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# **The Demand for Cultural Activities: a Time-Use Approach**

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***Abstract:***

The aim of this paper is to cast the problem of the alternative between skilled, time-intensive and unskilled activities within an analytical framework wherein the individuals' choice problem is addressed in terms of alternative time-consuming activities rather than alternative bundles of goods and services. In particular, each activity is interpreted as a sort of productive process allowing pleasant time to be produced by consuming 'direct' unpleasant time plus the 'indirect' amount of unpleasant time equivalent to the market goods used up as inputs. The paper suggests that individuals might refrain from engaging in skilled, time-consuming activities because of the attractiveness of a certain, higher present-period rate of return of unskilled activities as opposed to the uncertainty of a possibly higher future-period rate of return obtainable through engagement in (more roundabout) skilled activities.

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## **1 Introduction**

The timeless metaphor of the standard consumption theory in Economics takes for granted that individuals focus their attention on the 'utility' of the available goods and services that are seen as the direct source of their satisfaction. Within such a metaphor, there is no room either for the prologue or for the finale of this story, i.e. on the one hand for the motivations lying behind our choices and, on the other hand, for what happens after goods and services have been bought. In fact, one essential ingredient of the metaphor provides individuals with the power to anticipate and 'extract utility' in the same moment in which they get what they have chosen, though only in probabilistic terms.<sup>1</sup>

Somehow paradoxically, the seminal contribution by Gossen (1983 [1854]) to the subjective theory of demand, based on the notion of (decreasing) marginal utility, does consider time, and hence both the duration and the frequency of consumption, as an essential aspect of the choice problem faced by individuals. However, in the subsequent developments of the marginalist theory, the path indicated by Gossen was abandoned and the timeless model finally emerged as the reference point for the development of the standard demand theory.

A first attempt to widen the focus of standard theory can be found in Becker (1965), wherein households are viewed as production units that use what they got on the marketplace, together with their time, as inputs of a process whose output is, in turn, a bundle of goods and services. Actually, in Becker's approach, consumption time shows up in the scene to disappear, however, once the time-consuming production process is over and its output generates an instantaneous level of utility to the household.

A wholly different approach to consumption choices can be found in the works of Tibor Scitovsky, whose *The Joyless Economy* (1992 [1976]) constitutes one of the first

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<sup>1</sup> This is the case of the expected-utility version of the standard theory. The role of the 'people-know-what-they-want' axiom is particularly striking in the intertemporal version of the general equilibrium theory, where on the basis of a given utility function and income streams for all possible future periods, individuals choose 'in one shot' the best bundles for all possible states of the world and all future periods.

attempts to tell a comprehensive story about human satisfaction, covering what comes both before and after the individual's decision to buy goods and services in the marketplace.

As to what comes before, Scitovsky felt the need to investigate about 'motivations' driving economic choices, thus paving the way to a fruitful cross-fertilization between economics and psychology:

"Economists know a lot about what makes producers tick, while they know almost nothing about the motivation of consumers. Surely, knowledge of what makes consumers tick is just as important as knowledge of the way producers make decisions. Probing into consumer behavior and its motivation should give economists ... a better judgment of how well the economy performs ... Although economists have never analyzed the nature and origin of consumer preferences, others have, so we need not start from scratch. Psychologists have done a lot of work on the motivation of man's behavior, of which consumer behavior is part (Scitovsky, 1992, p.4).

As to what comes after consumers' act of acquiring goods and services, Scitovsky's approach is firmly grounded on the idea that human satisfaction is generated within time-consuming *activities* that, therefore, constitute the direct object of the individual's economic choices:

Civilization consists in originating stimulating *activities* other than violence and back-breaking labor, developing the skills needed to exercise and enjoy those *activities*, ... By now, the number and variety of enjoyable benign interests has become enormous: they comprise scientific research, exploration, literature, art, sports, games of skills and chance, and the offerings of the entertainment industry, among many other things. We need them all, considering that scientific research in turn is forever increasing our leisure ..." (*ibidem* p. viii).

Moreover, Scitovsky emphasizes the distinction between skilled and unskilled stimulating activities trying to analyze the main differences between the two:

"I have already mentioned some forms of stimulation whose enjoyment requires virtually no skill and no effort on the recipient part; ... The entertainment industry provides much of it ... Beyond a certain point, the amount of stimulus such *pastimes* provide increases not with the amount of time the consumer devotes to them ... Without an increase in novelty content, more time spent watching television, driving around or shopping merely spreads the novelty thinner, increases redundancy, and reduces the intensity of enjoyment. What would be pleasant stimulation on a moderate scale becomes, when pushed further, first mere defense against boredom, and, ultimately just boredom. (*ibidem*, p.232).

On the other hand, Scitovsky's concern with skilled, time-consuming activities has been recurrently directed towards one of them in particular, the enjoyment of culture, which he considered a sort of merit activity:

“Finally, I come to the third group, which comprises all those activities that impose no burden, no harm on anyone, but give satisfaction and pleasure all around ... Cultural activity also belongs in this exalted category ... That is one reason why I called culture a good thing. Another and no less important reason for calling it good, however, is that some cultural activities are potentially able to crowd out some of the antisocial activities listed in the second group. ... if one activity (or set of activities) satisfies one's need for being active, the one's need for other activities is correspondingly diminished ... The big question is how to motivate people to prefer benign to malignant activities and make such choices on their own initiatives – how to induce that ever larger segment of the population, which has more time and energy on its hands than it knows how to use, to devote its excess time and energy to music, painting, acting, sports ...” (*ibidem*, pp. 294-6)

However, one should add that notwithstanding his acute emphasis on activities, Scitovsky does not provide a convincing logical framework to approach the individual's choice problem taking into account that consumption takes time. Therefore, his reiterated, normative, argument about individuals indulging in unskilled activities while refraining from engaging in the more stimulating ones, such as culture, seems to lack a sound positive basis.

The aim of this paper is to cast the problem of the alternative between skilled and unskilled activities within an analytical framework wherein time is at the center of the stage. In fact, as it will be clear below, individuals will be assumed to be producers of pleasant time, an activity that requires undergoing some unpleasant time and the consumption of a bundle of goods and services as inputs. Moreover, it will be assumed that individuals can choose among alternative 'techniques' (activities) varying not only for their intrinsic nature (going to a movie theater or staying home reading a novel) but also according to whether they require a more or less intensive consumption of time or of goods and services (spending a week holidays walking around small villages nearby home or taking a cruiser boat).

The analytical background of the proposed model has its roots in the above mentioned works of Gossen and, above all, of Becker who has rightly emphasized the need to take into account that the allocation of time is part of the individual's choice problem as it is the allocation of money. However, contrary to Becker's approach, in the 'what-shall-I-

do'<sup>2</sup> framework here proposed not only the output of the households' productive process is time, namely a flow of pleasant time, but also its inputs can, in turn, be measured in terms of unpleasant time (Nisticò 2010), so that each activity (productive process) is characterized by a rate of return depending on the ratio between the pleasant time produced and the unpleasant time used up during the process. Scitovsky's emphasis on the limited attractiveness of the skilled (cultural) activities and on their limited substitutability for the unskilled ones can thus be discussed in the light of a sound theoretical framework.

The structure of the paper is the following. Section 2 summarizes Gossen's and Becker's seminal approach to time use. The methodological and analytical structures of the 'what-shall-I-do' model here proposed are described in sections 3. Some general implications of the choice to frame the individual decision-making in terms of alternative time-consuming activities are discussed in section 3 and 4. Finally, section 5 discusses the peculiarities of the cultural activities and, in particular, the possibility to interpret them as investment projects, whose undertaking individuals might, rationally, pass up given the fundamental uncertainty surrounding its outcome. Section 6 concludes.

## **2 *Gossen and Becker on time use***

The individual decisions about how to allocate the marginal time unit among alternative activities depends on the consequences, in terms of satisfaction, of extending or cutting any of the chosen activities, and on the expected satisfaction deriving from the possible alternatives. Imagine that you entered one of the museums in town, with your next activity (such as going to the doctor for a routine check up) being scheduled in two and half hours; and that after spending one hour to carefully looking at the museum's pieces of art, you realize that the output of your ongoing activity is ceasing to be the uninterrupted enjoyment you experienced so far, and that some kind of physical and intellectual distress is coming forward. You could envisage

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<sup>2</sup> For the juxtaposition between a 'what shall I do' and a 'what shall I buy' logical framework, see Steedman (2001).

alternative solutions to your time-allocation problem. For instance you could 'cut' the ongoing process and switch to an alternative one, such as visiting the shopping center on the other side of the street, while postponing the visit to the remaining rooms of the museums to one of the subsequent days. Alternatively, you could take a rest and sit for a while in the museum's cafeteria, drink a coffee and then go back to enjoy, with renewed drive, the beauty of the museum.

Whatever your choice will be, the example suggests that (i) the extension through time of the same activity will, sooner or later, cause your 'instantaneous' satisfaction to decrease; (ii) the repetition of the same activity after a (long enough) period of abstinence can restore the enjoyment productive capacity of that activity.

The link between human satisfaction and the frequency with which individuals engage in the same consumption activities, has been the basis upon which Gossen (1854) has erected his seminal theory of consumer choice based on the notion of decreasing marginal utility. The essence of Gossen's contribution lies in his famous 'laws of pleasure':

A.1. The magnitude [intensity] of pleasure decreases continuously if we continue to satisfy one and the same enjoyment without interruption until satiety is ultimately reached.

A.2. A similar decrease of the magnitude [intensity] takes place if we repeat a previously experienced pleasure. Not only does the initial magnitude [intensity] of the pleasure become smaller, but also the duration of the pleasure shortens, so that satiety is reached sooner. *Moreover, the sooner the repetition, the smaller the initial magnitude [intensity] and the shorter the duration.* (Gossen, 1983 [1854], p. 6, emphasis added).

What is striking of Gossen's analysis is its emphasis on the enjoyment of culture as a typical instance of an activity subject to the laws of pleasure:

That repetition brings about an actual decrease of the peak of pleasure and a shortening of the duration of enjoyment becomes more evident with the increased frequency of repetition. The owner of a work of art, though he be the greatest art enthusiast, will gradually become more and more indifferent to the enjoyment of that piece of art.

Who does not remember the pleasure he has derived from the discovery, real or fancied, of a new truth! Subsequently, some pleasure is derived from dwelling on the subject for a while; but this diminishes more and more until in the end any further contemplation of the topic results in boredom. (*Ibidem*, p.7).

Yet Gossen's focus on how consumers can produce enjoyment through sequences of time consuming activities has disappeared from the analytical refinements of the subjective theory of value as it took shape in the works of, say, Jevons, Menger and Walras, where the demand problem was 'reduced' to, and analyzed in terms of, instantaneous optimal choices of alternative bundles of goods and services, with given preferences and constraints. The way in which time will later show up in the intertemporal version of the general equilibrium theory developed by Arrow and Debreu - characterized as it is by the assumption that individuals maximize 'once and for all' their total utility by knowing and discounting all the relevant future variables - does not overcome the limits of an analysis that neglects the fact that 'extracting utility' from consuming goods and services takes time.

As mentioned above, it was only in 1965 that a prominent figure of the neoclassical theory of choice felt the need to try to restore the fundamental role that Gossen had originally attributed to time in consumption theory. In particular, the main and declared aim of Becker's 1965 work was to propose a revised theory of choice capable to take into account the cost of non-working time spent in consumption:

"... the cost of a service like the theatre or a good like meat is generally simply said to equal their market prices, yet everyone would agree that the theatre and even dining take time, just as schooling does, time that often could have been used productively. If so, the full costs of these activities would equal the sum of market prices and the forgone value of the time used up. In other words, indirect costs should be treated on the same footing when discussing all non-work uses of time, as they are now in discussions of schooling ... while, as already mentioned, I have been concerned with the use of time in education, training and other kinds of human capital, here I attempt to develop a general treatment of the allocation of time in all other non-work activities." (*Becker 1965, p.494*).

More specifically, In Becker's metaphor, "households are both producing units and utility maximisers. They combine time and market goods  $[x_i]$  via the "production functions"  $f_i$  to produce the basic commodities  $Z_i$ , and they choose the best combination of these commodities in the conventional way by maximising a utility function  $U = U(Z_i, \dots Z_m) = U(f_1, \dots f_m) = U(x_1, \dots x_m; T_1, \dots T_m)$  subject to a budget constraint  $g(Z_i, \dots Z_m) \dots$ " (*ibidem, p. 496*).

In a second step of his analysis, Becker introduces the notion of "full income", i.e. the income level that can "be obtained by devoting time and other resources of a



*household to earning income, with no regard for consumption*" (pp. 497-8). This potential income, a mixture of time and earnings, can partly be allocated to consumption activities with the aim to increase the utility level:

Households in richer countries do, however, forfeit money income in order to obtain additional utility, i.e., they exchange money income for a greater amount of psychic income. For example, they might increase their leisure time, take a pleasant job in preference to a better-paying unpleasant one, employ unproductive nephews or eat more than is warranted by considerations of productivity. In these and other situations the amount of money income forfeited measures the cost of obtaining additional utility. Thus the full income approach provides a meaningful resource constraint and one firmly based on the fact that goods and time can be combined into a single overall constraint because time can be converted into goods through money income (*ibidem*, p.498)

### **3 A what shall I do framework<sup>3</sup>**

If, on the one hand, it is true that the income earned per unit of time is a good measure of the opportunity cost of enjoying one unit of our time, on the other hand, by giving a look at the other side of the coin one realizes that the pleasure possibly deriving from enjoying one unit of our time is a good measure of the opportunity cost of devoting one unit of our time to earn income. And since coins are neither transparent nor necessarily symmetrical, looking at the other, yet unexplored, side of the time-earnings trade off could expand our comprehension of the forces that drive individual consumption choices. In fact, Becker's approach to treat market goods and consumption time as inputs of a production process can be pursued not only, as Becker himself did, by transforming consumption time into 'foregone earnings', but also by taking the opposite stand, namely by transforming the monetary cost of the market goods into a time flow to be added to consumption time. As mentioned above, in a what-shall-I-do framework (Nisticò 2010), the output of the households' production function is pleasurable time and the costs of the inputs of the Becker-type production processes are also transformed and computed in terms of (unpleasant) time flows, while the 'efficiency' of the household's production process can be easily measured by comparing two homogenous magnitudes - precisely as it happens for

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<sup>3</sup> On the distinction between the two frameworks, see Steedman (2001).

firms, whose performance is measured by the difference between revenues and costs. By assuming that all individuals devote a given fraction of the reference time period (a week) to work and that, in their perception, each 'unit' of time flow can be given either one of the two attributes, 'pleasant' or 'unpleasant', the time-based efficiency of each activity depends merely on the ratio between the shares of pleasant and unpleasant time involved in that activity. More specifically, the analytical framework can be summarized as follows.

Contrary to Becker's assumption that individuals derive their utility from the 'instantaneous' consumption of the basic commodities  $Z_i$ , the amount of pleasant time enjoyed during the carrying out of the  $j$ s time-consuming activities ( $j = 1, 2, \dots, L$ ) – the  $L$ -th being work – is the direct source of individuals' satisfaction.

If one assumes that working time is wholly unpleasant, then the cost of activity  $j$  in terms of unpleasant labor time is

$$(1) \quad \sum_{i=1}^z g_{ij} \cdot \frac{m_i}{w} + E_j$$

where the  $g_{ij}$ s ( $i = 1, \dots, z$ ) represent the services of all market good  $i$ s used up during the activity  $j$ ,  $m_i$  their market price,  $w$  the income earned per unit of working time and  $E_j$  the flow of unpleasant time necessary to perform activity  $J$ . Notice that the ratio  $m_i/w$  represents the amount of working time (supposedly unpleasant) necessary to buy one unit of  $g_{ij}$ .

Since the output of each activity is also measured by a (pleasant) time flow, denoted as  $P_j$ , the rate of return of the  $J$ -th activity can be expressed by:

$$(2) \quad r_j = \frac{P_j}{\sum_{i=1}^z g_{ij} \cdot \frac{m_i}{w} + E_j} - 1.$$

On the other hand, individuals face the following constraints:

$$(3) \quad \begin{aligned} \sum_{j=1}^L T_j &= \bar{T} \\ \sum_{j=1}^L \sum_{i=1}^z g_{ij} \cdot m_i &= T_L \cdot w + I - \Delta W \end{aligned}$$

where  $\bar{T}$  denotes the length of the time period,  $I$  denotes the individual's income whose source is unrelated with working time, and  $\Delta W$  the change in individual's wealth. According to the first of (3), since time cannot be saved it must necessarily be spent in at least one of the  $j$ s activities; the second of (3) sets the budget constraint by allowing the individual to change her wealth level according to a possible discrepancy between total earnings and total expenditure on market goods.

In order to take into account the possibility that work be also pleasant to a certain extent, Nisticò (2010) provides an extension of the basic model, wherein total time spent in each activity  $j$ , including work, is expressed as:

$$T_j = (e_j + p_j) \cdot T_j$$

where  $e_j$  and  $p_j$  and represent, respectively, the unpleasant and pleasant shares of the time devoted to activity  $j$ . Therefore, (1) can be rewritten as

$$(4) \quad \sum_{i=1}^z g_{ij} \cdot \frac{m_i}{w} \cdot e_L + e_j \cdot T_j$$

where  $e_L$  represents the unpleasant share of the time devoted to work. On the other hand, (2) can be rewritten as:

$$(5) \quad r_j = \frac{p_j \cdot T_j}{\sum_{i=1}^z g_{ij} \cdot \frac{m_i}{w} \cdot e_L + e_j \cdot T_j} - 1$$

Notice that  $e_L < 1$  reduces the cost of the working time necessary to buy the market goods used up during activity  $j$ , thus highlighting the impact of work satisfaction on all rates of return (5).

#### **4 The optimum allocation of time 'through weeks'**

One can assume that the continuous flow of time be divided into 'units' (say a minute) and 'periods' (say a week); and that each household faces a first problem of allocating time among the various possible activities within a period.

If we consider working time as fixed in length, we can interpret individual choices as aiming at maximizing the intra-period overall rate of return (R) on all activities other than work given by:

$$(6) \quad R = \frac{\sum_{j=1}^{L-1} P_j}{\sum_{j=1}^{L-1} E_j} - 1 ,$$

which, under the usual 'convexity axiom' will be maximized if:

$$(7) \quad \frac{\partial r_1}{\partial T_1} = \frac{\partial r_2}{\partial T_2} = \dots = \frac{\partial r_{L-1}}{\partial T_{L-1}} ,$$

which postulates the equality of the marginal rates of return on all activities.

However, each household normally acts also with reference to a longer time horizon. For instance, Mary could take the intertemporal (or across-periods) decision to a series of tennis lectures, which implies a sort of commitment about how to allocate her time in the forthcoming weeks of her life. Moreover, insofar as she will actually enforce her initial decision, and she becomes a skilled tennis player capable to enjoy the pleasure of improving on new types of shots, the weekly rate of return that Mary will experience during the 'going-to-play-tennis' activity might increase in the following weeks,<sup>4</sup> possibly providing a strong incentive to allocate, recurrently, a greater share of her weekly time to enjoying the pleasure of playing tennis.

By taking into account the possible, unpleasant frustration characterizing almost the entirety of the first lessons of a tennis course, when the attendant does not even hit the ball with the racket but, nevertheless, she keeps attending the course looking forward to the moment when she will, we could refer to 'consumption' or 'investment' activities according to the shortness of the 'gestation' period required for the output to show up. More *roundabout* techniques extend across multiple periods, and normally imply giving up present satisfaction in exchange of a greater capacity to produce satisfaction in the forthcoming periods.

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<sup>4</sup> Note that in this example, the increase in the rate of return is due both to the increase in the share of pleasant time enjoyed while playing tennis and to the fall in the expenditure on market services (the cost of the lessons).

In line with Marshall's distinction between a short and a long run, we can assume that, in each period, choices are constrained by a series of elements that determine what we might call the 'satisfaction productive capacity' of the household. In fact, a series of elements, such as the type of job we derive our income from, the degree of flexibility of the housing market, the family ties and other important constraints set a limit to our capability to reshuffle our weekly time allocation in order to produce 'more satisfaction' in the short run, the distribution of our time between alternative *types of activities in each period* (Marshall's short run) being quite rigid. We can easily decide for a concert or for a movie as an alternative to visit a museum next Saturday, but we can hardly decide for more entertainment and less work this week.

On the other hand, individuals often engage in activities whose effects will show up only in subsequent periods. Mary could engage in a time-consuming activity, such as acquiring new skills and searching for a new job - characterized by higher earnings and less, more flexible, weekly working hours. Such a reshuffling might be a necessary condition for Mary's (satisfaction) productive capacity to be actually utilized in the forthcoming weeks of her life.

#### **4.1 Expectations and the passage of 'weeks'**

Suppose that an individual has found her way to a satisfying plan about how to distribute her time among the  $j$  activities with the expected marginal rates of return on all activities all equal to each other. As the second of Gossen's laws of pleasure suggests, the possible repetition through time of the same set of activities will normally decrease the rate of return for most of them, thus leading to a sort of 'boredom state of rest' that can be broken only by some innovative behaviour, such as the acquisition of consumption skills. Here, Schumpeter's notion of entrepreneurship as some one capable to 'break' the competitive equilibrium, characterized by a zero-profits allocation of the productive capacity, which here has its analogous in the boredom state of rest characterized by  $r_j \leq 0 \forall j$  should probably be resumed by focusing on the process of innovations in consumption.

On the other hand, some other activities might reveal to be investment activities in themselves in that the rate of return enjoyed while performing them will

increase period after period. In fact, for some activities, such as listening to music, it is the same activity that implies increasing the satisfaction productive capacity.

One can therefore distinguish between those activities, Scitovsky's unskilled activities, for which their repetition in the current period can at best, though with certainty, ensure the enjoyment of the same pleasure already experienced in the past, so that

$$(8) \quad p_j \leq p_{j,t-1};$$

and those activities, Scitovsky's skilled ones, for which the sign of (8) could be reversed<sup>5</sup>, though with a high level of uncertainty.

#### 4.2 The attractiveness of comfort

Similarly to what happens in any productive process, the share of pleasant time enjoyed during any activity can be considered a function of the market goods necessary to perform it. In other words, one can assume that

$$(9) \quad p_j = f_j(g_{1j}, g_{2j}, \dots, g_{zj}).$$

After deciding the type and variety of market goods necessary to perform an activity, we could still decide to increase our expenditure on those inputs. For instance, a tennis player - who owns the essential inputs such as an ordinary racket, used up shoes and balls, and is accustomed to play on a cheap-to-rent court located in the middle of a parking place – might decide to start renting a more expensive court nicely located far from the traffic noise and shadowed by beautiful trees. By taking such a choice, besides the pleasurable time units enjoyed while trying to mark good points, the player could enjoy also the time units spent on collecting the balls spread around the court before starting a new game. As a consequence, the share of pleasurable time felt during the 'tennis activity' could increase.

One can therefore assume that for all activities the following condition for the partial derivative of (9) holds:

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<sup>5</sup> The distinction between comfort or defensive activities and creative one, was first proposed by Hawtrey (1926) as Scitovsky (1992) recognizes.

$$(10) \quad \frac{\partial p_j}{\partial g_{ij}} \geq 0,$$

so that

$$(11) \quad \frac{\partial r_j}{\partial g_{ij}} = \frac{\partial r_j}{\partial p_j} \cdot \frac{\partial p_j}{\partial g_{ij}} > 0.$$

According to (11), the impact, given  $m_i$ , of an increase in the amount of market goods used up during any activity  $j$  on the rate of return of that same activity is positive, given that it can be expressed as the product of two positive partial derivatives, namely that of the rate of return of activity  $j$  with respect to degree of pleasantness of the same activity and that of the degree of pleasantness with respect to the expense on market goods, which is positive according to (10).

This overlooked circumstance gives a highly rational foundation to the phenomenon of conspicuous consumption as a way to escape from boredom, or even from the negative pleasure felt during working time or, finally, as a way to avoid complex reshuffling of one's time allocation, whose outcome is uncertain, in the face of recurrent increases in income.

Notice that a similar rationale can be found for 'idleness' (such as watching TV) when increasing productivity makes more time rather than more income available to the individual.

## ***5 Contrasting the fall of the average return of consumption activities: the possible role of culture***

Scitovsky's attempt to lay out the foundations of a theory of choice that breaks the boundaries between economics and psychology includes the idea that time use is one of those aspects of everyday life in which individual behaviour 'reveal' rather paradoxical choices, which call for a notion of rationality different from the traditional one. In particular, where Becker sees the validation of his approach – when income rises individual save on highly time-consuming activities – Scitovsky sees a tendency to allocate inefficiently the available time:

"higher earnings create a feeling that time is getting more precious, ... this feeling in turn cause people to save more time than they know how to spend. If this is

so, it will manifest itself in people's hurrying through some activities only to be left with more than enough time to waste on others ..." (Scitovsky, 1974)

Yet Scitovsky is well aware of the risk that his 'wasting time' argument might imply some paternalistic attitude and an inclination to separate the set of consumption activities into two subsets the 'good' and 'bad' ones and tries (not without some failures) to escape from the trap:

...Time-budget surveys and various sociological studies tell us that the main sources of stimulation in the United States are watching television, driving for pleasure and shopping – all of which are sources of stimulation requiring no skill. Why do we find them less stimulating and satisfying than listening to music or reading literature? They are not less so, not as long as they provide a flow of information commensurate with our requirements for pleasant stimulation. Television, driving around, and shopping can all be very stimulating, up to a point. Many television programs are enjoyable and interesting; going to a colourful market or shopping center, ... looking at the latest fashions in elegant department stores or inspecting next year's models of automobiles can all be fun. The same is true for driving ... Yet the flow of novelty and stimulation available from those three sources is limited. What we get out of TV, shopping and driving is fully adequate for pleasant, sometimes even maximally pleasant stimulation when the time devoted to their enjoyment is suitably limited, spaced and selected, but it quickly becomes redundant, unsurprising, and monotonous as we devote more time to them in the vain hope that our intake of novelty will keep step with the increased time we spend on them" (JE, p.233)

For what concerns, cultural activities in particular, according to Scitovsky, the industrial revolution has forced low-income people to longer working hours and hence to abandon cultural activities. However, the subsequent increase in income and productivity and the parallel reduction of working time has not produced the result of an increase in the demand for cultural activities. According to Scitovsky, lost skills haven't been restored and one should question why human beings urge for being active is either frustrated by an excessive pursuit of comfort activities or satisfied by engaging in the malign ones.

Whereas Scitovsky's main answer is American Puritan Ethic and the schooling system, the next section of this paper tries to give a different answer to 'Scitovsky's problem' in the light of the 'what shall I do' framework presented in sections (2) and (3) above.

If one starts from the assumption of a 'natural' tendency towards a boredom state of rest, one should first tries to 'understand and explain' what are the reasonable



reactions of human beings and 'then' identify the right incentives to guide individuals towards a more desirable (if any) time allocation from society's viewpoint.

In other words, one should admit that, within each week:

- technical progress allows a more efficient use, and hence a greater rate of return, of our time devoted to 'defensive activities';
- Idleness, (e.g. watching non-stimulating TV channels) in the form of time spent in residual activities especially after a long-lasting unpleasant activity, such as a tiring day's work, can be very attractive since it increases with certainty the overall weekly rate of return (6);<sup>6</sup>
- A similar rise in (6), through (10), takes place if a possible increase in the individual's income, or the availability of accumulated wealth, makes it possible to consume more and newer market goods during the various activities, especially if the 'defensive' goods become 'creative' and previously instrumental activities, such as cooking, become pleasant and self-rewarding;
- the output of the defensive activities is predictable and requires no skills, whereas that of self-rewarding (cultural) activities requires investment, 'roundaboutness' whose present-period rate of return is generally negative, while the potentially higher future period rates of return are uncertain or even 'invisible'.

### **5.1 The demand for cultural activities as an investment project**

Therefore, the demand for cultural activities can be considered as dictated by an exogenous will (Keynes's animal spirits) to engage in more roundabout techniques for the production of future pleasant time. Here Scitovsky's notion of 'redundancy' seems to be particularly insightful. Cultural activities can be enjoyable insofar as they, first of all, 'fill' our existing productive capacity of pleasant time in cultural activities and, second, expose us to a moderate degree of novelty and hence of excitement. The

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<sup>6</sup> "...The switch from radio to TV is obviously explained by technical progress, but most of the other changes go from planned and structured activities to unplanned, unstructured, residual ones, and they are the sorts of changes one would expect to occur when the high cost of time makes people anxious to save it, leaving them with more time on their hands than they know what to do with" ... It is natural to save time on activities that have to be decided upon, prepared for, or planned in advance; it is also natural to waste time on those one can take up at a moment's notice, linger over at will, or drift into unwittingly (JE, pp.163-64)

following quote from Chapter eleven of the JE (Our disdain for Culture) makes it clear why culture should be associated to the notion of investment:

“In Chapter Three I dealt at length with novelty as a source of stimulus and an intermediate degree of novelty as the condition that makes stimulus enjoyable. There we looked upon redundancy as something the stimulus source must provide in order to make the stimulus pleasant. But redundancy can just as well be looked upon as something the recipient’s mind must contain if he is to enjoy the stimulus. We shall see that redundancy as a requirement in the recipient suggests a definition of culture ... I shall define culture as knowledge; it is that part of knowledge which provides the redundancy needed to render stimulation enjoyable. (pp. 224-5)

Curiously enough, Scitovsky came close to identify the notion of rate of return in consumption:

Going to school to acquire a skill, whether the process itself is pleasant or unpleasant, is an investment which yields a return – additional income in the case of production skills, the better enjoyment of life in the case of consumption skills. Estimates of the rate of return on investment in professional and vocational training can be made and are available; nothing even remotely comparable is possible with respect to consumption skills. One cannot attach a dollar value to the skill of enjoying a concert or a ballet, even less can one estimate the time needed for or the chance of ever turning a neophyte into an enthusiastic melomane or balletomane through training and practice. With so many unknowns so utterly impossible to estimate, it seems rational, at least on a narrow interpretation of the term, to discount the benefits heavily ... (ibidem p.229)

If culture is a sort of ‘productive capacity’, it should be intended as the result of an investment; then it is reasonable to ask how one (the policy maker) can foster it. Is there something we can learn from the economic theory of investment in productive capacity? From macro-theory, we know for instance that investment depends on expectations, on its opportunity cost (the interest rate) and, according to the accelerator theory to previous investment and that, therefore, some policy measures (such as keeping its opportunity cost low enough) can sustain it. Does all this help in identifying some kind of incentive to induce individuals to invest more in culture?

Diversification of cultural products with different degrees of ‘redundancy’ and hence of novelty seems an effective way to attract individuals, otherwise attracted by idleness and or conspicuous consumption (comfort) as effective ways to counteract the tendency towards a boredom-state-of rest.

## 5.2 Labour supply

In John Stuart Mill's ideal of a stationary state

“society would exhibit these leading features: a well-paid and affluent body of labourers; no enormous fortunes, except what were earned and accumulated during a single lifetime; but a much larger body of persons than at present, not only exempt from the coarser toils, but with sufficient leisure, both physical and mental, from mechanical details, to cultivate freely the graces of life, and afford examples of them to the classes less favourably circumstanced for their growth” (Mill 1848, Book IV, Ch. 6).

On the other hand, Keynes envisaged for us, ‘his grandchildren’, the difficulty to find a good use, other than working, for our spare time, when “three hours a day [will be] quite enough to satisfy the old Adam in most of us”. In fact:

for the first time since his creation man will be faced with his real, his permanent problem-how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well. The strenuous purposeful money-makers may carry all of us along with them into the lap of economic abundance. But it will be those peoples, who can keep alive, and cultivate into a fuller perfection, the art of life itself and do not sell themselves for the means of life, who will be able to enjoy the abundance when it comes.

Yet there is no country and no people, I think, who can look forward to the age of leisure and of abundance without a dread. For we have been trained too long to strive and not to enjoy. It is a fearful problem for the ordinary person, with no special talents, to occupy himself, especially if he no longer has roots in the soil or in custom or in the beloved conventions of a traditional society. To judge from the behaviour and the achievements of the wealthy classes today in any quarter of the world, the outlook is very depressing! For these are, so to speak, our advance guard-those who are spying out the promised land for the rest of us and pitching their camp there. (Keynes, 1930).

Both Mill's and Keynes's viewpoints call for a discussion of how labour supply can be analyzed in a ‘what-shall-I-do’ framework, even if for the great majority of individuals there is little room for an autonomous change in the amount of weekly time devoted to work, both for those who would like to work more (e.g. the unemployed) and for those who would like to work less. This is why the assumption made above, according to which individuals can increase their weekly amount of pleasure only by reallocating time among all activities other than work, is sensible.

However, for the sake of generality, one can admit that working time is flexible and that the individual can choose its ‘optimum’ amount  $T_L$ , together with all  $T_i$ s in

order to maximize (6). Within the standard theory, leisure time – a sort of empty box, whose opportunity cost is the wage rate -is the only alternative to working-time (and the shape of the labour supply function depends on the relative weights of the income and substitution effects generated by a change in the wage rate. Within the present framework of analysis, the shape of the labor supply function, i.e. the sign of the partial derivative  $\partial T_L / \partial w$ , depends on the relative strength of three possible reactions of the individual in the face of an increase in the wage rate:

- **1. Increasing working time ( $\partial T_L / \partial w > 0$ ):** allows, through (10), a higher rate of return on one or more activities due to the greater command on market goods that it allows. At the same time, it might imply a reduction of the absolute amount of pleasant time enjoyed since it requires shrinking the amount of time devoted to some other activities. Finally, it could be induced by a possible pleasantness of the working activity itself.

- **2. Reducing working time ( $\partial T_L / \partial w < 0$ ):** allows an extension of one or more activities other than work and, hence, a possible increase in the absolute amount of pleasant time enjoyed. On the other hand, according to its ‘elasticity’, it might generate a reduction, still through (10), of the rate of return on one or more activities due to the minor command on market goods that it allows. Finally, it could be induced by a striking unpleasantness of the working activity itself.

- **3. Leaving working time unchanged ( $\partial T_L / \partial w = 0$ ):** allows a ‘sure’ increase, through (10), of the overall rate of return (6), since it does not require any reallocation of total time among the various activities, while allowing a greater command on market goods due to the increase in the wage rate.

The attractiveness of this latter, conservative, strategy is quite evident.

## **6 Conclusions**

This paper has tried to point out that a ‘what shall I do’ framework can be usefully employed to explain why individuals might refrain in engaging in cultural activities. Scitovsky’s insights about the meaning and the peculiarities of culture have also been discussed by contrasting the attractiveness of a higher present-period rate of

return of unskilled activities with the uncertainty of a possibly higher future-period rate of return obtainable through engagement in (more roundabout) cultural activities.

Such an analysis could be further extended by taking into account the insights coming from the behavioural literature on time discounting (see Frederick, Loewenstein and O'Donoghue 2002) that might explain the reluctance of individuals to invest in the acquisition of the skills necessary to escape from boredom through engagement in cultural activities. Moreover, the analysis has shown that increasing our comfort through access to new market goods, the inputs of our time-consuming activities, is a viable alternative to a complex and difficult-to-achieve reshuffling of the weekly allocation of time among the alternative activities, whose outcome is highly uncertain.

Scitovsky's notion of *redundancy*, coupled with the interpretation of demand for culture as an investment activity, paves the way to identifying two main policy implications.

The first one is that subsidies to the arts should ensure the availability of stimulating activities with many different degrees of 'redundancy' and hence of novelty in order to reduce the uncertainty surrounding the individuals' possible decision to engage in more demanding activities; scaling up is more attractive when the expected degree of novelty, and hence the risk of failure, is small.

The second implication has to do with Mill's and Keynes's prophecies. Market economies have won their intellectual battle against planned economies essentially for their ability to provide individuals with a greater variety of market goods. The new challenge is now that of offering an actual freedom of choice among activities, such as learning, consumption, work and entertainment. In fact, the present organization of markets easily allows individuals to substitute among different activities belonging to the same set (for instance among different consumption activities or among different entertainments). A much more difficult task is to take choices capable of determining a reallocation of the lifetime among the four different sets (for instance more leisure and less work during the active period), the allocation of our lifetime among the four sets being quite rigid for each age group. Cultural activities are both highly time-consuming and demanding in terms of 'satisfaction productive capacity'. Individuals see their time constraint actually relaxed only at retirement when,

however, it is generally too late to acquire the skills necessary to enjoy culture. It will probably be the role of a new Welfare State to focus on how aging and affluent societies can achieve a less rigid distribution of the time that individuals devote to the various types of activities during the life cycle.

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