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WHY ARE ARTISTS POOR?

The Exceptional Economy of the Arts

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Summary of *Why are Artists Poor: The Exceptional Economy of the Arts*.
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The economy of the arts is exceptional (PREFACE). Despite the prospects of a low average income, many youngsters continue to choose a career in the arts. It seems obvious that artists are prepared to work for low incomes. Sometimes they even work a second job outside the arts just to be able to continue to make art. They seem to sacrifice themselves for the sake of their art. Not only artists but society as well contributes to this peculiar sector that is dependent on donations and subsidies for approximately half of its total revenues. How should one interpret and explain these kinds of 'anomalies'?

For a proper understanding of the economy of the arts it is important to realize that the definition of art is socially constructed (CHAPTER 1). Some social groups have a larger say in the establishment of the definition of art than others have. Nevertheless, the various socio-economic groups share the notion of what is real or high art and what is not. The lower socio-economic classes look up to the high art that is preferred by the upper classes and they apologize for their own aesthetic choices. Meanwhile, groups higher up on the social ladder look down on the art preferred by the lower classes. This mechanism is derived from the collection of myths or the mythology of art as something 'holy'. In the course of the book it turns out that the strange behavior of artists and donors stems largely from this mythology. It is the breeding ground of the exceptional economy of the arts.

Art as something holy is contradictory to the notion of calculation and monetary exchange (CHAPTER 2). Although the arts earn approximately half of their income in the market, the arts can only maintain their sacred status when people associate the arts with the values of the gift sphere rather than the market sphere. This status entails a denial of the economy. One does not find price tags on a gallery's walls; buyers who come to my studio avoid the subject of money; and when my gallery owner owes me money I only get paid when I pretend to be asking for a favor rather than rightfully demanding I be paid. This kind of denial has not always existed. One hundred years ago, this tendency was less evident, and perhaps this style of denial has already passed its zenith. Whether it has or not, this kind of denial will continue to influence the economy of the arts for a long time to come.

In keeping with this denial of the economy, some people claim that there is no relationship between quality and price (CHAPTER 3). In other words, there is no relationship between aesthetic value and market value. Others go even further, claiming that a negative relationship exists between quality and price. A high market price to these people, necessarily means low quality. I noticed that my colleagues and I regularly adjust our opinions depending on the situation. When we complain about our lack of financial success, we tend to blame others for being successful at making bad art that sells. But if one of us begins to sell some paintings, we insist that his or her work must have improved. The latter point of view, a positive relationship between price and quality, is what one would expect from an economist; I tend to defend this particular viewpoint in this chapter.

Experts determine aesthetic value; it is a social value. Their 'power of words' is comparable with the consumer's 'power of money'. The latter determines market value. These two powers do not always correspond. Due to their various origins, systematic deviations between market and aesthetic value can arise. Moreover, differences between the financial power of individual wealthy buyers in, for instance, the visual art market and the collective financial power of the masses in, for instance, the book, CD, or film markets can also hinder the correspondence between aesthetic and market value.

When there is a conflict between aesthetic and market value, governments often side with the experts. For instance, by buying and subsidizing avant-garde visual art which is not yet in demand, they increase the market value of this type of art and thus draw the two values closer together. However, by doing so, they also distort competition and they may hinder innovation.

Our inclination to regard artists as selfless is another expression of the denial of the economy (CHAPTER 4). It is said that artists do not care about money and in that way they manage to maintain their autonomy. We look down on commercial artists. However if artists do differ, it is only a matter of degree. In general, an artist is more or less commercial and more or less maintains his or her autonomy. The choices artists make can reduce or increase their autonomy, but

when people claim that artists lose their autonomy because of the choices they make this always serves rhetorical purposes.

Ironically and strangely enough, many artists are very money-conscious. They often have second jobs. Most of my models, for instance, are young artists who earn extra money working second jobs. But this income allows them to survive as artists. As soon as they have what they perceive as enough money to survive, they lose further interest in earning more money and instead spend more hours making their art. Nevertheless, a lack of interest in money for consumption or leisure purposes does not necessarily mean that artists are unconcerned about rewards and are thus considered selfless. Artists are not *that* exceptional. But it is likely that artists, more than other professionals, prefer personal satisfaction, recognition, and status to money. This preference is hardly a virtue. Upbringing and education have taught them the proper attitudes to take with regard to art and money. Through a process of socialization artists have internalized earlier rewards and naturally evolve as 'selfless' artists.

Given the habitus of artists, concepts like selfless and commercial become fairly meaningless. In the economic analysis however, it remains useful to assume that artists are oriented towards some kind of gain. If gain can also include rewards like status and personal satisfaction, this can be an acceptable abstraction. Artists do differ, however, when it comes to their own particular orientation towards rewards. For instance, the 'commercial' artist seeks money and fame in the market, while another artist may be oriented towards peer recognition, and yet another prefers government recognition and funding.

Artists are among some of the best-paid professionals (CHAPTER 5). Because consumers continue to seek authenticity, artist incomes can be extremely high. Artists are the only professionals who offer proof of their work's authenticity. When a mailman or a Shell executive has a stroke he or she can be replaced within a day. But if Karel Appel or Pavarotti dies, there will be no more new 'Appels' or Pavarotti CDs. The mythology of the arts in part insures that the artist's signature can be extremely valuable.

Despite these very high incomes, the average income in the arts is much lower than in comparable professions. In monetary terms, young artists are often severely punished. Depending on the arts sector and one's country of residence, an artist can earn on average between 30% to 100% less than other comparable professionals earn. So why does anybody want to become an artist? This book examines five reasons for the low average incomes earned by artists. The aforementioned inclination of artists to choose personal satisfaction, recognition and status over money is the most important reason. Moreover the artist's belief that there are more non-monetary rewards in the arts than elsewhere, further contributes to the attractiveness of the arts. Therefore, the arts are more attractive than one would expect, given the low average incomes.

Is it possible that society paints a too rosy picture of the arts? If this were true, then the average art student must be ill-informed, at least more so than other professionals are. In that case, poverty among artists is real. Their endeavors are not or only somewhat compensated by non-monetary incomes. If however, the artist is well informed, then there must be other types of rewards that compensate for the lack of monetary reward. Given the myths that surround the arts, I find it highly likely that artists are indeed ill-informed and that their poverty is, for the most part, real.

Artists were not always poor. Large groups of artists with low average incomes is mostly a twentieth-century phenomenon. (The mythology of the arts must have changed drastically some one hundred and fifty years ago.) The emergence of an ever-larger group of poor artists became particularly intolerable after the Second World War. Therefore, the mainland Western European countries began supporting the arts with rapidly increasing amounts of funding. Since that time, the goal of improving the economic position of artists has played an important role in subsidization policies.

Considering that artists' incomes remained low or even decreased implies that these efforts were largely ineffective. In this respect, I argue that poverty in the arts is structural. Given the inclination of artists to exchange money for other rewards, subsidies do not necessarily lead to higher incomes; in fact, it may just result in more people wanting to become artists. Subsidization increases the number of poor artists per hundred thousand inhabitants and thus increases poverty. This thesis seems to be correct when we compare countries with high and low levels of subsidization. Looking at the consequences of important changes in subsidization in the Netherlands this thesis becomes even more plausible.

If artists with low or negative incomes do manage to survive, they must do so with the help of other incomes, such as inheritances, or a partner's economic assistance or incomes earned from a second job. When artists clean or wait in a restaurant the second job only serves their art careers. It enables artists to do their art. Occasionally artists manage to find attractive second jobs however, such as arts-related jobs like teaching art or participating on art subsidy committees or non-arts jobs (like teaching the economics of the arts part time at a university). These kinds of jobs offer more than mere monetary support for an artist's career. The number of artists remains relatively small but continues to increase. The artists profession has always been one for the well-to-do, and thus, it could be a matter of 'history repeating itself'.

In the arts quality seems to be more important than price. By adhering to this adage, artists and art directors deny the economy (CHAPTER 7). But reality is quite different. Costs have always had some influence on the quality of art. But because producing art has become increasingly expensive, the need to consider costs in the arts is stronger than ever before. During the past few centuries,

many other economic sectors have seen increased labor saving techniques, but not in the arts. Currently, the production of a loaf of bread costs far less time than it did two centuries ago, but one still needs four musicians to perform a Haydn string quartet. Therefore, without government intervention live performances would lose out competitively to other forms of entertainment and eventually vanish.

However, this prophecy of doom rests on a false assumption. For instance, it assumes that quality in the arts remains constant and that art must remain authentic. A change in quality such as adding electronic amplification in the case of a string quartet in order to reach a larger audience remains a taboo. But the entire notion of unchanging quality is itself a dubious concept at best. In earlier times, audiences (and composers) applauded the introduction of ever-louder musical instruments. These kinds of changes had a far greater effect on quality or the character of music than electronic amplification.

Furthermore, the cost-disease does not always have malicious consequences. In fact, the richer and better-educated people are the more they're prepared to spend on cultural entertainment. But for the time being traditional live art performances do not profit a great deal from this phenomenon. This may mean that subsidies were actually counter-productive.

Who gives to the arts and why (CHAPTER 8)? Probably the largest donor group to the arts is probably the artists themselves as they are often prepared to work for low incomes. They live ascetically and often use savings or money they earn in a second job to subsidize their art activities. Furthermore, a substantial amount also comes from the artists' partners.

A large number of smaller donations are often more important than small numbers of large donations. For instance, the total number of people who give to street artists is bound to be large. Many groups like 'the friends' of a museum or orchestra, especially in the US, donate large amounts even though most of the members are not particularly wealthy. Meanwhile the flamboyant donations of the wealthy such as donating a new wing to a museum are much more likely to get the attention.

A donor's gift can change the course of history, even if it's only slightly. For instance, a donation might mean that an orchestra can purchase a new instrument, and this kind of 'history making' pleases donors. Furthermore a large donation means increased prestige, yet another perk for the donor. This is how large powerful donors like royalty, national governments and corporations use art. Because of the fact that art has such a high status, one's mere association with art earns a donor respect. Art offers donors a sublimated form of power. Nowadays displaying one's art collection can end up being more impressive than showcasing one's army. Art has a similar function for large corporations. Monopolies and corporations who market socially disapproved of products such

as tobacco often support the arts and thus re-legitimize their status. The aura of art can sometimes perform miracles.

In general, donors have more power than recipients. Nevertheless, donations to the arts often involve a set of conventions. Not donating can lead to a guilty conscience and some form of punishment. For instance, a community of wealthy American citizens or entrepreneurs often chastises deviant behavior. Similarly, European banks cannot afford *not* to have an art collection. No collection means less prestige and ultimately more difficulty luring candidates to fill the higher positions. In mainland Western European politics being against art subsidies can be a risky political stance. And so, although donors usually maintain their position of power, the art world is often not as vulnerable as it seems to be.

The question of why governments are often so generous to the arts still needs to be answered. Is it to serve the general interest or the interest of a specific segment of the population (CHAPTER 9)? Arguments (among others from the realm of welfare economics) that claim it is in the general interest and refer to market imperfections have undoubtedly contributed to the institution and perpetuation of art subsidies. The market is unable to educate people who make the 'wrong' choices when it comes to art. The market is also incapable of rectifying unfair distributions of income. Furthermore, the market is also incapable of adequately taking care of people's preferences for public goods and external effects. Nevertheless, the arguments for art subsidies that are based on the general interest argument are almost always false, because better alternatives do exist and subsidies have no effect or are even counter-productive. Furthermore, a subsidy strategy might in fact cause unfair competition. Subsidies exacerbate the poor economic state of unsubsidized art, which therefore cannot compete with developments abroad.

Although these kinds of arguments, especially the education argument, have contributed to the large subsidy levels of today, it is unlikely that false arguments can fully explain subsidization over time. The obvious solution then, is to pursue an element of the explanation in the notion of special group interests instead. The arts offer favorable conditions for so-called rent-seeking, the phenomenon of special interest groups successfully pressuring governments to pursue policies that are in their own interest. Nevertheless, in most countries no organized pressure groups in favor of art subsidies exist in the arts. Organized pressure does not sit well with the perceived individualistic and autonomous spirit of the arts. This does not necessarily mean that the art world is totally powerless, however. Even without organized coercion, civil servants find themselves under pressure to support the arts.

Rent-seeking plus the promotion of the general interest argument help contribute to why governments in general offer such generous subsidies to the arts, but not totally satisfactorily. Therefore, I have come up with an important additional explanation to why governments support and use art (CHAPTER 10). In this

context, it should be noted that government interest is more than the sum of the interests of its politicians and civil servants. In other words, governments have some fair amount of autonomy.

At first it seems very unclear as to specifically why governments need art. In the past, artworks transmitted messages (propaganda) on behalf of royalty and the church. But as artistic autonomy grew, 'message art' became relatively insignificant. Nevertheless, art can still be useful to governments. More than anything else governments employ art for display purposes. Power centers always need display to legitimize and further accumulate their power. They need a display that is aimed at their own citizens, but also one that can be projected outward toward other nations (or regions or towns). Whereas in the past display primarily served to overwhelm a nation's loyal subjects with a sense of awe. Today the contribution to social cohesion tends to be of primary importance.

In the world arena where nations compete for prestige and power open display of military might have become less important. The struggle for prestige has moved to the economic and cultural spheres. Successful nations must manage to dominate others both economically and culturally. Within this competitive arena large and small nations try to promote their cultural identities abroad hoping to impress others. This may eventually lead to higher status levels, the successful marketing of their culture and eventually an increase in cultural exports.

Although display suggests pomp, display can also be modest and veiled. The display of royalty in the past, as well as that of the former Eastern bloc regimes with their pompous architecture and realist art, does not fit in with today's modern display strategies. Nevertheless, differences remain: for instance, display in France tends to be more open, while in the Netherlands it is more veiled. In the Netherlands, the government does not seek conspicuous symbols of sublimated power; instead it invests in a number of seemingly modest events that nevertheless collectively show that the Dutch government is powerful, more powerful than one would expect given the small size of the country.

The last of the three explanations of government intervention argues that the government is a powerful donor. In the second explanation, the art world holds some level of control over the government, which ultimately implies that the government has to pay its 'duties'. In the first explanation, the government is expected to serve the general interest via subsidization: it is obliged to donate and thus subsidies must be classified as an obligation halfway between gift and duty.

The emergence of a so-called 'experts regime' in the arts demonstrates that the three explanations often complement one another. In the last three decades of the twentieth century, an increasing number of professionals have begun mediating between the arts and governments. Directly or indirectly the government pays most of these professionals. Because these professionals

moderate for the various interests, all three of our explanations have some relevance.

The existence of informal barriers in the arts makes the economy of the arts exceptional (CHAPTER 11). In comparable professions, group size is limited by the admission standards, qualifications, and other requirements. These exclusionary regulations help maintain higher levels of income and status than they would have been without some form of regulation. The mythology of the arts over the last century and a half has meant that any formal controls are taboo. Preventing artists from making art is contrary to art's high ideals such as the much-vaunted autonomy of art and artists.

Nevertheless, the arts are less unrestricted than they appear to be. Many informal barriers do exist. These barriers encircle groups of artists, galleries, or impresarios that, according to the appointed gatekeepers, have qualities that others lack. There is, however, no official administrator that controls these barriers. Instead, the regulatory power emerges from a discourse in which numerous experts with varying degrees of influence participate. Informal barriers can become linked to formal barriers. A government grant, for instance, can signal quality as defined by the gatekeepers of an informal barrier. However, because there remains a taboo on permanent formal barriers, these kinds of connections are temporary.

Informal barriers in the arts are always dynamic, which also applies to the implicit admission criteria, which are often based on the reputations of insiders and outsiders. Vague container words refer to related styles or attitudes within a group. Groups are also indirectly represented when associated with the name of a particularly pivotal artist. The name of such artist then, represents a larger group of associated artists.

Thus informal barriers make the arts less unstructured than they appear to be. Those who arrive with the right cultural and social capital and who manage to increase it along the way, have a greater chance to pass through the various informal barriers than the average newcomer does. Even though these perceived insiders still have less of a chance than people in other professions do. Furthermore, informal barriers allow successful artists to periodically pass on their advantages to protégés. The average newcomer is quite unaware of this and thinks the arts are open and that it's all a matter of talent and hard work. This is why so many migrate to this perceived Promised Land.

The portrait of the economy of the arts I present in this book is a grim one (CHAPTER 12). On the one hand, my analyses demystify the arts. Ordinary interests remain hidden behind high ideals. On the other hand, the economy *is* actually quite grim. The glitter and glory is only available to a few artists. The large majority of artists is relatively poor. And so there you have it: at the beginning of the twenty-first century in the world's most prosperous countries a

highly esteemed group of professionals is dirt poor. Why does this situation continue to be the prevalent reality for the majority of artists? Who profits from this situation? Is it a matter of wholesale exploitation of a vulnerable target group?

Although the presence of many less than successful artists helps to contribute to the magic and the high status of art, governments, art institutions, and successful artists do not deliberately try to maintain an unduly high number of poor artists. Nevertheless, effective social relations do exist that tend to encourage a situation in the arts that reveals many losers, which eventually only serves to enhance the high status of the arts. Furthermore, as noted earlier, donors, governments, and art consumers need high status art in order to maintain their own status and further help legitimize their activities. They also believe that they need a large supply of artists to increase the chances of an exceptional talent emerging. And on a meta-level, it is even possible that society needs a sacred domain, a domain that the arts presently furnish.

If governments were to interfere less in the arts and offer fewer subsidies, the economy of the arts would become less exceptional and, as a result, artists would not be nearly as poor. Nevertheless, for the time being this remains an unlikely scenario because governments are just as locked into the present mythology of the arts as the other participants are.

Because artists have also internalized this mythology one can say that artists 'sacrifice themselves' for art. But if we step back to get a little perspective we see that it is quite reasonable to say that artists are just as often 'sacrificed' within the exceptional economy of the arts.

This book's representation of the exceptional economy of the arts is not free of the times it was written in and it is not eternal. Even if this description were to adequately describe the arts economy for the next few decades to come, there are signs that another economy is already beginning to emerge. For instance, postmodern influences on the arts could signal changes to this economy in the not so distant

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