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Title: Development of Cultural Economics in Japan—A Review of Literature and Implications for International Research

Abstract

This paper will systematically review articles published in the journal of cultural economics published by the Japan Association for Cultural Economics (JACE) over the last twenty years. One distinct feature of the research and JACE has been the coverage of disciplines beyond the traditional canon of economics. Another feature is participation of cultural practitioners and public policy makers in JACE conferences and publications. To what extent have these features influenced research in cultural economics developed in Japan in comparison to that internationally developed? What areas/issues have attracted particular attention from cultural economists in Japan? What research issues remain under-explored? By addressing such questions, this paper will analyze localized research of cultural economics in the wider international context. By juxtaposing a different development trajectory with what has internationally been established, the paper will aim to contribute to the future development of cultural economics in general.

Key words: literature review, cultural economics, Japan, international

Introduction

The Japan Association for Cultural Economics (JACE) was the host to the ACEI two years ago in Kyoto, Japan, as the first location for ACEI outside the general Europe-North America orbit. Whilst we believe it was a successful event and fruitful experience for many of the participants, in fact, it was not easy to persuade the Board of the Association that it would be good for them to have it in Japan. A few concerns were raised in objection during the bidding process for ACEI 2012. Among them, a peculiar, from our perspective, issue was that JACE had about 600 members, which would far exceed the

members and participants of ACEI. Japan has a large population of 130 million, double that of a major European country, but the Japanese membership may still look excessive and even threatening to ACEI to the objector. One reason for the size of JACE has something to do with the nature of 'academic associations' in Japan: they tend to involve not only university academics but also practitioners and government officials in respective fields. Individual researchers tend to join a number of academic associations, and which association one belongs to may be included in one's short biography. For a very large number of academics, professionals and executives in Japan, thus, affiliation with academic associations is part of their work lives and membership of such associations symbolises their professional expertise.

To explain this aspect of Japanese society and work culture is not, of course, the major purpose of this paper, but it has touched upon one important feature and principle of JACE and the research in cultural economics in the Japanese context. In expanding this short introduction to cultural economics in Japan, this paper will review articles published in the journal of cultural economics published by JACE over the last twenty years. As mentioned above, one distinct feature of JACE has been participation of cultural practitioners and public policy makers in JACE activities. Another is the diversity of disciplines covered by members, going beyond the traditional canon of economics. To what extent have these features influenced research in cultural economics developed in Japan in comparison to that internationally developed? What areas/issues have attracted particular attention from cultural economists in Japan and why? What research issues remain under-explored? By addressing these questions, this paper will analyze localized research of cultural economics in the wider international context. By juxtaposing a different development trajectory with what has internationally been established, the paper will aim to contribute to the future development of cultural economics in general.

Methodology

The literature review is undertaken by the author on her own, so it was decided at the beginning that it will be a small-scale, narrowly-defined survey. Firstly, the object of review is limited to the articles published in the Japanese Journal of Cultural Economics published by JACE since 1995, although there have been books and articles published in different journals which can be identified as part of cultural economics research. The first three issues published in 1995, 1996 and 1997 were called Collection of Papers which were not peer-reviewed. Since 1998, however, the publication has been changed to a

more formal journal containing peer-reviewed articles as well as book reviews and occasional reports on conferences, for example, of ACEI. The journal had four issues per volume from Volume 1 to 6 and has produced two issues per volume since. The latest is Volume 11, Issue 1. The number of articles published varies from one to another, but on average, there are several original articles, a few 'research notes' and some book and conference reviews. The editorial committee of this journal sometimes invites a few contributors to write on specific topics. These papers are not peer-reviewed, as the contributors are known to be of high quality and thought to discuss topics of common interest to many readers.

I have created a database to list all the articles and other papers contained in each issue, including author name, title of the paper and keywords. My original intention was to analyze the keywords to identify the trend of the topic and of the research methodology employed by the authors, but soon it became clear that this strategy would not work well. One major reason is the sheer diversity of the topics covered, which makes it very difficult to numerically discuss any trend over time. Secondly, the keywords are not always appropriately given by the authors: sometimes they are too long to become almost like phrases (rather than just words) and too specific. Given this limitation, I have decided to include 50 invited articles and 97 research notes, both of which lack key words, in addition to 187 peer-reviewed papers in analysis. The total number of these three types of papers is 334. On balance, this widening strategy works better to reflect the attention of readers and members, and would better serve the purpose of my research. Based on this principle, I have classified the papers by topic, by looking at the title and keywords and by relying on my understanding of the abstracts (where provided) or the whole papers.

In classification, one dimension I have created is whether a paper focuses on supply or demand of cultural goods and services and broader effects of cultural production such as economic impact of culture, contribution of culture to community development, urban planning, national identity and nation branding. Supply is divided into two: the primary creation and the secondary creation and distribution. The division is to distinguish papers, for example, on the artists' earnings (the primary creation) from those on the geography of concert halls (the secondary creation). It can be said that the former tends to include focus on individual artists and their creativity, the latter on institutions, venues and mechanisms whereby artistic activities are distributed, diffused and presented to the public. Obviously, the division is arbitrary and may not always be clear, but it was necessary to sort out the secondary in particular within the supply side of the cultural

sector as it attracts much attention in Japanese research. Lastly, ‘comprehensive’, not specifically addressing any of the above functions, consists one row.

Another dimension for the classification has, again, to do with the focus or the topic. The first area of the topics is concerned with the conditions of culture, and it is further divided into two by methodology: quantitative and non-quantitative (including ‘general’ approach and case study). Papers here discuss supply or demand of cultural goods, or culture’s contribution to economic or social development. In this classification exercise, policy and management are distinguishable focuses and they are separately employed as two indices.

As was mentioned, the classification is arbitrary and there are a number of papers that straddle the artificial divisions. I have tried not to give one paper more than one class, but some papers discuss supply and demand together. For policy in particular, papers often discuss very broadly. In such cases, exception is made to assign more than one classification to one paper, but the number of papers that are given more than one class is limited to thirty-one (less than ten per cent of the total).

There are two kinds of papers that do not fit in this schema: one is those which can be characterized as theory-building. The theories in this context are very general and abstract, for example, on the values of culture, future research issues for cultural economics, and so on. The remaining class contains papers on international cultural exchange.

In addition to this classification, the original database was referred to as needed in order to count the number of times specific words appear in the keywords and article titles. Article titles are included in the counting exercise as invited papers and articles of early years have no keywords: limiting the exercise to those with keywords would reduce the pool of published papers in the journal. It must be noted, however, that such method may count one article twice, when one of the keywords appears in the title, too. Nevertheless, considering that the present paper does not aim to produce statistically rigid data but tries to understand the general interest of Japanese researchers, even double-counting will better serve that purpose.

Classified Articles

Such classification outlined in the methodology has resulted in the table below.

Table 1. Classification of Papers published by JACE (1995-2014)

	<i>Conditions of Culture</i>		<i>Policy, Finance</i>	<i>Administration, Management</i>
	<i>Quantitative</i>	<i>General/ Case Study</i>		
Supply—Primary	4	55	36	1
Supply—Secondary	12	31	41	35
Demand/Consumption	10	8	23	6
Economic/Social Values, Creative Cities	2	43	7	2
Comprehensive/ General	3	9	43	7
Sub-Total	<i>31</i>	<i>146</i>	<i>149</i>	<i>51</i>
General Theories	23			
Cultural Economics, General				
International Cultural Exchange	8			

Source: Author's survey of literature.

Before discussing the findings of the classification, it is necessary to discuss 'cultural economics' as understood in the Japanese research community. The large membership referred to at the very beginning of this paper suggests it is broadly understood. It includes not only the application of standard theories and analytical techniques developed in economics to the study of the cultural sector, but also research into social and economic aspects of culture in general. As a result, academic disciplines to approach cultural economics in Japan are very diverse, including many from social sciences such as economics (of various kinds), business studies, sociology, education and geography as well as many from humanities such as aesthetics, literature and art form-based studies.

Dialogue with Policy-Makers and Cultural Practitioners

The areas of research with large numbers of papers are highlighted in the table. It shows a high level of interest in cultural policy of government and other public agencies as well

as financing of cultural activities and organisations. As noted before, articles in this category overlap and may be counted more than once because they tend to be less specific, discussing music policy of Finland, for example, as opposed to government grants to individual artists or funding of concert halls. The emphasis on cultural policy may make a sharp contrast with the overall tendency of international research, particularly in the *Journal of Cultural Economics* since Springer became the publisher (as opposed to early days of the journal and papers given at ACEI conferences). The Japanese emphasis on policy, symbolized by the fact that ‘policy’ appears the largest number of times (146) in my database, has two backgrounds. One is the large number of policy-makers (or officials in local authorities) in the membership, constantly consisting more or less ten per cent of the membership in the last twenty years. Individual officers may leave JACE as they move to different departments within local governments, but new ones will join and the total share has been stable. It does not always mean that such government officials publish academic papers, but would be interested to know of the evaluation of what governments do given by researchers. So there is a possibility for dialogue and debate between the two groups. As many as 185 members out of 578 use the word ‘policy’ (note, however, that this may well include other policy areas such as ‘education policy’) in listing the topics of their interest in the electronic directory of JACE members.

Such an attitude of having the ‘real world’ at hand is a distinctive feature of JACE, which can generally be said to be positive and effective for academic research. Other type of stakeholder for its research is professionals in the arts and culture. It is interesting to note that at a particularly early stage of establishment, JACE had cultural professionals consisting as nearly twenty per cent of the membership. Other countries may well have other platforms where cultural professionals express their views on a new policy programme, for example, developed by arts funding bodies when they doubt its effectiveness, or when they demand public policy actions to combat economic or legal problems that affect them. Public consultation formally conducted is one place where cultural practitioners and possibly researchers in cultural economics and policy express their views to policy-makers, but do academic associations function in the same way? Cultural professionals in Japan do understand that academic associations and their conferences are not for the purpose of lobbying, but they still join JACE, hoping that they may get some statistical evidence or academically-built logic to support their cause.

In fact the formal establishment of JACE was made possible by substantial involvement and generous support of an association for performing artists (Geidanren). This

organization acts as a collecting society of neighbouring rights owned by performing artists. With this function and a private pension scheme for its members it operates, it acts as a magnet for various kinds of performing artists in theatre, music, dance, television as well as comedy across the country. It was executives of Geidanren in the early 1990s who identified ACEI as a model for a similar organization in Japan and convinced several leading academics in economics and statistics that they should set up JACE. Accordingly JACE in its early years published papers classified in the present paper as ‘quantitative, empirical survey’ that report on large-scale surveys on artists’ labour market, attendance of live performances by young people and so on. This does not mean that JACE has been manipulated by vested interests, but it has been important that it tries to respond to the needs of practitioners in the arts and culture.

However, the practitioners’ interest in academic research seems to have waned over time, reflected in the reduction of their membership. Currently, they occupy about ten per cent of the total membership. The reason for their withdrawal is clear: they feel that academic research is becoming too theoretical, esoteric, insular, inward-looking and not helpful for them. The methodology of published papers in the journal and presented ones at conferences is more and more qualitative or case study. Cases may well be useful at least as information even if they are not grounded in theory, but practitioners feel that they know far better about what goes on in real world anyway and would prefer hard evidence that can help rationalize their demands.

There is a growing gap, therefore, between academics and cultural practitioners at JACE, which is seen as an issue by the Board of JACE. On the one hand, however, this is inevitable, and researchers should not mind as their job is to make an academic contribution. On the other hand, there is a question as to the social value of academic research, a value public agencies for funding higher education are increasingly demanding. More fundamentally, Japanese researchers do acknowledge the insights and information that can be gained through collaboration, exchange and conversation with cultural professionals. These formal and informal networks help make research questions relevant and meaningful. In what way research in cultural economics in Japan can revitalize the relationship between researchers and practitioners is one of the issues of concern. There is no easy way forward, but some practitioners who are leaders in their own fields and have broad visions have stayed. They will be increasingly involved in programming activities of JACE to provide advice on research issues that await academically solid investigation.

One area that has attracted much attention of research in Japan is what I call in the table ‘secondary creation’, or distribution of culture. Put simply, it refers to presentation and exhibition of cultural and artistic products. Since cultural economics in Japan has mostly been about high arts and culture (as opposed to popular culture, the media and entertainment), creation and distribution occur concurrently and are hard to divide, but it is necessary to have this ‘secondary creation’ category so as to highlight our emphasis on issues related to cultural facilities including concert halls, museums and theatres. This emphasis reflects the background to the emergence of cultural economics as a research area during the 1980s, when public funds were poured into the development of these buildings around the country. It was often argued that despite the technologically high standards employed by newly-built facilities, support was insufficient to artistic activities taking place within the venues. Managers for the venues were often public administrators with no expertise in arts programming, marketing, audience development and making the facilities relevant to local communities. A variety of papers has been developed in the journal to address this issue, for example, by introducing good practice and suggesting evaluation methods.

Future Research

So far this paper has introduced the development of cultural economics research in Japan over the last two decades and its features, namely, the responsiveness of research to policy issues in ‘real world’ and the involvement of policy-makers as well as cultural practitioners in the debate over cultural policies in Japan.

What, then, are the current issues and challenges for developing research in the near future? One is to increase papers aiming to build theories that can be tested in empirical studies. As in the rest of the world, the use of culture for economic and social development has been tried out around the country in Japan, too, but the papers published in our journal have largely remained to be descriptive and case-study oriented. Questions to be asked include: under what circumstances or with what conditions is economic development the most effective with the input of culture? How do we evaluate the success of culturally-led development for the local community? How do we ascertain the sustainability of such development?

These are particularly important and relevant to Japan as it now witnesses a sudden surge of what we call ‘art projects’ around the country in small cities, remote towns and villages

that suffer from aging population, abandoned houses, farmlands and forests, decayed town centres and loss of jobs. What is in vogue at the moment is to involve artists and local people on creating artistic works on site. The local people would reflect on their cultural identities and remember their stories, which would inspire artists, whose activities stimulate and help bonding among local people. These small-scale projects, often focusing on contemporary visual arts (sometimes film, dance and theatre as well), are now believed to have positive impacts on local community revitalization, but few economic studies have been undertaken to investigate their effectiveness. It would be interesting to compare such 'art projects' of Japan with larger-scale projects of urban regeneration and region branding developed around flagship facilities and major events that were seen in Japan during the 1980s and 1990s. Comparison would also be interesting to those glamorous projects still going on in Europe, North America and Asia. The Olympic Games of 2020 will be held in Tokyo with a view to redeveloping the metropolis by staging the world's most spectacular event. It may well include small-scale, local projects of the arts and culture as well, which would give us a good opportunity to examine the relationship between culture and the economy.

At a more fundamental front, it is necessary for cultural economics in Japan to further investigate supply and demand structures of the arts and culture. There is an apparent shortage in research, which has very much to do with the lack of national data available for such research. JACE as an organization has made official demands to the relevant public agencies for national statistics, but little progress has been seen. Sometimes artists associations and federations of arts organisations conduct research on their own and report on the findings. For cultural economists, however, the collected data and analysis are not always robust and do not stand up for secondary examination. Moreover, many arts organisations are simply private and not obliged to make their financial data open to the public. Much of cultural heritage in Japan is temples and shrines themselves and owned by them, which are religious corporations, whose accounts should be available to the relevant authorities that supervise them, but not to the general public. Public organisations such as national museums have their own accounting systems to report to funding authorities, which are not suitable for the purposes of research in cultural economics. Global figures to describe the financial aspects of the cultural sector are, thus, very hard to come by.

One area that is gradually growing in importance in research within JACE is on the creative and cultural industries. As in the international context, economics of the media

and information is a large area of research, independent of cultural economics. Although cultural economics has much to do with it and there is no reason why cultural economics cannot include the media and entertainment, traditionally, cultural economics in Japan has developed around the non-profit, non-commercial (high) arts and culture with the welfare economics' perspective. The term arts records the highest number of appearance in my database, 146 (the same as 'policy'), and the Japanese term has an even stronger connotation of high arts. This basic framework is shared by international cultural economics. Only a handful of papers have been published in the journal on the for-profit cultural sector such as the film, recorded music and animation. Considering the Japanese competitiveness in the global market in popular culture production, particularly in anime, manga and video games, research is much in need to shed light on the supply and demand structures of such commercial culture.

Research in economic and business studies has progressed internationally on the nature of global media and entertainment conglomerates, but the literature in the English language has often neglected what is happening in non-Western parts of the world where interesting cultural phenomena have been taking place, including East Asia. Largely following cultural imperialism theories, economists in the creative industries have apparently assumed Hollywood conquers the world, when domestic films perform better than those imported from the US in certain markets such as Japan. Consumers behave in different ways, too. For example, in Japan, what is called *dojinshi*, amateur creators selling manga books in open markets even though their products will most certainly be considered derivative of the original works and infringing copyright of the rights-holder. Research has to be undertaken to address this gap and 'de-Westernise' research in the creative and cultural industries.

In developing such lines of research, it will also be interesting to critically examine the 'value system' inherent in cultural economics. Economists have traditionally claimed that they are not engaged in aesthetic evaluation, but at the same time held an implicit assumption that the non-profit arts and culture are worthy of public support. At an early stage of its development, cultural economics paid much attention to justifying public support to the arts and culture on the basis of market failure, relying largely on the argument of externalities. This argument operates, however, on an understanding that culture and the arts possess intrinsic value. Research has continued on such a basis to examine various aspects of cultural production and consumption.

In sociology, however, it is well-known that (particularly high) culture is strategically used by upper classes to ratify, maintain and deliver to their descendants their privileged socio-economic status. It is too sanguine, sociologists and cultural theorists would argue, to assume that economic research can be value-neutral in this respect and be celebratory of all cultures when in fact culture offers a site of politics where different groups of people negotiate for power. In one of the articles invited for a mini special issue in the journal on 'the perspectives from neighbouring fields of research to cultural economics', a Japanese sociologist (Kataoka) argues that there is a different socio-cultural structure in Japan than that in the West. She agrees that social classes and groups in Japan too use culture in their socio-economic strategies but points out different ways in which culture functions. For women in particular, acquisition of cultural knowledge, skills and manners is a highly valuable means to marrying well and moving upward in social scale, whereas for men even executives with university degrees (who normally should possess cultural capital) would rather pretend to be more populists so as to be friendly, humane and approachable bosses. The details of her research may well be debatable, but the point is that cultural economics needs to acknowledge its research is value-laden and possibly paternalistic, and take it into consideration. By further investigating the Japanese structure of cultural capital (à la Bourdieu) that is different from that in Europe at least, research might destruct the fundamental structure that supports cultural economics, but it will be constructive for future research.

In highlighting differences in the relationship between culture and society, there is one more important area that should receive more attention in Japanese research. One might think that a country like Japan with a long history respects its traditional culture and the expressed activities of that culture, such as *Noh* theatre, *Kabuki*, tea ceremony, flower arrangement, calligraphy, craft and so on. Interestingly, most of these are outside the public funding system in Japan. Public funds and corporate support would instead go to Western classical music, opera, ballet, museums or to contemporary arts activities that are international. It does not mean that traditional arts and culture are disregarded by the Japanese public or by government. Rather, these arts command high respect and are seen as the most authentic and exclusive, offered for the most highly-educated and well-to-do. Given the small size of the consumer demand, notably for *Noh* and *Bunraku* performances, it looks very difficult for the artists to survive.

One major revenue source for traditional artists is to teach. Each art form has a number of schools, headed by *Iemoto* (master) with a large number of pupils, each placed at

different stages in a hierarchical pyramid. Monthly fees for lessons are not much, but pupils need to pay for examination fees for accredited grades to ascertain their skills. Such fees vary, but they could fetch tens of thousands of US dollar equivalent. Pupils also must purchase a bulk of tickets when their masters perform in public, and they pay overpriced fees to perform in their own recitals organized by the masters. Thus, these art-forms except for *Kabuki*, which is more commercially run in the open market with actors who may be stars and appear in TV drama and feature films, operate very closed systems in which pupils down in the hierarchy continuously pay for moving up from the bottom at least to obtain license to become local teachers themselves. Japanese-style painting, calligraphy and craft are likewise organized as huge commercial organisations with aspiring pupils sponsoring their masters virtually for lifetime. Masters and teachers recommend their pupils that they buy certain goods and instruments needed for these art forms, most of which are very expensive. The shops and dealers would of course financially contribute to the teachers in return for the introduction, while the pupils are aware of this ‘bribery’ behind the transactions but would buy as recommended in order to gain favour of the masters.

What has been described above is a pre-modern, closed and gray economy of culture, but it is the economy that supports traditional art forms in Japan and the final authorization is given by government’s awards and the Japan Art Academy. Being included in the lists of these would not only contribute to their status as artists but also to the prices they can command. Such a reward structure exists in other countries, too, but what is interesting is that the painters, for example, whose works are very expensive would not sell in the international market. Few of them are in fact internationally acclaimed artists like Takashi Murakami, as their authority and market are purely domestic. One might argue that there is nothing wrong about it, but what is not good for creativity in Japan is that the system is so institutionalized, hierarchical and seniority-based that there is little room for young talents and new creativity. Aspiring artists must follow the traditions of the masters they learn the skills from and slavishly serve to promote them for a long time.

The above short description is much in the hidden world, although implicitly understood by many Japanese; not much has been documented, not to mention deeply examined in academic research. Cultural economics in Japan instead has chosen a safer route, mostly researching on Western classics and contemporary activities outside the closed system. More attention needs to be given to reveal how such a gray market operates, without necessarily denigrating the artistic merits of the artists and art forms involved. There

may well be similar systems of this kind in other parts of the world, and to throw light on them would bring a new perspective to cultural economics that has been developed within the North-American and European traditions and frameworks.