

of English cultural values were offended by the emerging new economy, a pattern that is repeated down the centuries.

For many of the subsequent generations of writers, the onset of the industrial revolution invariably meant the loss of something difficult to pin down but which might best be described as soul. The writers of the early 19th century were disoriented by rapid social change. Romantic poets such as Wordsworth and Shelley reacted with hostility and sought to extol the moral virtues of a disappearing rural idyll. In her novels, Jane Austen poured scorn on 'trade', regarding it as an occupation beneath the notice of genteel society. At the same time, she was well aware that the frivolous lifestyle enjoyed by her characters did have to be paid for somehow, even if, as in *Mansfield Park*, it was by the slave labour on plantations in far-flung corners of the British Empire.

The establishment of urban population centres linked by railways, a development accompanied by the expansion of the financial sector gave rise to new fears, and new sources of inspiration. Charles Dickens, Anthony Trollope, Elizabeth Gaskell and other major novelists spent many a three-

volume anatomising their society, in particular tracing the circulation of money and dramatising the intimacy between commerce, law and politics. In *Little Dorrit*, Dickens's villain, the financier Merdle, lies at the heart of an intrigue that affects the lives of the other characters without some of them ever having heard of

him. The idea that there were hidden forces at work that could instantly enrich or impoverish untold numbers of families and individuals was one that Dickens used to demonstrate the pervasiveness and impersonality of business activity. At the same time, it is possible to be an honest businessman, though the currents of fortune may run against you.

The leading writers of this period were themselves business-minded. Mass literacy started to become a reality and thus a whole new marketplace for fiction and journalism was opened up. The

concept of copyright also gained strength, allowing writers to trade in their intellectual property. Dickens criticised his society and profited by doing so. He was an astonishingly industrious author and astute businessman who had by the end of his life amassed a decent sized fortune.

The convergence of commerce and literature that seemed possible in the high Victorian period fell apart in the early 20th century. While the greatest writers of the latter part of the 19th century were also among the most popular, the first half of the 20th century saw a wide gap open up in this respect. Some members of the modernist movement—notably Virginia Woolf—poured scorn on fellow writers who deigned to talk about business. At the same time, the likes of Arnold Bennett, H.G. Wells and Joseph Conrad drew on their personal experiences in various trades to present a more sophisticated treatment of the subject than had previously been attempted.

The irrational protest against the modern world that seems an inevitable by-product of technological change is felt in the work of many of today's writers. The rise of state-funded literary grants, coupled with the rapid expansion in sheltered workshops known as university arts faculties, has meant that some of them have felt free to bite the hand that does appear to not feed them, even if business does in fact fund universities through taxes.

It is a curious fact that so little of our highbrow, or, for that matter, popular, entertainment has anything to do with the world of work, and, by extension, business. When working people are depicted in any great detail, it is generally only when they are members of some gory profession like the police, doctors, forensic pathologists, lawyers or publicans. Business does not tend to feature at all unless there is a murder or a mistress involved.

Over three centuries of rapid change, certain fundamental truths about the representation of business in literature may be established. One is that no matter how hostile a writer might be to the idea and effects of business, it is a measure of their artistic range the degree to which they know what they are talking about. Many of the most revered authors who assay

such topics as love and death are much less convincing when it comes to other aspects of everyday life. On the other hand, there are writers—often underrated—who show us transcendence and universal truth in the humblest of business activity.

It is important to note that this book is confined to English literature. The American attitude is different, lacking the same degree of residual snobbery associated with 'trade'. An obvious illustration of this point would be Tom Wolfe's novel *A Man in Full*, which makes the effort to explain what it means to be in business and the responsibilities and risks involved. Compare Wolfe's robust and sympathetic realism with, say, Julian Barnes's *England, Their England*, in which the arch capitalist protagonist is little more than a stereotype.

A useful companion for readers interested in the American perspective is provided by Robert A. Brawer's *Fictions of Business*. I know of no study of the representation of business in Australian literature, but a list of titles would include Frank Hardy's *Power Without Glory* and Peter Carey's *The Tax Inspector*, to name two of the more obvious examples. The plays of David Williamson would also be relevant.

These essays, all by senior literature academics, are crisply written and intended for the educated general reader. I was impressed by how lively they are and I can certify that they free from academic jargon.

Reviewed by Simon Caterson

Arts and Economics: Analysis and Cultural Policy

by Bruno S. Frey
Springer Verlag, 2000, 250pp.,
\$US54.95, ISBN 3540673423

In *Arts and Economics: Analysis and Cultural Policy* Bruno S. Frey seeks to accomplish two things. First, to use economic analysis to stress the social value of art and defend it against a 'crude business' view of art. Secondly, to apply rational



choice analysis to the arts. This review considers whether Frey achieves these objectives.

Frey has not attempted an extended argument. The book is basically a reworking of articles that have already appeared in publications such as the *Journal of Cultural Economics* and the *International Journal of Cultural Policy*. Nevertheless, the chapters are gathered into coherent sections dealing with conceptual theory, the economics of museums, the economics of government support of the arts, and the economics of fine art. The book is intended to be accessible to non-specialists, with an emphasis on outlining ideas, problems and solutions clearly, without resorting to a great deal of technical detail.

The opening two chapters are probably the most interesting. Although the concepts they introduce, such as individualism, exogenously determined preferences and self interest, are pretty standard for economic analysis, Frey does come up with some interesting definitions. He suggests, for instance, that an artist is someone who exists at the nexus of demand and supply, contrary to the romantic, supply driven view of an artist creating works for an indifferent audience.

The chapters on museums consider why museums allow stock to accumulate in their storerooms rather than either displaying or selling it, how so called 'superstar' museums can maintain themselves, and why special exhibitions have become so prevalent. Frey concludes that museums would be better managed if they were given greater budget autonomy within the public sector and that 'superstar' museums need to concentrate on their core activities and become organised more along 'process' rather than hierarchical lines.

These conclusions provide an intellectual justification for what is already happening in major performing arts companies in Australia. Companies such as the Sydney Symphony Orchestra have been acting on the principles of greater budget autonomy, concentrating on core activities, and organising around process rather than hierarchy for some time now. Frey's analysis of special exhibitions is also useful in the Australian context. His observations that special exhibitions are viable because they avoid the fixed costs associated with permanent arts fixtures,

but that they will become less viable as more are mounted and the public's taste becomes satiated, explain the current raft of special arts events in Australia, and also predict their possible fate.

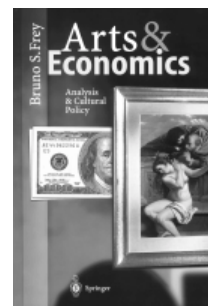
The chapters on public support of the arts investigate the justifications for government intervention, the extent of popular support for the fine arts and the kind of government that will support the arts. The chapter on justifications for public support of the arts presents a public goods argument that is already quite well known to arts economists. This is that demand for the arts exists as a result of the spillover benefits they produce for society as a whole, as well as the direct benefits they give to individual consumers. Frey does make the point, however, that government handouts are probably a less effective way of providing aid to the arts than indirect support through tax incentives and copyright legislation.

To measure popular support for the arts, Frey analyses a referendum taken in Basel, Switzerland, in 1967, on the purchase of two paintings by Picasso. He is able to statistically predict the proportion of 'yes' to 'no' votes by taking both voters' private preferences into account, as well as the broader issues predicted by the public goods model. He finds, as we would expect, that wealthier, better educated citizens with good access to the museum were more likely to vote 'yes' in the referendum, and also that the spillover benefits of bequest, prestige and option value were important predictors of the vote. However, Frey's conclusion that a majority of individuals voting 'yes' in the referendum is evidence that arts decisions can be left to private citizens, rather than a cultural elite, is premature. While Frey does acknowledge that the elite was capable of persuading popular opinion to its view, he does not consider that elite power was exercised in the definition of the referendum proposal. What paintings, how many paintings, for what purpose, for how much, and so on, were all decisions taken by the political and cultural elite. At best, Swiss voters had the option of accepting or rejecting policy decisions already taken by the cultural elite. A more convincing argument would be that the success of the referendum was due to the proposal appealing to the preferences of the median voter.

However, Frey offers no evidence of this.

Frey also draws a rather long bow in his analysis of the sort of art that different forms of government will support. He suggests that a federal form of government will often provide a more stimulating environment for the arts than a unitary form of government, as artists are given greater choice of public patronage. He cites the historic examples of the Holy Roman Empire and the city states of Renaissance Italy as evidence that artists were free to pick and choose their patronage. It is difficult, though, to see the parallel between these examples and a modern federal state. First, the laws and customs of a modern federation are far more uniform than those of the old city states and principalities. Second, the centralising power in modern federations has far more influence over the actions of individuals than was the case in Frey's examples. And third, in most modern federations there is a very large imbalance of resources between state and federal governments. As a result, the majority of arts support comes from the centralising power, not the periphery. Frey's analysis of the variety of art that we may expect from democratic and authoritarian regimes is, however, intriguing. Frey's idea that the democratic determination of arts policy according to the preferences of the median voter leads to a more stable arts policy compared with authoritarian regimes, is an idea worthy of further empirical investigation.

Overall, Frey succeeds in demonstrating that careful economic analysis can produce solutions that are generally supportive of the arts. However, he is less successful demonstrating the validity of the rational choice approach to the arts. Two important theories which provide the basis of his analyses in chapters five and six, Baumol's income gap and Samuelson's theory of public goods, are public finance, not rational choice, theories. The median voter model, which is a rational choice theory, is not handled well. In chapters seven and eight, regarding referendum voting and the supply of art under democratic and authoritarian regimes, Frey needs to pro-



vide us with evidence of median voter decisionmaking in order to persuade us. As it is, his ideas only provide the basis of further empirical research.

The strongest chapters are those dealing with museums and fine art. Drawing on organisational theory, Frey gives a convincing explanation of why museums allow large quantities of art to accumulate in their vaults, and notes the organisational reforms that arts institutions must implement if they are to survive. The final chapters deal with the poor investment returns offered by the art market relative to the share and property markets, and the technical problems of evaluating cultural property. Frey also analyses the demand and supply of fake art, concluding that the benefits of fakes probably outweigh the harmful effects.

Reviewed by Simon Blount

Guide to the Perfect Latin American Idiot

By Plinio Apuleyo Mendoza,
Carlos Alberto Montaner,
and Álvaro Vargas Llosa

Introduction by Mario Vargas Llosa
Madison Books 2000
219 pp. US\$ 20.00
ISBN 1-56833-134-7

This book is a delight. It is funny, insightful, a bit repetitious and highly relevant for Downunder readers. The book is modelled on those racy self-help guides, such as 'Letter Writing for Dummies' or 'The Complete Idiot's Guide to the Stockmarket', and was written by three lapsed Latin Marxists. They put their literary flair to good use in lampooning the populist-nationalist-collectivist intelligentsia throughout Spanish America and beyond. And they take no prisoners!

The book was an instant bestseller when first published in Spanish five years ago and the translation has now become a conversation piece in the United States. It will appeal to Australians, because so

many of the nationalist cringes and social-engineering dreams of the Latin American idiot resonate through public discourse Downunder. The dissections and refutations of populist leftie stances by Mendoza, Montaner and Vargas Llosa, jnr. (the latter being the economist son of 1993 CIS Bonython Lecturer, Mario Vargas Llosa) equip Australian friends of individual liberty with new and deadly arguments.

The Perfect Latin American Idiot is defined as someone who—out of a carefully cultivated victim mentality—believes in dependency theory, namely that Latin Americans are poor *because* North Americans and Europeans are rich, who relies on the benevolence of the 'patrimonial state' (here we call it the Nanny state) and macho *caudillo* leaders with facile push-button solutions, and who believe that economic activity is a zero-sum game. Above all, they blame everything negative on others, never themselves. It is the lazy, puerile denial of self-responsibility, and the opposite of the worldview of the liberal.

The book is a product of the immense liberal awakening throughout Latin America, which has hardly been noticed here. As I learnt on a recent trip to South America, liberal ideas have captured the young, and the Idiot is in full retreat. Nowhere are liberal young thinkers and activists these days more in evidence and more on the intellectual and policy-framing attack than in Latin America! Nonetheless, collectivist fads are not yet defeated in Latin America. Liberation theology—the book calls it 'socialism as a trampoline to heaven' and 'cassocked communism'—still influences many Catholic priests and exposes the Catholic Church to the successful competition from individualistic, competition-preaching Evangelical movements made in the USA. And many a Latin conservative authoritarian and social democrat refuses to accept the need for a minimal state and a secure, freedom-supporting order.

The chapter on Cuba is brilliant. Idiots, including in this country, still

blame Cuba's economic misery and malnutrition on the US embargo. Yet, US products are readily available in Cuban foreign-exchange stores. The authors show most convincingly that Cuba's problems are caused exclusively by communist rigidity, ineptitude and value destruction, coupled with the end

of massive Soviet subsidies. Over 30 years, the USSR dumped around \$100 billion of aid on Cuba, that is four times the total amount of the Marshall Plan for all of Europe (102), but massive Soviet aid left less of a trace than a block of ice after a hot afternoon on a Havana beach. Puerto Rico, which had about the same per capita

income as Cuba when Castro grabbed power, now produces ten times Cuba's per capita income.

The book sparkles with a Latin fireworks of quotables, almost too rich and too amusing to digest for the more sedate Anglo-Saxon reader. Here are just a few random selections to inform potential readers of what wisdom and wit awaits them: 'It is difficult to become a perfect, well-rounded, flawless idiot unless there is a fundamental anti-American component to the ideology' (127). 'Latin America and revolutions are still drawn to each other like men and women' (125). 'The . . . regulatory state, the supposed rectifier of economic and social inequalities, is also the father of a luxuriant and parasitic bureaucracy' (65). 'In 1974, when the general (Argentine *caudillo* Perón) died . . . his country, choking from so much national glory, had been suffocated' (157). 'Progressivism is science fiction turned into politics: tourism to the past' (44). ' . . . [T]o pray to heaven for capitalism would be like asking . . . for the Nobel Prize to go to the author of *A Thousand and One Nights*, it's impossible because everyone wrote it . . . Capitalism . . . is humanity's greatest collaborative work' (123).

I liked the scalpel-sharp demolition jobs of the essential ten books in the Idiot's library, ranging from Fidel Castro and Che Guevara to Herbert Marcuse, Fernando Henrique Cardoso (now three-

