performing companies to contain unit labour costs as one strategy in dealing with the income gap problem. Within the constraints imposed by artists' unions, where they exist, firms have a strong motivation to negotiate relatively less favourable terms and conditions for artistic personnel over time, resulting in a slower growth or a decline in real returns to artistic labour (including those of composers and playwrights as well as of performers), other things being equal.

As before, data to test a hypothesis of declining relative real wages in the performing arts are sparse. For the Australian case, it is possible to estimate apparent returns per hour worked from survey data on creative incomes and weekly hours spent at the primary creative occupation. These data, shown in Table IV, indicate indeed a steady decline in real earnings per hour worked for all artists over the years 1981–82 to 1992–93, a period over which real hourly earnings of all workers in the labour force rose very slightly. The trends for individual types of artists are

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Table III. Components of expenditure and income for 13 major performing companies: Australia: 1984 to 1993 (per cent)

	Proportion of total expenditure due to		Proportion of total income due to		
	Labour	Marketing	Subsidy	Sponsorship	Box office
1984	44.4	11.2	34.3	4.5	53.5
1985	47.1	10.9	33.6	5.2	53.4
1986	46.3	11.5	34.6	5.8	50.9
1987	47.2	10.9	31.8	5.6	53.2
1988	46.1	10.9	32.7	7.9	49.5
1989	47.2	12.9	28.9	8.3	53.1
1990	46.1	12.8	27.1	9.3	52.8
1991	47.0	12.6	27.3	7.9	54.0
1992	53.2	11.2	26.9	7.8	54.8
1993	50.1	11.1	26.0	9.1	57.6

Source: Calculated from Australia Council data.

Table IV. Estimated real earnings per hour worked by Australian artists: 1981–82 to 1992–93 ($A per hour at constant 1992–93 prices)

	1981–82	1986–87	1992–93
Writers[a]	8.70	11.70	10.80
Composers	n.a.	11.20	14.70
Actors	14.60	23.44	12.70
Dancers	12.60	7.70	8.10
Musicians	19.30	12.50	11.10
All artists[b]	12.30	11.70	9.80
Labour force[c]	14.70	15.10	15.20

[a] Includes writers not working in the performing arts.
[b] Includes visual artists, craftspeople, community artists and others.
[c] Estimate based on average weekly earnings for all males for 40 hour week.
Source: As for Table II.

more difficult to discern, though generally, as noted earlier, performers seem to have fared worse than writers and composers.

3.3. Numbers of practitioners in the labour market

If the number of job-seekers rises in any labour market with a given amount of work available, the probability of finding a job falls for all in the unemployed workforce, and the mean earnings per member of the total workforce also declines. In

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Table V. Estimated numbers of practising professional artists: Australia: 1983 to 1993 ($A'000 per annum)

Art form	1983	1988	1993	Increase '93 over '83 (%)
Literature	2.7	3.2	5.9	119
Theatre	4.4	3.4	5.5	25
Music	9.7	13.7	12.5	29
All art forms[a]	25.2	32.0	40.0	59
Labour force	6.7 m.	7.8 m.	8.7 m.	30

[a] Includes visual arts, craft, community arts.
Source: As for Table II.

the performing arts, it has been regularly observed that there are more performers seeking work than there is work available, and more playwrights and composers with manuscripts awaiting performance than there are outlets for performing them. There seems no doubt that the large number of practitioners and aspiring practitioners in performing arts labour markets is a significant reason for their low average financial returns. This much was clear in Baumol and Bowen's work and remains clear today.

But whether overall numbers have been continuing to rise over time is another issue. Census data are not a very reliable guide here, because although they can plot the aggregate numbers of people who satisfied the census definitions of various types of artist at the times the censuses were taken, these definitions do not necessarily correspond with the criteria an arts labour market analyst would wish to use. More precise filters can be provided in survey situations and in some cases these are associated with estimates of population size in the artforms under consideration. For example, in the Australian surveys referred to earlier, consistent definitions of "practising professional artist" have been applied over time, catching both full-time and part-time workers (whether the part-timers are thus by choice or by necessity). Estimates are therefore available of the size of the artist population over a ten year period, as shown in Table V. They demonstrate a steady increase in numbers of artists across all art forms over the decade 1983 to 1994. However, it appears that these increases are driven mainly by rising numbers in the sectors of the arts where self-employed practitioners work, such as literature, the visual arts and the crafts. In the case of performers in theatre and music, the secular increases in numbers of practitioners are far more modest and in fact they are little different from growth in the numbers in the labour force as a whole.

To sum up, in a static sense the reasons for low artistic incomes are probably much the same today as they were when Baumol and Bowen were writing their book in the 1960s. But the dynamic picture is more uncertain. Of the three factors that might cause a secular decline in artists' incomes that were considered above,

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only a downward trend in relative real wage rates emerged as a possible explanation for the Australian experience, on the basis of the very limited illustrative data used. Nevertheless, artists' concerns at the chronically poor returns from creative practice are undeniable and have obviously forced them into adopting strategies to improve their financial circumstances, a matter to which I turn in the remainder of this paper.

4. Strategies

In this section I consider two strategies that artists might adopt in order to mitigate the impact of low returns from creative practice: seeking other work, and shifting the focus of creative effort to take advantage of new technological opportunities.

4.1. Seeking other work

A consistent theme of much of the analytical work on artists' incomes since Baumol and Bowen has been the multiple job-holding strategies that artists adopt in order to reduce risk, to guarantee a minimum level of financial return, and to shore up their creative practice. To date most writers have made a two-way distinction in this context between arts work and nonarts work, thereby throwing a clearer light on comparisons between artists' total incomes and those of other workers. Yet there are grounds for believing that this two-way distinction does not go far enough. Let us take musicians as an illustrative example. Their creative practice comprises engagements for which they receive a salary or fees, and includes the routine work inseparable from their primary creative endeavour such as practising, rehearsing, and so on. We have noted already the low average rates of financial return to their primary creative work, and the incentives to them to seek other paid employment. It seems clear that many musicians prefer to seek such "other" work within their artform. A principal example of such "other" work is teaching: many musicians teach music in schools, colleges or conservatoria on a part-time or casual basis, or take in private pupils, in order to supplement their primary creative income. Others work within the music industry in some other capacity, e.g. in administration. These types of "other arts-related" work are likely to be preferred as a source of additional revenue over nonarts work (taxi-driving, labouring, working in restaurants, etc.), if only because they keep the artist within their major area of lifelong interest, namely music. Similar observations may be made about practitioners in other areas of the performing arts.

There is ample evidence that a three-way distinction between "creative work," "other arts-related work" and "nonarts work" is a valid one for most artists. In the Australian survey referred to above, for example, artists in all artforms were able to identify clearly the proportions of time spent in these three categories; the mean percentages across all artists were:

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Creative work	54 per cent
Other arts-related work	28 per cent
Nonarts work	18 per cent

It is apparent from these figures that the "other arts-related" category (referred to from here onwards as "other-arts") is not insignificant.

Are there differences in the determinants of earnings between creative work and the other two types of income-producing activity? This question can be explored by estimating earnings functions for these three work categories. In another paper, I have put forward a simultaneous equations model for these three sources of artists' earnings, based on human capital theory (Throsby, 1996). In the present paper I re-estimate that model specifically for artists working in the performing arts, and compare the results with those for all artists. Details of the model and empirical estimates are contained in an Appendix. The implications of these results can be summarised as follows.

Firstly, the coefficients on the variables measuring the time that artists spend at different types of work indicate that the increased income accruing to an additional hour's work in other-arts areas is greater than in an artist's creative practice, reflecting both the low returns to creative work and the better rates of remuneration in activities such as teaching. The return at the margin to other-arts work is also seen to be greater than that to nonarts work, reflecting the generally unskilled and low-paid jobs that many artists take on outside the arts in order to sustain their creative practice.

Secondly, the differential impacts of human capital variables in determining incomes is noteworthy. Across all artists it is apparent that arts training is not a significant determinant of creative income, but professional experience is, whereas for other-arts income both training and experience are important. These relationships are more muted in the performing arts equations, but are still broadly along the same lines. Since other-arts earnings derive mainly from teaching, it might be concluded that both formal arts training and professional experience as an artist are important in enabling artists to acquire the necessary skills to practice as teachers in the arts, or, equivalently, that artists lacking formal qualifications and experience are less likely to obtain work as teachers either with private pupils or in institutions.

By contrast, it is the level of general education, together with age, that provide the strongest influences on earnings derived outside the arts. For the performing arts group, the coefficients on the education variables, for example, show that the annual nonarts income of individuals with post-secondary qualifications exceeds that of nongraduates by about $2,500, and a postgraduate qualification adds a further $7,000 roughly to annual earnings.

Finally, the coefficients on the endogenous variables when they appear on the righthand sides of the equations show negative coefficients in the creative and other-arts income functions, but coefficients not significantly different from zero in the nonarts income equations. In broad terms we might infer something about

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artists' time allocation from these results, assuming fixed wage rates. Specifically, we might suggest that additional nonarts work tends to displace work in the arts (whether creative or other-arts work), whereas additional arts work tends to have no effect on time allocations outside the arts. If this inference is valid, it would be consistent with a hypothesis that nonarts work is undertaken by artists essentially as a means of satisfying fixed minimum consumption requirements. Artists above this minimum constraint will tend to swap between creative and other-arts work, leaving nonarts work unchanged as a means of meeting basic needs. On the other hand, artists who are able, for example, to lower their nonarts time because of a shift in relative wage rates, can increase their time working at the arts, and vice versa. Such a result would be consistent with a "work-preference" model of artist behaviour.[7]

4.2. Pursuing new technological opportunities

Baumol and Bowen and their successors have discussed at some length the role of the media in providing performing companies with opportunities to expand audiences and to diversify revenue sources in the face of widening income gaps. It is apparent that artists too can make use of new technologies for reproduction and dissemination of performing arts product in improving their own income prospects.[8] Thus playwrights writing for the live stage can turn to scriptwriting in film, television and radio, actors and dancers can shift from live work to performance for screen or electronic media, and so on. Because of the much larger audience reach of these media, the payments to artists for supplying their services in film and broadcasting tend to be larger on average than in the case of live theatre, music, opera and dance. For instance, the payment for a screenplay for a feature film tends to be substantially higher than the royalties an author might expect to earn from a similar work written for the live stage.

Many artists in the performing arts spread themselves between live and other engagements during their working year. But the increasing possibilities for supplying creative work direct to media outlets may be producing a new generation of artists who work solely or primarily for these media. We can obtain some insight into this hypothesis by looking at the specific principal artistic occupations of artists as revealed, for the Australian case, by the survey referred to earlier. It is possible to divide artists in the performing arts into two groups, those who are engaged solely or primarily in the live arts, whether theatre, music, opera or dance, and those who work solely or primarily for the media. In the "live" group we have playwrights for the live stage, composers primarily for live performance of "classical" music, jazz, folk, etc., and stage directors and actors. In the "media" group are placed scriptwriters, composers of all sorts of music for film and television, and directors and actors working primarily for film, television and radio.[9] The sample sizes of those that could be categorised were approximately 110 in the "live" group and

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Table VI. Characteristics of artists working primarily in live performing arts and in media arts: Australia: 1993

	Artists working primarily in	
	Live performing arts	Media arts
Proportion working full-time (%)		
At creative work	10.2	23.2
At all arts work	62.7	58.0
Mean annual earned income 1992–93 ($A'000)		
Creative income	11.3	35.2
Other arts income	9.6	2.6
Total arts income	20.9	37.8
Non-arts income	5.9	5.3
Total income	26.9	43.1
Median annual earned income 1992–93 ($A'000)		
Creative income	5.0	23.0
Total income	23.7	29.0
Age and experience (years)		
Mean age	41	41
Length of professional career	22	16
Arts training levels (% of artists in group)		
No professional qualification	35.0	39.7
Basic professional qualification	34.6	38.2
Higher professional qualification	30.3	22.0
General education levels (% of artists in group)		
Primary	11.4	14.5
Secondary	24.3	31.9
Post-secondary diploma/degree	45.1	42.0
Postgraduate	19.2	11.6

Source: As for Table I.

approximately 65 in the "media" group, out of a total sample of all artists in the performing arts of around 300.

It is interesting to observe that the characteristics of these two types of artists are distinctly different. As shown in Table VI, the media artists appear to have undergone somewhat less arts training overall and to be less well educated than their live-arts counterparts, yet they are able to spend a greater proportion of their time at their primary creative work, and they earn substantially higher creative incomes.

Whether these fragmentary data are indicative of the emergence of a new breed of artist in the performing arts, one who has little or nothing to do with the live audience, remains to be seen.[10] But they do at least indicate the financial attractions

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to artists of moving in this direction. Yet, as Horowitz (1983) noted, if high financial rewards draw an excess supply of artists into media fields, the average returns there may fall, just as in the live arts. He suggests that:

> (t)he future may hold a great enlargement and improvement of the kinds and qualities of communications between peoples via the media arts, but it is not clear that the economic condition of the artists who produce the programs will necessarily benefit... (W)ill the appeal of such occupations continue to encourage more people to seek work than can be supported by employment growth? (pp. 87–88).

5. Conclusions

Looking at the economic circumstances of the performing artist thirty years after Baumol and Bowen may prompt the observation: *plus ça change*. The relative incomes of artists may not have deteriorated markedly in the intervening period, but they have hardly improved either, and remain chronically low in comparison with other similar occupations. Baumol and Bowen's expressed hope for a better deal from performing companies may perhaps have been fulfilled to some extent in regard to working conditions and other benefits for some artists, but has scarcely been realised in terms of artists' incomes. In these circumstances, as we have noted, artists have sought strategies to diversify their income sources, including working in arts-related work, where their arts training seems to provide a real payoff, and taking advantage of the better rewards obtainable from creative work in the media.

As for Baumol and Bowen's book, it has had a profound influence not just on work in the economics of the performing arts, but also on the development of cultural economics as a specialist discipline, and it has also had wider ramifications into other areas of economics. As befits a birthday, I might return to my opening remarks and wish both the book and its authors many happy returns.

Notes

* Professor of Economics, Macquarie University, Sydney, Australia. Paper prepared for plenary session in honour of the thirtieth anniversary of the publication of Baumol and Bowen's *Performing Arts: the Economic Dilemma* (1966), Ninth International Conference on Cultural Economics, Boston, 10 May 1996.

1. Amongst the contributions to the literature on the economic circumstances of performing artists that have appeared since Baumol and Bowen, we might mention, in addition to those cited elsewhere in this paper, the following: Peacock and Weir (1975), Santos (1976), Felton (1978), Fohrbeck and Wiesand (1980), Waits and McNertney (1984), Wassall and Alper (1984, 1992), Filer (1986), Towse (1992, 1993).
2. The designation of an artist's occupational category was based on the work that he or she was "most engaged in these days in terms of time".
3. See Throsby and Thompson (1994) Table 19 p. 27.
4. *Ibid.*, Tables 15 and 16, pp. 24–25.
5. See the analysis of the economics of stardom in Rosen (1981), Adler (1985), MacDonald (1988), and elsewhere.

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6. Note that labour here includes artistic and nonartistic personnel; data are not available on whether the proportions of these two types of labour have changed over the period covered.
7. For example, as proposed in Throsby (1994).
8. These possibilities were first studied more than ten years ago by Horowitz (1983).
9. For technical reasons it was not possible to categorise musicians unambiguously between the two groups.
10. Note that some well-known artists have chosen this route in the past; the Canadian pianist Glenn Gould, for example, gave up live recitals in mid-career and thereafter performed solely in the recording studio, though this decision was apparently made more for artistic than for financial reasons.

Appendix

EARNINGS FUNCTIONS FOR ARTISTS WORKING IN THE PERFORMING ARTS

The model of earnings determination put forward in Throsby (1996) is summarised as follows. Let

CRINC	=	annual income from creative artistic work ($);
OAINC	=	annual income from other arts-related work ($);
NAINC	=	annual income from nonarts work ($);
TINC	=	total annual income from all types of work ($);
TIME	=	weekly hours spent at each type of work: CRTIME: creative artistic work time; OATIME: others arts-related work time; NATIME: nonarts work time;
TRAIN 0	=	arts training dummy 0 (no professional qualification in artform obtained); *suppressed*;
TRAIN 1	=	arts training dummy 1 (basic professional qualification in artform obtained = 1; otherwise = zero);
TRAIN 2	=	arts training dummy 2 (higher professional qualification in artform obtained = 1; otherwise = zero);
EDUC 0	=	general education dummy 0 (primary education only); *suppressed*;
EDUC 1	=	general education dummy 1 (secondary education completed = 1, otherwise = zero);
EDUC 2	=	general education dummy 2 (post-secondary education certificate or diploma or first degree completed = 1, otherwise = zero);
EDUC 3	=	general education dummy 3 (postgraduate diploma or degree completed = 1, otherwise = zero);
EXPER	=	experience as a professional artist, measured as number of years since first began practising as a professional;
AGE	=	age in years;
GENDER	=	dummy for gender (male = 1, female = zero).

The model hypothesises firstly that returns to both types of arts work will be influenced by the level of professional training in the arts, whereas returns to nonarts work are more likely to be related to the level of general education, and secondly that the period spent on-the-job as an artist is the appropriate explanatory variable to measure experience in the creative earnings function and the other arts-related earnings function, whereas the person's age is the more relevant experience measure in the nonarts function.

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The model is specified as follows:

CRINC = f(CRTIME, TRAIN 1, TRAIN 2, EXPER, GENDER, OAINC, NAINC)
OAINC = f(OATIME, TRAIN 1, TRAIN 2, EXPER, GENDER, CRINC, NAINC)
NAINC = f(NATIME, EDUC 1, EDUC 2, EDUC 3, AGE, GENDER, CRINC, OAINC)
TINC = CRINC + OAINC + NAINC

The order and rank conditions for identifiability of each of the behavioural equations in this model are satisfied. The model is estimated using 2SLS. Only artists with nonzero work time in each work category (though not necessarily nonzero income) were included in the regressions; this explains the different sample sizes used in each estimated equation.

The accompanying table shows estimates of the above model for artists working in the performing arts (playwrights, scriptwriters, composers, actors, dancers, directors, choreographers, musicians and singers) and for all artists (including visual artists, craftspeople, novelists, poets, community artists, etc.).

Note that the results for "All artists" in this table are taken from Table 4 in Throsby (1996); the results for "Performing artists" shown in that paper cover only performers.

The implications of these results are discussed in the text.

Table AI. Estimates of earnings functions

	Artists working in performing arts			All artists		
	Creative income	Other arts income	Non-arts income	Creative income	Other arts income	Non-arts income
TIME	584.3	686.0	462.7	387.0	568.9	544.7
	(7.8)	(10.5)	(5.2)	(10.4)	(12.8)	(8.2)
TRAIN 1	218.2	3144.8	–	1247.2	5103.8	–
	(0.1)	(1.2)		(–0.8)	(2.8)	
TRAIN 2	–2885.4	1979.6	–	–1810.2	3753.8	–
	(–0.9)	(0.7)		(–1.1)	(2.1)	
EDUC 1	–	–	4265.7	–	–	2031.9
			(0.9)			(0.5)
EDUC 2	–	–	6708.0	–	–	7224.8
			(1.4)			(1.9)
EDUC 3	–	–	13547.1	–	–	9370.0
			(2.6)			(2.3)
EXPER	157.4	192.8	–	98.2	109.4	–
	(1.7)	(2.4)		(1.9)	(1.8)	
AGE	–	–	237.8	–	–	321.6
			(2.0)			(3.6)
GENDER	2302.5	3552.7	–1174.0	5579.2	4642.2	4138.9
	(0.8)	(1.6)	–0.4)	(4.1)	(3.2)	(1.9)
CRINC	–	–0.067	0.094	–	–0.124	0.045
		(–1.0)	(0.4)		(–2.7)	(0.3)
OAINC	–0.078	–	0.152	–0.079	–	0.244
	(–0.8)		(0.4)	(–1.7)		(0.9)
NAINC	–0.153	–0.381	–	–0.144	–0.364	–
	(–1.4)	(–2.5)		(–2.8)	(–4.3)	

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Table AI. *(Continued)*

	Artists working in performing arts			All artists		
	Creative income	Other arts income	Non-arts income	Creative income	Other arts income	Non-arts income
CONST	-1722.6	-5174.8	-10622.1	254.8	-1585.4	-16420.5
	(-0.4)	(-1.5)	(-1.5)	(0.1)	(0.8)	(-3.0)
$\bar{R}^2$	0.202	0.444	0.287	0.174	0.370	0.304
F	12.0	19.6	5.9	25.3	37.3	14.3
n	305	164	99	810	433	244

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