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PREFACE

Why is the average income of artists low? Why do so many people still become artists despite the prospects of a low income? And why is it that the arts rely so heavily on gifts like subsidies and donations? Are these three phenomena related? Is it because most artists earn so little that the arts receive so many subsidies and donations? Or is the abundance of artists and their low incomes due to the fact that the arts receive donations and subsidies? Do artists who earn low incomes sacrifice themselves for their art, or are they being sacrificed by a system that pretends to support them?

In this book I will study the causes and consequences of the pervasive gift sphere in the arts, as well as low incomes and a large quantity of artists. I reject the argument that people do not care enough about art and that, consequently, an artist's income remains low and thus donors eventually get involved. (Regardless of one's definition of art, the expenditure on art products has never been large. Nevertheless, during the last decades, western nations expenditures on art have risen more than incomes. Thus, the notion of under-consumption is hard to maintain.) In order to explain the pervasive gift sphere, I examine the artists' motivations, attitudes in the art world, and the myths surrounding art. The argument I advance in this book is that the economy of the arts is exceptional. The impact of the mystique of the arts calls for a multidisciplinary approach. Therefore, I will employ insights taken from sociology and psychology. Nevertheless, my neoclassical background in economics will shine through throughout the course of the book.

As an *artist* I am immersed in the art world. When I look around me there is much that puzzles me. I know of artists who earn a lot of money and I have one or two colleagues who do relatively well. Other colleagues manage to survive,

like I do, because they sell their work regularly, receive grants and subsidies, or they have interesting second jobs. Most of my colleagues, however, are poor. They hardly sell, have lousy second jobs, and yet they carry on. I don't understand why they just don't quit the profession.

As an *economist* and social scientist I cannot ignore this confused state of affairs. Using a phrase of Deirdre McCloskey, I climb up to the tenth floor and gaze down at the art world. I notice that the economy of the arts, in its basic structure, resembles that of, say, food-production. Both economic sectors are involved in buying and selling, while prices govern supply and demand. Nevertheless, I remain puzzled by what I see. For instance, I can't comprehend the numerous donations and subsidies nor the abundance of artists willing to work for low pay. Even from this perspective on the tenth floor I find it difficult to see patterns in the ongoing process.

The contrasts and Janus-like quality of the arts are puzzling for artist and economist alike. Therefore, this book proposes that the artist and economist join forces. They will look down from the tenth floor together. Because their knowledge and perspective can reinforce each other, they start to discern patterns in the arts economy. This book tries to explain these patterns.

The most striking aspect in these patterns is the two-faced character of the economy of the arts. The contrast is visible from outward signs. On the one hand there is a world of splendor, of magnificent opera houses, chic openings, of artists earning very high incomes and of rich donors whose status is enhanced by their association with the arts. On the other hand there is the large majority of artists earning little or nothing; often they lose money by working in the arts and make up for the losses by working in second jobs or accepting support from their partners. Moreover large sums of social security and other allowances not intended for the arts flow into it.

The contrast also shows from attitudes in the arts that are intrinsically two-faced. On the one hand money and commerce are rejected. On the other hand trade is very present in the temple of sacred art, as it was in the temple of the Jews. The temple of art cannot exist without trade. Moreover, the trade in art

profits from the belief that art is sacred and beyond commerce. For art-dealers denying the economy is profitable: it is commercial to be anti-commercial. Such denial and simultaneous embrace of money is present in almost any transaction in the arts. Does this double moral standard contribute to the strong contrast between wealth and poverty in the arts? These are challenging questions that this book on the exceptional economy of the arts tries to answer.

The Art Forms Addressed Because I am a visual artist I shall use examples from the visual arts more than from other art forms, but this does not imply that my analysis only applies to the visual arts. On the contrary, in principal, I treat any object or activity that people in the West call art. For the analysis of the economy of the arts it is important however, to acknowledge that experts (or the general public) sooner call certain objects and activities art than other objects and activities. For instance opera is often 'more art' than pop music. In order to study this phenomenon, no art form, low or high, will be excluded from the analysis.

There is one exception; my analysis does not refer to the applied arts, but only to the 'fine arts' as they are called in the Anglo-Saxon countries or the 'autonomous arts' as they are called in mainland Western Europe. In the applied arts, the surplus of artists is not as large and income is more reasonable. In other words, the economy of the applied arts is not that exceptional.

The book analyzes the economy of the arts in mainland Western Western Europe, Britain and the USA. A recurring focus in the book will be comparing the economy of the arts in mainland Western Western Europe and the USA. In many respects Britain fits in somewhere in the middle. Therefore the book pays no separate attention to the economy of the arts in countries like Canada, Australia, or Japan.

Method and Form Letting the artist and economist join forces is easier said than done. The culture of economists differs from the culture of artists, as was observed in *The Two Cultures* by C. P. Snow.¹ Artists and economists speak

different languages. Nevertheless, the apparent conflict also offers ample material for analysis. Therefore I shall begin each chapter with a confrontation between my beliefs as an artist and my beliefs as an economist and social scientist. In other words, by taking both points of view seriously, I will try to deal with the economic impact of the mystique of the arts. In doing so, I will also employ insights from the fields of sociology and psychology.

But by using the artist's perspective along with that of more than one academic discipline I run the risk of losing readers along the way. On the one hand, artists and other people working in the art as well as readers educated in another social science may find the story to be too economic, while those educated in economics may find the arguments too artistic or sociological. I must also warn the reader that this book does not intend to produce the precise, rigorous and parsimonious research often associated with economics. In order to make sense of the exceptional economy of the arts I shall stress the many ambiguities that confront the study of this peculiar economy. Nevertheless, by attempting to satisfy both the artist and economist inside me, I hope to satisfy the reader as well.

The analysis in this book rests on existing theories, available data, and on my own 'fieldwork' in the arts. The observations I make as an artist are an important ethnographic empirical source within an interpretative approach to economics.ⁱⁱ They contribute to the picture of the arts economy as I portray it in this book. I have tried to create a convincing picture. In this context, I advance a series of theses and propositions. I would be the first to acknowledge that the empirical support for some of these theses is insufficient. I also feel that more input from institutional economics would have been fruitful. Because, after all, I am desperate to resume my artwork, I am more than happy to let other, more skilled and patient researchers fill these lacunae. I certainly hope that my picture of the economy of the arts will inspire readers to draw their picture. Only then will something like a 'true' picture begin to emerge.

The questions that are raised at the end of each chapter will hopefully serve to stimulate the discussion. I included them to make the reading of the text less

passive. The questions do not have a single 'correct' answer. The questions will hopefully invite the reader to reflect on the chapter's findings.

For Whom I Have Written the Book The first group I had in mind while writing this book is *artists*. My colleagues are likely to recognize much of what I have written. The analysis will hopefully help them to develop a better understanding of their economic situation. I do not expect them to agree with all of my conclusions, but I think they will enjoy the discussion. Because of its critical stance, I think that this book should be a must read for all prospective artists. It should make them want to reconsider their decisions that led them to become artists.

This book is also written for *economists* interested in culture. I expect that for them it will contain some new and sometimes controversial insights. The same goes for other *social scientists*. I have tried to present economic insights in a way that will make them more accessible and interesting for non-economists.

Foremost, I have written this book for *art administrators* and people working in arts-related jobs. Because they are the 'mediators' between the arts and the rest of the world, they must be especially puzzled by the exceptional character of the economy of the arts. I expect that they as well as students who intend to find arts-related work shall benefit most from my book. This would apply to *students* following a variety of courses in cultural studies, cultural economics, art economics, art history, art marketing, and art management. The book does not offer straightforward advice, but hopefully its insights will provide the reader with cognition, inspiration, pleasure, *and* some useful despair.

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ⁱ 'Two Cultures and the Scientific Revolution' (1950) in C.P. Snow Public affairs, 1971

ⁱⁱ Cf. Lavoye (1990)