

# *The Value of Culture*

On the Relationship  
between Economics and Arts

Edited by Arjo Klamer

AMSTERDAM UNIVERSITY PRESS

Cover illustration: Vincent van Gogh, *Le docteur Paul Gachet*.  
Coll. Van Gogh Museum, Amsterdam

Cover design: Marjolein Meijer, BEELDVORM, Leiden  
Typesetting: Bert Haagsman, MAGENTA, Amsterdam

ISBN 90-5356-219-2 (hardback)  
90-5356-218-4 (paperback)

© Amsterdam University Press, Amsterdam, 1996

All rights reserved. Without limiting the rights under copyright reserved above, no part of this book may be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise), without the written permission of both the copyright owner and the author of this book.

## Contents

	Introduction to the Conversation <i>Arjo Klamer</i>	7
I	The Value of Culture <i>Arjo Klamer</i>	13
	PART ONE: ON VALUE	
2	The Value of Art: A Philosophical Perspective <i>Antoon Van den Braembussche</i>	31
3	The Value of Culture: A Dialogue <i>Barend van Heusden, Arjo Klamer</i>	44
4	"The Good, the Bad and the Different": Reflections on Economic and Aesthetic Value <i>David Ruccio, Julie Graham, Jack Amariglio</i>	56
	PART TWO: ON THE VALUE OF ART	
5	The Value of Public Art as Public Culture <i>Joseph J. Cordes, Robert S. Goldfarb</i>	77
6	Market Value and Artists' Earnings <i>Ruth Towse</i>	96
7	Big City, Great Art: A Myth about Art Production <i>Gerard de Vries</i>	108
8	The Value of Play <i>Michael Hutter</i>	122
9	The Artistic Conscience and the Production of Value <i>Hans Abbing</i>	138

PART THREE: ON CULTURE

- 10 Political Culture and the Economic Value of Citizenship:  
A French-Dutch Comparison in the Nineteenth Century  
*Frances Gouda* 151
- 11 The Value of National Identity  
*Jos de Beus* 166
- 12 Missing Ethics in Economics  
*Deirdre McCloskey* 187

PART FOUR: ON ART

- 13 The Value of Warhol  
*Peter Kattenberg* 205
- 14 The Value of Making Art: A Conversation with the Artists  
Ronald Glasbergen, Liesbeth Bik and Joep Lieshout  
*Arjo Klamer* 214
- Notes 223
- Index 238

## 8

## The Value of Play

MICHAEL HUTTER\*

*Bring two worlds together, like the worlds of economics and art, and something new will happen. Michael Hutter, professor of economics at Witten Herdecke University in Germany, proves the point with his following contribution to our conversation. As his recent presidency of the Association of Cultural Economics should indicate, he has done a great deal of research on the economics of the arts. Not content with the standard economic framework, he brought in ideas from other fields like philosophy and communication theory. The result of his creative research shows here in the form of a theory of play.*

*At the time he first presented his ideas to us they were possibly too fresh or novel to make much of a difference. We struggled with the consequences of applying his notion of play. In the meantime he has fleshed out his ideas and now their importance for the discussion is clear. His plays of meaning not only encourage us to see the differences between practices in economics and the arts, but also compel us to investigate the ways in which they can interact. In the next rounds of the discussion the notion of play has to play an active role.*

*Introduction: In Search of a Theory of Interdependent Self-organisation*

THROUGH many of the contributions to this volume runs the notion that “the art world” has an existence and development apart from economic action. It is significant that the term used is *art world*, not *art sector*. A world is something in itself, something with a self-generated border, while a sector is a part of some larger entity. Art does generate products that can be recorded just like those of any other economic sector. Still, many observers perceive art as a social form that has its own way of organizing itself. Marketable products are seen as spin-offs of that process, not as its cause, as in the case of conventional industries.

Economic science has been the first among the social sciences to make the concept of self-organisation productive. The concept has been continuously altered and improved. Now, it is faced with the challenge to model the notion of *different* social worlds, and their interdependence.

To explain this, I will briefly outline the history of self-organisation in economics. The history begins, by most accounts, with the “invisible hand”, a concept that migrated from astronomy to “moral science” in the late 18th century. Its application to the structure of prices and volumes exchanged made it possible to perceive the economic world as a set of interacting, mutually stabilizing equilibria.

That world, however, is as stable and static as the world of galaxies and planets. By the end of the 19th century, much more dynamic versions were in use. One of them, particularly favored in the German literature, was based on the notion of organism. It saw the economy as part of a social entity that changed and evolved according to laws that were homologous to those of biological evolution. Ultimately, that development failed. There was a basic contradiction in the assumption that the elements of the “social organism” are individuals – who are, of course, organisms in themselves (Hutter 1994). More successful were constructions that continued the notion of “general equilibrium”, but added a social mechanism for dealing with frequent shocks and disequilibria. Even today, Walras’ auctioneer or Edgeworth’s recontracting appear in textbooks under the heading “the rules of the game”.

Contemporary theory has refined these dynamic aspects even further. The “theory of games” has provided a structure for analyzing interdependent decision sequences, modelled after the sequences of moves in simple board games (Leonard 1995). More ambitious are approaches that try to analyze the emergence of “spontaneous order” in the world of prices.

In these approaches, the notion of self-organisation becomes explicit. The tools to model path dependency, dissipative structures or “chaos”, however, are borrowed from physics or chemistry. In consequence, the tools are able to explain the self-structuring of the existing elements of a world, but not the generation of new elements.

The current discussion is confronted with the realization that the explanation of social worlds involves self-reference. Not a distant natural world is being described but a world to which theory itself belongs. How does a theory function that applies the notion of self-organization to itself?

The answer to this question contains the solution to the problem of modelling distinct social worlds and their interdependence. The answer is logically complex because self-reference leads to phenomena like infinite regress and paradox which are conventionally avoided. At this point, the notion of “play” comes into play.<sup>1</sup> Play captures the image of a closed social world. As we will see, play also serves to analyze the logical structure of different forms of social self-organisation. At the same time, the notion has an intuitive appeal. That appeal has been exploited all along: auction rules, game moves and global players are just a few of the terms that gain their rhetorical effect through the social experience of the audience, even if they are undefinable in the terms of the theories which they accompany and support.

Sec. I outlines the logical properties of the concept and applies it to the economic world. The major advantage of the concept, however, lies in the ability to struc-

ture and explain the interdependence of several plays. Therefore, sec. II exemplifies that ability by modelling the interdependence between the economic world and the art world. Sec. III adds the (self-referential) dimension of the world of science.

### I. *Play: From Action to Event*

#### I. THE CONSTITUTIVE CRITERIA OF PLAY

When I presented an earlier version of this paper at the conference that led to this volume, I began with the proposition: "Social scientists should take plays more seriously". The idea was to note that play is considered the counterpart of being serious, which throws a first light on the peculiar nature of play.

However, there was an unexpected reaction to my use of the plural "plays". I was told that, in correct English, plays are always theater plays. If a more general meaning is intended, the appropriate term is "play". Whereas German, French and Italian permit the variable use of the plural (*Spiele, jeux, giochi*), English usage only knows play as an attitude, as in "child's play", or in "playing music". Plays, instead, are clearly and formally defined. Most of what would be subsumed under plays in other languages, is called "games". Games, however, are characterized by known rules and specific outcomes. That makes it possible to distinguish, for instance, between a soccer game, as a regulated event with beginning, end and outcome, and soccer play, as it takes place within the game.

The notion of play is mentioned frequently by philosophers and social scientists, but it rarely is discussed beyond its use as a suggestive metaphor<sup>2</sup>. One of the first to explore the phenomenon empirically as well as theoretically was Johan Huizinga, the eminent Dutch historian<sup>3</sup>. *Homo ludens*, first published in 1938, is an impressive effort to gain understanding about play(s) by gathering all the available historical and ethnological evidence. Based on this evidence, Huizinga suggests the following criteria for play (1956:16-18):

- 1) play is un-necessary and thus *free action*
- 2) play is *outside of ordinary life*; it interferes with the immediate satisfaction of needs and desires
- 3) play is *closed and limited*; it runs its course and has meaning in itself<sup>4</sup>; it has a repeatable temporal form, and it has strict rules for its material execution
- 4) play contains an element of *tension and chance*; there is something "at stake" for the participants.<sup>5</sup>

Obviously, these criteria apply to a much larger set of events than only theater plays. In fact, everyday commentary on all sorts of social processes constantly uses metaphors like "play", "player", "winning" and "losing".

In order to pursue the suggestion, we will have to solidify our theoretical foundations. The ground work in that respect has been laid by Gregory Bateson, the anthropologist, biologist, psychologist and philosopher. Bateson combines his observations of primitive human as well as primate cultures with his knowledge of logical structure. His *Theory of Play and Fantasy*, first published in 1955, reconstructs the notion of play in terms of a theory of Logical Types, extracted from Russell and Whitehead's *Principia Mathematica* (1910).

The key issue is closure. What is it that gives one the feeling that one knows what notes and sounds are playable in a blues tune, or that one knows who belongs to a tennis club and who does not? Bateson's answer is: the events of a play carry messages of different logical types.

The events of a play contain concrete messages. The messages incorporate the rules according to which messages can be used in a specific play. Bateson (1979:128) calls such messages "meta-messages".<sup>6</sup> In addition, every move in a communication play carries a message about itself, namely the message: "This is play". That message has the expanded structure: "These actions in which we now engage do not denote what those actions for which they stand would denote". The playful nip denotes the bite but it does not denote what would be denoted by the bite" (Bateson 1972:180).<sup>7</sup> This type of message is paradoxical: something is, and it is not. Such were the statements that Russell wanted to exclude from logical discourse. But such is the double-meaning of childrens' play, of drama, of a court ritual (be it feudal or legal), or of the exchange of money tokens. The implicit statements of attribution or "coding" are capable of closing a discourse, of referring to its border, beyond which there is no meaning to the moves of that particular play. Bateson calls this level "context" or "frame" (1972:186). He emphasizes that the frame is a premise for action, and that its determination is, in most plays, an implicit outcome of combinations of explicit rules.<sup>8</sup>

There are a number of differences between Bateson's and Huizinga's criteria. According to Huizinga, something must be at stake to create the necessary attraction to participants, while Bateson does not stress this point. Huizinga emphasizes the freedom of non-ordinary action. Bateson emphasizes the structure established through the meta-communication of rules. Both authors emphasize the self-created meaning within a bordered sequence of play. Bateson is more detailed on this point. He is able to differentiate between meta-messages (rules) and context (closure) and is thus able to explain the construction of closure in logical, not just in ethymological terms.

The discussion leaves us with three basic criteria for a definition of play:

- (1) Closure, perceived as "self-meaning"

- (2) Contingency, within the boundaries of rules
- (3) Chance, linked to the contribution of participants.

The discussion also clarifies the nature of the elements of plays: plays do not consist of particular individuals, but of events of communication. A move in a play, or a word in a language, is only recognizable if there is someone to understand and thus to continue the use of the move or play.<sup>9</sup> Plays consist of the sequence of such events, be they small face-to-face encounters, or huge entertainment events in which millions of persons feel part of a common process. Bateson observes: "In ordinary parlance, "play" is not the name of an act or action; it is the name of a *frame of action*" (1979:154) – a mutual frame, the border of a particular social world or social system.<sup>10</sup>

Some of these issues are well known to economists. The status of institutions and rules is the topic of a growing literature, and the special character of rules is well recognized by authors like Hayek, Coase or Williamson. Particularly those authors who study the influence of rules have begun to realize the relevance of "context". Douglass North (1981), for instance, has introduced the notion of "ideology", and Oliver Williamson (1985) has ventured to suggest an "economics of atmosphere". But it remains impossible to integrate such concepts into theories that are not built on self-reference. In order to be part of the theory, rules and context must not be determined from outside, but must be generated by the elements of the social world – or play – under consideration.

## 2. THE ECONOMY AS A "PLAY OF MEANING"

I will now make a first attempt to apply the suggested approach to the economy. Does it make sense to reconstruct an economy as a play?

Three elementary types of plays or social systems are generally distinguished (Luhmann 1977).

At one end of the scale are brief *interaction plays*. Examples are encounters on the bus, at the play ground or at a business meeting. It is in such situations that we most easily apply the label "play" to signify that, despite its ephemeral nature, there is a recognizable form, at least a beginning and an end, to the messages and actions exchanged in the context.

*Organizations*, the second elementary type, have set rules, and they have participating individuals playing stable roles.<sup>11</sup> In practice, all the conscious attempts to activate a sense of "corporate identity" or "corporate culture" try to draw the employee into the position of the participant in a play – a play where something is at stake for him, a play that leaves freedom for autonomous action and, finally, a play that has meaning.<sup>12</sup>

Beyond organizations, we know forms of social structure that are even less concrete: religions, nation states, legal systems, art styles, sciences and economies are

examples. It may not seem immediately plausible to consider such structures – economies being one of them – as another version of play. In the case of short-lived interaction plays, we can watch while the play is forming, we identify rather clearly beginning and end. In the case of a legal system or an economy, however, we are born into the play(s). We learn the rules the way we learn language. Because of that temporal extension, we have no sensation of beginning and end, of being able to experience an outside to our way of acting out power, justice or scarcity. There is nothing playful about being sentenced, going bankrupt or experiencing the failure of a scientific experiment. Yet, the social process observed satisfies the criteria of play: closure, contingency and chance. Because of their closure, everyone of these plays has evolved its own notion of meaning: the moves of the particular play – voting, or sentencing or paying – make sense only in the context of that play. Therefore, I will call them *Plays of Meaning*.

The *closure* of economic plays is quite visual in the beginning. Early markets began within demarcated spaces, separated from normal activity by boundary stones.<sup>13</sup> Today, we do not treat them as places for certain activities anymore, but as a general concept. The closure of an economy is generated not through places or rituals,<sup>14</sup> but through the use of a highly specific "play chip" which controls access to the play, namely the use of money (Hutter 1994c). Money has meaning only within the closed context of a specific "currency area". Even if a currency is used worldwide, it can only be used in a clearly delineated subset of human interactions. Depending on the currency and the financial system generating it, different aspects of the world will be communicable as being "scarce". Scarcity is not a natural condition. Scarcity becomes observable only in transactions, and there it is articulated or communicated in terms of monetary evaluation.

Economies allow for a degree of *contingency* within the use of property and liability rules, the use of business practices or the operation of company stock and currency exchanges. The contingency, in turn, permits evolutionary adaptation to changing environments, and it permits the introduction of novelty.

The third criterion of play is also apparent: there is an obvious element of taking *chances* in such money games. Whereas, in earlier times, one had to "take the gamble" on a trade voyage, or on a mining project, today one can bet directly on a change in value relations of monetary titles. "To play the game" is, in fact, the implicit paradigm of those active in financial markets. The stakes attract a highly trained, and highly status- and reward-oriented subset of the work force, from young brokers to senior central bankers. They are the ones who generate the medium that reproduces the play. It is not their intention to do this. They react to choices for action that are designed to assure the continuity of the economic play.

Again, I want to emphasize that the discussion of this paper does not deal with organisations and interactions, but concentrates on the process of communication on the level of Plays of Meaning. Clearly, the millions of organizations active in economies play a decisive role which needs to be integrated if the theory is to be applied to concrete phenomena. But that is another item on the research agenda.

The point made up to now is more basic. The basic units of reproduction, and thus the sole agents of change, are not actors, equipped with perception, intention and judgment. The basic units are entities like the economic play. The play itself is the object of self-maintenance. The traditional economic actors appear now as participants or players. Man is not interpreted anymore as the calculating *homo oeconomicus*, able to survive in the jungle of life like Defoe's Robinson Crusoe. He or she is Proust's and Joyce's multi-faceted, multi-rational *homo ludens* instrumental in continuing all the plays that make up our society.

### 3. SCALES OF VALUE

The notion of value is central to social observations, and it has played a prominent role in the history of economic thought. Using the proposed approach, one can see that we are faced with a problem of self-reference: the question is how a particular Play of Meaning (or discourse, or social practice, etc.) finds its own rules of observation, its own priorities in describing the world. It is symptomatic that the value issue lost interest in economics at the point where the economic world was set equal to the social world. If there is only one value scale, there is no need to discuss the generation of alternative scales.

The theory of social play outlined above is prepared to deal with different "realms of meaning". It does not have to restrict the analysis to one value scale. The basic structure of the problem is the following: how is a play able to observe itself, given that plays respond only to their internal operations?<sup>15</sup>

Plays consist of moves, the moves need rules, and rules need a context. The context is the borderline or frame of the play, and yet an element of it. The context can be alluded to in the play by referring to something called quality or value. In any case, that value is not discussed (or "compromised") in the play. Yet, the play would be non-existent without it. Values, then, are the medium in which plays observe themselves.<sup>16</sup>

To illustrate this very basic point, I use the formulations of authors who talk about different scales of measurement – that of money and that of literary status.

Mirowski emphasizes the continuous reproduction of the value medium in the world of economic transactions:

"... in a very narrowly defined sense, in a social theory of value money, is value; but precisely because it is socially constituted, its invariance is not guaranteed by any "natural" ground, and must be continually maintained by further social institutions, such as the development of double-entry accounting and financial institutions such as banks" (1991:11).

Social value forms are constantly reproduced within the plays that use them. Constant re-evaluation is, again, the main result of Barbara Herrnstein Smith's observations on the *Contingency of Value* in the world of literature:

"The endurance of a classical author such as Homer ... owes not to the alleged transcultural or universal value of his works but, on the contrary, to the continuity of their circulation in a particular culture. Repeatedly cited and recited, translated, taught and imitated, and thoroughly enmeshed in the network of intertextuality that continuously *constitutes* the high culture of the orthodoxly educated population of the West..." (Smith 1988: 52-53).

The value medium, then, is the construction of a particular social play. Whatever is outside of the value scale of a particular Play of Meaning, like the economy, art or science, is "beyond measure" because it cannot be observed in terms that make sense in that specific play. Of course, there are always local value measures used and reproduced in families and communities. But they do not make up for the generality of the value scales generated in the more abstract plays.

Due to their logical structure, it is impossible to conceive of a meta-play that would permit a comparative observation of various value scales. But there is still a way to observe their operation: one can observe the general process of constructing ratios.<sup>17</sup> Value ratios maintain the continuity of plays, particularly the large, century-old Plays of Meaning that characterize our society. In order to say anything more about these internal value ratios, we will have to use the same method: we have to compare two distinct plays, and interpret the differences observed.

## II. Value(s) in Economy and Art

### I. THE INTERDEPENDENCE OF PLAYS

One particular value scale has emerged in the Economy. Economic value, expressed in money payments, is a ratio of evaluations, brought into equality by mutually accepting the yardstick of money. Economic value is influenced by all participants, but it is set by no-one – except the economic play itself.<sup>18</sup>

Economic value in this paper corresponds to exchange value, rather than to use value.<sup>19</sup> Such a view of economic value implies a departure from the approach commonly taken by economists. Usually, the social exchange value generated is interpreted as a reflection of the mental use values. In this paper, social value is interpreted as the prior event.<sup>20</sup>

The same world that is subject to economic valuations is also subject to the evaluations of other Plays of Meaning, for instance, the play of Art. While quality has been simplified to quantities of abstract "currencies" in the Economy, it has been refined to subtle differences of sensual expression (visual, aural or linguistic) in the Arts.<sup>21</sup>

The differences between the two evaluations are not only interesting in themselves. They serve a vital function. Differentiations introduced and valued in other plays can be used in a play's self-reproduction. To put it into the form of a hypothesis:

*Plays of Meaning, like Economy and Art, continue and maintain themselves by transforming external values into internal values.*

In this paper, I will limit myself to a few remarks on the mutual dependency of these two plays. That dependency has the following logical structure:

As play A is performed, play B constitutes the environment of play A. An effect of the outside play B on the inside play A can be constructed in two ways. In the first version, B events are part of the general environment of A. Artistic performances, for instance, are transformed into references for new economic events. They are used as a resource to reproduce the income-expenditure cycle. Vice versa, economic events become a resource for literature or painting. In the more complex case, B events are part of a separate play whose environment comingles with the environment of A. The events of B, in that case, are not themselves transformed. They serve as a catalyst for reproduction. Such events are not referred to in A events, and yet play A could not continue its reproduction without them. Artistic innovation, for instance, constitutes the context or background for economic communication. Vice versa, artistic reproduction depends on the stability and continuity of its economic context.

With this double distinction, we can now discuss four cases as indicated in the matrix of fig.1.

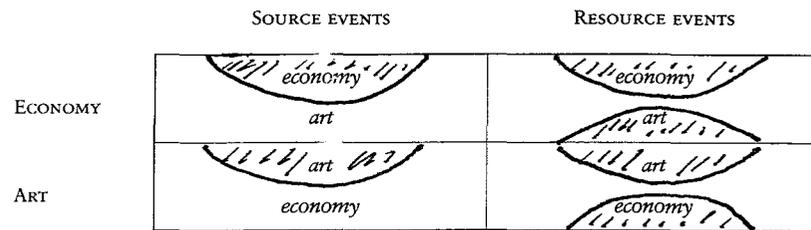


Fig.1: Forms of Relationships between Two Plays of Meaning

## 2. THE VALUE OF ART TO THE ECONOMY

How is artistic value transformed into economic value?

I begin with "resource events". Economic valuation often refers to natural things, like bread, or cars, or houses. More and more, it refers to fiction – to stories, or tunes, or images. In artistic play, such fiction emerges constantly. The works of imagination are built according to and evaluated by artistic quality standards. In economic play, they appear as something that is different, difficult to do and, there-

fore, amenable to being considered scarce. Thus, the fictional works, created in the outside play of Art become source events for the Economy.

The implications of this argument are rather vast. A world that is inevitably running out of natural resources cannot maintain or even increase the volume of material production at length. Creative work, however, provides an inexhaustible stream of scarce items. The emphasis of economic evaluation is shifting from the transformation of wood and metal into payment, to the transformation of stories, tunes, images or performances into payment.<sup>22</sup>

In general, information goods are generated and distributed by global media networks. One should expect, then, that the utilization of artistic value is also organized through such companies. As far as entertainment fiction – comics, pop music, TV series – is concerned, such structures are easy to identify. In fact, the currently ongoing manoeuvres to gain market positions, like Disney Corporation's purchase of American Broadcasting Corporation, illustrate the point.<sup>23</sup>

There are considerable exceptions to such easy cases of commercialization. "Serious" art plays, i.e., plays that follow a more rigorous principle of self-evaluation, seem to exist independently of those commercial organizations. This independence probably reflects awareness of the conditions which a play needs to maintain its own vitality. We can refer back to the Huizinga-Bateson criteria for play: artistic plays need *closure*; the sense of quality must be generated internally, and, because of the sensual quality of the communication media, the number of participants must be small. Artistic play needs the *contingency* of making free variations within the "canon" of an art form, i.e., the conventions and rules that structure its events. And, finally, artistic play needs participants who are willing to take *chances*. They put their career at stake in making or developing specific artistic forms.

In fact, we do observe that agents and sponsors maintain their distance to artists or artists' ensembles. Our explanation would be that only under such conditions can successful artistic development be expected. In the case of financial success, there are attempts to determine more precisely the style and shape of the artistic product. But even then, authors, orchestras or dance companies maintain a remarkable degree of independence. There are, on the other hand, many examples of cases where attempts to design artistic events according to economic values have failed.

Notwithstanding their basic organizational independence, all art forms are transmitted or propagated through market channels. They have to conform to the technological and financial constraints of these channels, and they have to produce economic value for those who run the channels. In the case of theaters, museums and orchestras financed by communities or federal governments, the necessary autonomy seems to be maintained despite the dependence on politically coded plays. However, there is evidence that political support endangers and shapes artistic activity. That general conclusion is reached by traditional analysis as well. But a theory of play is able to specify the connections between political "source events" and forms of artistic play (Hutter 1992a).

We now turn to the second category. Artistic source events refer to basic structures of social perception, including our perception of space and time, of self-

expression and of common language. To give just two examples which I have documented elsewhere: The European concept of time changed in the 13th century from a circular, repetitive pattern to a linear form under the influence of new, rhythmically organized musical pieces (Hutter 1987). The concept of space changed in the 15th century due to inventions in painting, particularly the invention of central perspective (Hutter 1992b). The change in the communication forms available implied a change in context for the economy. It can be shown that the new spatial conventions led to an increase in planning horizons, and to new instruments for navigation, among other things. While the pervasive influence of another Play of Meaning, namely Science, on the economy is well recognized, the influence of these less visible effects of the art play on economic events has hardly been noticed.

### 3. THE VALUE OF THE ECONOMY TO ART

How is the play of Art able to transform economic value into artistic value?

The economic "resource events" valued in artistic play are those of the "given reality" to which an art form refers – an era's conditions of individual life, its forms of production, its particular rationality. The dependence is rarely as strong as in Balzac's *Comédie Humaine*. But we can trace it in the visual arts as well as in musical theater. Contemporary art forms, like video clips or rap poetry play intensively with the economic background of their own form.

We now turn to source events. The sources are economic transactions whose value influences dimensions of the play of Art. Artistic evaluation takes place in concrete artistic events – while reading a poem, while listening to a sonata, while watching a dance performance. The players, be they individuals like authors and dancers, or corporate entities like orchestras and publishing houses, depend on the attribution of economic value in order to survive, physically and financially. The Economy is, then, a reservoir from which art plays draw money income as a context for the maintenance of the plays. Art participants treat income not as an objective but as a constraint. When revenue from non-art labor increases, they tend to reduce the time spent in such activity (Throsby 1994).

But the Economy is not simply a reservoir. It is itself a play, structured by chances, contingency and closure. I will try to structure the further elaboration of this point by using the three criteria stated above.

In order to bring artistic plays on the stage, economic chances have to be taken. Publishers, film producers or art dealers take such chances. The skills involved are those of the economic play, with all the finesse necessary for survival in competitive markets. But they are also those of recognizing the difference and the artistic validity in a proposed manuscript, a film script or a painting.

The economic play varies constantly because of the contingencies in playing within the rules of the game. New product variations are tried out, successful products are introduced in new areas. The same process channels economic value into artistic activities. But more than that, it leads to new artistic forms with qualities

that were not experienced in traditional forms. Rock music and comics series are examples of such developments.

As mentioned above in discussing the reverse relationship, the closure, or self-contained meaning, of the economic play inevitably leads to conflict. It is logically impossible to recognize economic value when making a change in harmonic scale in a blues improvisation, or when mixing one's colors for a portrait. Because both types of value are frequently reproduced in the same event, it becomes important to indicate clearly which play one intends to move in. The self-styling of artists and the condescending attitude toward commercial activity serve an important function in distinguishing artistic value against a specific background, namely economic value. The strategy, however, only works for the artist. The gallery owner or literary agent must be able to have a more ambivalent approach. We find the strongest conflicts of value in persons and organizations that want to maintain their participation – and thus their social existence – in both plays. To sustain the tension, a considerable ability to tolerate ambiguity is demanded. That ambiguity, in turn, is a central condition for evolutionary social change.<sup>24</sup>

To conclude: Plays of Meaning have evolved as forms of differentiation within the general communication of a society. They are characterized by their different value media. They mutually depend on the values generated by other Plays of Meaning for the continuity of their own self-reproduction.

### III. The Scientific Value of Play

What, then, is the value of introducing the notion of play into social science, especially into observations of the Economy?<sup>25</sup>

I will mention five arguments, each of which implies a somewhat different theoretical approach.

1) There are individuals and organisations who optimize values measured by something different from money, for instance, something which they call themselves "artistic quality". For a theory of (mono-)rational choice, this is an anomaly. For a theory of social play, it is easy to explain the co-existence of different modes of rationality. One may study the pure case, where economic rationality is reduced to a constraint, or the complex case where the values of the play outside of the one just being played are used as value references (source events and resource events).

2) The use of the public good notion is an attempt to grasp the economic value of that condition which, in the theory of social play, has been called closure. The frame or context for the economic play, or for its various sub-plays, is, in a way, a public good. But it is not a public good in the sense of a modest deviation, like operating a swimming pool or having access to fishing grounds. The experience of closure, the performance of a value frame or context is public in the sense in which a background is public to a figure: it defines its existence. Given that relationship,

one can go on to explain prohibitions built into the rules of the economic or the artistic play which serve to prevent the intended or unintended destruction of the value frame in which the play in question operates.

3) An old tradition still expresses the economic process in terms of the production of goods. That has the advantage of focusing on value generated for (monetary) transactions, but the premise of the approach is material transformation. The theory of social play, in contrast, focuses on the preparation, performance and repetition of events. It is no coincidence that this description is similar to that usually employed for transactions. The theory draws attention to the aspect that every transaction is an event in one or more plays. It also draws attention to the performance of event-generating industries, like telecommunication and entertainment. The staging of an opera, be it *al stagione* or in repertory, becomes a paradigmatic case for the new event-centered economy.

4) Contemporary theories of evolutionary economic change have experimented with the notion of self-organizing or autopoietic systems. Self-organizing systems are usually thought of in analogy to physical, anorganic systems. The concept of autopoietic systems was imported from biology. There, the notion refers to the ability of cells and higher organisms to reproduce themselves. Introducing the theory of social play, the analogy can be extended. Biological systems accomplish reproduction by differentiating between genotype and phenotype reproduction. The reproduction of plays has much in common with the process of genetic reproduction: information is continuously copied and reproduced, closure and rules insure the stability of the information complex, only a few variations are able to survive in a given social context. Such variations operate, at first, in a state of ambiguous interpretation, until they are selected as a recognizable alternative.

The relationship between the theory of play and the theory of individual choice can be expressed in these terms: play theory deals with the process of genetic change; it works with the assumption that the actions of phenotypes are the genotypes' way of achieving reproduction.<sup>26</sup> Choice theory deals with the process of phenomenal change; it works from the assumption that there is only one genotype of communication. Since the relationship is, in fact, circular, both assumptions need to be adjusted in order to reflect that condition.

However, we are not dealing with a symmetric case of complementarity. On one hand, there is a theory with a solid tradition, empirical validation and wide diffusion, based on the observation of visible actions. On the other hand, there is a rather embryonic theory with untested connotations and implications, based on the observation of imputed observations.

5) The attitude toward public good type problems is still one that favors political intervention. However, there is a widespread consensus that, particularly with respect to the provision of cultural goods, we observe state failure as well as market failure. Any conscious intervention or support, no matter how well-intended, has

side effects and risks the destruction of the supported play's internal valuation process. The theory of social play favors policy approaches imported from individual therapy and organization consultancy. The first tenet is the self-determined nature of the "client system". In cases where the interference is permanent, the interaction between the plays should be one of mutual valuation – on the level of organizations as well as on the more abstract level of recognizing values of the other Play of Meaning. All other interferences should be designed so as to make themselves superfluous after a while.

### Dialogue

*Klamer:* Your concept of play appears to be the most pertinent way to characterize the various realms of practices that we have distinguished in our discussions. It helps us to distinguish economy and art as different plays of meaning, yet, at the same time, you provide us with a framework with which to investigate the ways these two interact. At any rate, I found support in your discussion for my conviction that a study of the world of the arts compels us, economists, to change our strategy and look for an alternative framework. I see remarkable similarities between our approaches as you, like myself, show the differences between the world of the economy and of the arts.

*Hutter:* I agree. The scientific approach of standard economics uses a particular analytical framework for all social phenomena. It undoubtedly gives you a coherent way of looking at things but the coherence is in the economic nature of the phenomena. But even without recognizing it you will presume one unique value scale; that value scale may make perfect sense in the economic world but only limited sense in the artistic world. The problem is rather how to deal with value scales that differ from one realm of discourse to another. That issue is unknown to economic theory as we know it.

*Klamer:* On that point we agree.

*Hutter:* It's a bold statement to make, though. I have found that in order to account for different value scales you need to turn to a more general social theory. That is what I am trying to do here. With the four types of relationship that I indicate in the matrix, I try to indicate possibilities for studying the interactions between the economy and art as interactions between two different plays.

*Klamer:* As president of the association of cultural economics you have tried to get this message across to an audience of economists. Does it work?

*Hutter:* I find that the juxtaposition of economy and art brings out the existence of different scales in the most evident way. The continuous public discussion between

those two worlds makes the clash in values obvious. That makes it hard for economists to ignore its existence. As a consequence you find a lot of research along these lines in cultural economics. I list the major issues in the final section of my paper; the most essential one is the quality issue because there is no way to explain the fact that artists have their own quality. In cultural economics you find very imaginative applications of traditional economic tools to these phenomena, but you also find increased readiness to turn to alternative approaches because of the scope of the problem.

*Klamer*: Do you see significant differences between our approaches?

*Hutter*: I find that your emphasis on communication and on value makes a very strong common point. With my approach I immediately see for instance the difference between the communication of scientists on one side, and the communication of the participants in the economy on the other side. That fits in with your rhetorical approach. I only feel that many of the strong intuitions of your approach, and also much of the broad literature which you tap can be structured in a more systematic way by using my framework.

### References

- Agnew, Jean-Christophe. 1986. *Worlds apart: the market and the theater in Anglo-American Thought, 1550-1750*, Cambridge U. Press.
- Baecker, Dirk (Ed.). 1997. *Problems of Form*, Stanford, U. Press.
- Bateson, Gregory. 1972. *A Theory of Play and Fantasy*, in: *Steps to an Ecology of Mind*, New York: Ballantine, p. 177-193.
- Bateson, Gregory. 1979. *Mind and Nature. A necessary Unity*, New York, Bantam.
- Baudrillard, Jean. 1981. *For a Critique of the Political Economy of the Sign*. St. Louis, Telos Press.
- Colander, David and Klamer, Arjo. 1987. "The making of an economist." *Journal of Economic Perspectives* 1, p. 95-111.
- Guerzoni, Guido. 1994. "Playing great games. The "giuoco" in XVIth century Italian courts," in, *Italian History and Culture* (1).
- Hicks, John. 1938. *Value and Capital*, Oxford, Clarendon Press.
- Huizinga, Johan. 1956. *Homo ludens*, Hamburg, Rowohlt.
- Hutter, Michael. 1987. "Music as a Source of Economic Growth," in: N.K. Grant, W.S. Hendon, V.L. Owen (ed.), *Economic Efficiency and the Performing Arts*. Association for Cultural Economics, Akron, p. 100-117.
- Hutter, Michael. 1992a. "Kann der Staat Kunst fördern? Wirtschafts- und systemtheoretische Überlegungen zur Kulturpolitik," in: C.A. Andreae/Ch. Smekal (ed.), *Kulturförderung in den Alpenländern*, Innsbruck, Wagner, p. 45-59.
- Hutter, Michael. 1992b. "Art Productivity in the Information Age", in: R. Towse and A. Khakee (ed.), *Cultural Economics*. Heidelberg, Springer-Verlag, p. 115-124.
- Hutter, Michael. 1994a. "Organism as a Metaphor in German Economic Thought," in: Ph. Mirowski (ed.), *Natural Images in Economic Thought*, Cambridge, University Press, p. 289-321.
- Hutter, Michael. 1994b. "Higgling with Money. German Contributions between 1900 and 1945," in: *History of Political Economy* 26, p. 94-114.
- Hutter, Michael. 1994c. "Communication in Economic Evolution: The Case of Money," in: R. England (ed.), *Evolutionary Concepts in Contemporary Economics*. Ann Arbor, Univ. of Michigan Press, S. 111-138.
- Hutter, M./Teubner, G. 1993. "The Parasitic Role of Hybrids," in: *Journal of Theoretical and Institutional Economics* 149, p. 706-715.
- Luhmann, Niklas. 1977. "Differentiation of society," in: *Canadian Journal of Sociology* 2, p. 29-53.
- Luhmann, Niklas. 1995. *Social Systems*, Stanford University Press.
- Mirowski, Philip. 1991. "Postmodernism and the Social Theory of Value," in: *Journal of Postkeynesian Economics* 13(4), p. 565-582.
- North, Douglass C. 1981. *Structure and Change in Economic History*, New York, Norton.
- Schiller, Friedrich von. 1962. "Ueber die ästhetische Erziehung des Menschen in einer Reihe von Briefen," in: Wiese, Benno von (Hrsg.), *Schillers Werke*, Vol. 20, Weimar, Böhlau, p. 309-412.
- Sennett, Richard. 1977. *The Fall of Public Man*, New York, Knopf.
- Simmel, Georg. 1905. *Philosophie des Geldes*, Leipzig, Duncker & Humblot.
- Smith, Barbara H. 1988. *Contingencies of Value*, Cambridge, Harvard U. Press.
- Throsby, David. 1994. "The Production and Consumption of the Arts: A View of Cultural Economics," in, *Journal of Economic Literature* 32, p. 1-29.
- Williamson, Oliver. 1985. *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. New York, Free Press.
- Wittgenstein, Ludwig. 1971. *Philosophische Untersuchungen*, Frankfurt, Suhrkamp.

## NOTES CHAPTER 6

- 1 That view was effectively obliterated by Peacock (1983).
- 2 Possible reasons for this are discussed in Towse (1996).
- 3 See Peacock and Weir (1975), Peacock (1979), Towse (1994b), and Peacock and MacQueen (1995).
- 4 Those with a whetted appetite might like to look at my book on singers, which attempted to put real flesh on the bones of the operation of that market (Towse, 1993).

## NOTES CHAPTER 7

- 1 Klammer's criticism of the single-minded use of economic concepts to activities that are generally thought to be important elements of a "good life", such as art, friendship and love, is a member of an ancient family. In fact, Klammer echoes in many respects Aristotle's critique on Plato's ideas about rationality in ethics. Cf. (Nussbaum 1990, Chpt. 2 and 3.)
- 2 Durkheim (1964) Durkheim's *conscience commun* or *collective* is the set of beliefs and sentiments common to the average member of a single society which forms a determinate system that has its own life. The French word *conscience* embraces the meanings of the two English words "conscience" and "consciousness". Cf. (Lukes 1973)
- 3 This is obvious for Weber and Simmel. Although I will not go into details here, it is also arguably true for Durkheim.

## NOTES CHAPTER 8

- 1 The phrase is not simply a play of words. It reflects the applicability of the same notion to theory construction itself.
- 2 However, among the authors making use of the term in more than suggestive ways are Bourdieu, Caillois, Derrida, Gadamer, Goffman, Goodman, Sennett and Wittgenstein.
- 3 Of course, there are numerous older references. In the German discourse, for instance, Schiller holds a prominent place for his discussion of art in terms of "play without interest" (1962: 407), following, in turn, Kantian notions.
- 4 Huizinga illustrates this fundamental point by noting that we speak of "playing a play" because there is no other verb that could be substituted (1956:48).
- 5 In his brief discussion of Huizinga, Sennett (1977: ch.14) quotes the first three criteria in a very similar fashion, but leaves out the fourth one.
- 6 Explicit rules are always only a small subset of the total set of rules. Wittgenstein (1971:59) makes that point with reference to tennis games.
- 7 Bateson wrote down his theory after observing monkeys playing "combat" (1972: 179).
- 8 Bateson was able to demonstrate that maltreatment of logical typing – being confused about the borders of different plays one is involved in – can be the cause of schizophrenic symptoms (Bateson 1979: 139).  
Bateson also traces humor to the paradoxical nature of something that is and is not at the same time. "In the absence of the distortions of logical typing, humor would be unnecessary and perhaps could not exist." (Bateson 1979: 129)
- 9 The logical structure of such an event is one of "double contingency": the participants depend on each other's premises in a circular fashion. The structure has been well

- explored in sociological systems theory. See, with an application to the topic of play, Baecker (1997).
- 10 In fact, the term "play" as it is used in this paper is synonymous to the term "social system" as it has been developed by Luhmann (Luhmann 1995). The advantage of the term "play" lies in its immediate focus on self-generated, bordered events.
  - 11 Some contributors to business economics recognize that the ongoing social process within corporations can be observed in terms of play (Crozier/Friedberg 1977).
  - 12 On new developments in the form of economic organizations see Hutter/Teubner 1993.
  - 13 See Agnew 1986: 20f.
  - 14 Pre-modern times were rich in the symbolic use of plays to indicate closure and distinction. For a detailed study on Renaissance courts see Guerzoni 1994.
  - 15 Note that the subject of the sentence is play itself. If we were to introduce other subjects, like players, we would violate the consistency of the theory which calls for strictly internal self-organisation: events lead to new events, everything else remains in the environment of that social world.
  - 16 In contemporary social systems theory one would use the distinction of form and medium (Baecker 1996). Form is defined as anything that consists of rigidly coupled elements, whereas the medium is the loose coupling of the same elements. For instance, air waves are a medium for the forms of words, musical sounds or the pattern of applause, alphabets are the medium for written words.
  - 17 The notion of a ratio, in the sense of a continuous comparison, is due to Simmel (1905). Simmel also points out that only equality "at the margin" counts, not a comparison of total value.  
Although Simmel's *Philosophy of Money* is clearly part of the old value debate, its clarity of insight is unsurpassed. See Hutter 1994b for a longer discussion.
  - 18 Theories of value have lost currency in economics. The notion was hotly debated until the early days of this century, particularly by the German-speaking economists, but interest waned after the success of the new epistemology which equated the ancient "intrinsic value" with subjective utility (Hicks 1938). relative (money) prices are the only indications of value recognizable in a world of Rational Choice. At the same time, there is a popular presumption that the conduct of science is or ought to be disinterested, and thus free of self-value.
  - 19 The term "use value" is an unfortunate one, because it suggests a comparability between individual valuations which does not exist. Use value refers to individuals and thus to mental processes. These processes are internal to human minds, but outside of the moves of a particular play.  
Mental evaluation is the reflection of social value ratios. In the mental process, the valuations of different plays are, in turn, brought into relationship, and the values of different plays are weighed with respect to the individual's intentions. In human beings, that reflection assumes the form of specific feelings. The intensity of such feelings makes values, like money ratios, recognizable and memorable to organisms. Through social values, observations are translated into feelings, but that translation process is, to repeat the point, the reflection of events taking place in the plays, not a distinct and separate phenomenon.
  - 20 The relationship is, in fact, circular. One may therefore transpose the notion of self-meaning also to use the value, and thus to a system outside the play. Note, on this point, the following observation by Baudrillard: "Value in the case of use value is enveloped in a total mystery, for it is grounded anthropologically in the (self-) 'evidence' of a naturalness, in an unsurpassable original reference ... Value becomes absolutely self-evident, 'la chose la plus simple'" (1981: 130).

- 21 Sennett makes the point that the aesthetic training inherent in child's play serves to increase the confidence in the expressivity of behavior that is artificially structured (Sennett 1977: 354).
- 22 There is a second aspect worth mentioning: artistic value serves as an indicator for the position of players in the Economy. Artistic forms provide a way to signal and to read positions, and thus they help to organize the play, particularly in situations outside of organizations. See Simmel 1905.
- 23 Organisation plays also maintain themselves by "feeding" on external values. Corporations depend on the coding activity of the economic play. Given the relative prices, they are able to plan their own activities of material and communicative transformation.
- 24 On the role of ambiguity in the evolution of monetary forms see Hutter 1994c.
- 25 Science is, in the chosen perspective, another Play of Meaning, the one that draws its closure from the concept of truth. Thus, science loses the uniqueness of its position. It constructs fictions just like any other Play of Meaning. Similar to Art, the play of Science takes place in texts and books, and in performances, ranging from lectures to conferences. Also in a similar manner, the autonomy of scientific value with respect to economic valuation is always at risk.

In fact, the sub-play of economic science seems to be an excellent example: reputation in economics reproduces itself according to internal criteria. The initiation of new contributors implies changes in personal identity (Colander/Klamer 1987). One can add now: the continuity of complex tautologies around a basic core of belief is a necessity for such complex plays.
- 26 In terms of the metaphor introduced by Samuel Butler: individuals are the hens used by the (genetic) eggs to make more eggs.