

# Table of Contents

## Preface 11

### 1 Sacred Art

*Who Has the Power to Define Art?* 17

- 1 Art is What People Call Art 18
- 2 Cultural Inferiority and Superiority Color the Economy of the Arts 20
- 3 'Art is Sacred' 23
- 4 'Art is Authentic' 25
- 5 'Art is Superfluous and Remote' 27
- 6 'Art Goes Against the Rules and so Adds to Cognition' (Goodman) 28
- 7 'Artists Resemble Magicians' (A personal view) 29
- 8 The Mythology of the Arts Influences the Economy of the Arts 30
- 9 Conclusion 32

### 2 The Denial of the Economy

*Why Are Gifts to the Arts Praised, While Market Incomes Remain Suspect?* 34

- 1 The Arts Depend on Gifts and Trade 38
- 2 The Amount of Donations and Subsidies is Exceptional 40
- 3 'Art that is Given Must not be Sold' 42
- 4 'The Market Devalues Art' 44
- 5 The Arts Need the High Status of the Gift Sphere 46
- 6 The Economy in the Arts Is Denied and Veiled 47
- 7 A Dual Economy Requires Special Skills 48
- 8 Conclusion 50

### **3 Economic Value Versus Aesthetic Value**

*Is There Any Financial Reward for Quality?* 52

- 1 Aesthetic Value and Market Value Differ in Definition 55
- 2 'In the Market there is no Reward for Quality' 56
- 3 Values are Shared 58
- 4 There is No Such Thing as a Pure Work of Art 60
- 5 Buyers Influence Market Value and Experts Aesthetic Value 62
- 6 Power Differences Rest on Economic, Cultural and Social Capital 64
- 7 In Mass Markets Quality and Sales Easily Diverge 66
- 8 The Strife for Cultural Superiority in the Visual Arts (An Example) 67
- 9 The Power of Words Challenges the Power of Money 69
- 10 The Government Transforms Cultural Power into Purchasing Power 70
- 11 Donors and Governments Know Best 73
- 12 Market Value and Aesthetic Value Tend to Converge in the Long Run 74
- 13 Conclusion 76

### **4 The Selflessly Devoted Artist**

*Are Artists Reward-Oriented?* 78

- 1 The Selfless Artist is Intrinsically Motivated 81
- 2 Rewards Serve as Inputs 83
- 3 Artists are Faced with a Survival Constraint 85
- 4 Autonomy is Always Relative 87
- 5 Intrinsic Motivation Stems from Internalization 88
- 6 Habitus and Field 90
- 7 Selfless Devotion and the Pursuit of Gain Coincide 92
- 8 Artists Differ in Their Reward-Orientation 94
- 9 Types and Sources of Rewards Matter to Artists 96
- 10 Three Examples of Orientation Towards Government Rewards in the Netherlands 99
- 11 Conclusion 101

### **5 Money for the Artist**

*Are Artists Just Ill-Informed Gamblers?* 103

- 1 Incomes in the Arts are Exceptionally High 106
- 2 Art Markets are Winner-Takes-All Markets 107
- 3 People Prefer Authenticity and are Willing to Pay for It 110
- 4 Incomes in the Arts are Exceptionally Low 111
- 5 Five Explanations for the Low Incomes Earned in the Arts 113

6	Artists are Unfit for ‘Normal’ Jobs	115
7	Artists are Willing to Forsake Monetary Rewards	116
8	Artists are Over-Confident and Inclined to Take Risks	117
9	Artists are Ill-Informed	119
10	Conclusion	122

## **6 Structural Poverty**

### *Do Subsidies and Donations Increase Poverty?* 124

1	Artists Have Not Always Been Poor	126
2	The Desire to Relieve Poverty in the Arts Led to the Emergence of Large-Scale Subsidization	128
3	Low Incomes are Inherent to the Arts	129
4	The Number of Artists Adjusts to Subsidy Levels	131
5	Subsidies in the Netherlands Have Increased the Number of Artists Without Reducing Poverty	132
6	Subsidies Are a Signal that Governments Take Care of Artists	136
7	Subsidies and Donations Intended to Alleviate Poverty Actually Exacerbate Poverty	137
8	Low-priced Education Signals that it is Safe to Become an Artist	140
9	Social Benefits Signal that it is Safe to Become an Artist	141
10	Artists Supplement Incomes with Family Wealth and Second Jobs	143
11	Artists Reduce Risks by Multiple Jobholding	144
12	Artists Could be Consumers rather than Producers	146
13	Is there an Artist ‘Oversupply’ or are Low Incomes Compensated For?	147
14	Conclusion	149

## **7 The Cost Disease**

### *Do Rising Costs in the Arts Make Subsidization Necessary?* 152

1	‘Artistic Quality Should Remain the Aspiration, Regardless of the Costs’	154
2	‘The Arts are Stricken by a Cost Disease’	156
3	Technical Progress has Always been a Part of the Arts	158
4	There is no True Performance	160
5	The Taboo on Technical Innovation in Classical Music is a Product of the Times	162
6	The Cost Disease Contributes to Low Incomes while Internal Subsidization Contains the Cost Disease	164
7	There is no Limit to the Demand for Works of Art	167
8	Changing Tastes Can Also Cause Financial Problems	169



9	Pop Music has Attractive Qualities that Classical Music Lacks	171
10	Subsidies and Donations Exacerbate the Cost Disease	174
11	Conclusion	178

## **8 The Power and the Duty to Give**

### *Why Give to the Arts?* 181

1	Donors Receive Respect	183
2	Donors Have Influence and are Necessarily Paternalistic	186
3	Art Sublimates Power and Legitimizes the Donor's Activities	188
4	Gifts Turn into Duties	191
5	Donations and Subsidies are Embedded in Rituals	193
6	Artists Give and Pay Tribute	194
7	Family and Friends Subsidize Artists	197
8	Private Donors Give to Street Artists as well as to Prestigious Art Institutions	199
9	Corporations and Private Foundations Support Art	200
10	Conclusion	201

## **9 The Government Serves Art**

### *Do Art Subsidies Serve the Public Interest or Group Interests?* 203

1	Art Subsidies Need Reasons	206
2	'Art Subsidies are Necessary to Offset Market Failures'	208
3	'Art has Special Merits and must be Accessible to Everyone'	210
4	The Merit Argument has been Used Successfully	211
5	'Government Must Help Poor Artists'	213
6	'Art is Public and the Government Must Intervene to Prevent Underproduction'	215
7	'Art Contributes to Economic Welfare and so Must be Supported'	218
8	'Society Needs a Reserve Army of Artists and must therefore Support Art'	219
9	Government Distorts Competition in the Arts	221
10	Self-Interest Hides Behind Arguments for Art Subsidies	224
11	The Art world Benefits from Subsidies	225
12	The Government is under Pressure to Subsidize the Arts	227
13	Conclusion	230

## **10 Art Serves the Government**

*How Symbiotic Is the Relationship between Art and the State?* 232

- 1 Governments Have Interests and Tastes 234
  - 2 Art Appears to be Less Serviceable than it was during Monarchical Times 237
  - 3 European Governments Carried on the Former Patronage 240
  - 4 Veiled Display Serves Social Coherence 242
  - 5 The Cultural Superiority of the Nation Needs Display 244
  - 6 Government Taste Serves Display 248
  - 7 Governments are Willing to Support the Arts 250
  - 8 An Arts Experts Regime Harmonizes Government and Art World Interests 252
  - 9 Conclusion 254
- Appendix: Differences between Government Involvement in the Arts in the US and in Europe 255

## **11 Informal Barriers Structure the Arts**

*How Free or Monopolized Are the Arts?* 259

- 1 In other Professions Barriers Inform Consumers, Restrain Producers and Limit Competition 262
- 2 The Arts Resist a Formal Control of Numbers of Artists 263
- 3 In the Past Numbers of Artists were Controlled 265
- 4 Granting Certificates to Commercial Galleries in the Netherlands (An Example) 267
- 5 Characteristics of Informal Barriers 268
- 6 Informal Barriers Protect Collective Reputations 271
- 7 Innovations in the Arts are Protected and Indirectly Rewarded 272
- 8 The Arts are Structured and Developments are Controlled 274
- 9 The Risks of Some are Reduced at the Expense of Others 276
- 10 Conclusion 277

## **12 Conclusion: a Cruel Economy**

*Why Is the Exceptional Economy of the Arts so Persistent?* 280

- 1 The Economy of the Arts is an Exceptional Economy 282
- 2 Despite the Many Donations and Subsidies Incomes are Low in the Arts 283
- 3 A Grim Picture has been Drawn 284
- 4 Winners Reproduce the Mystique of the Arts 287
- 5 Society Needs a Sacred Domain 289
- 6 Future Scenarios with More or Less Subsidization 291

## **Epilogue: the Future Economy of the Arts**

*Is this Book's Representation of the Economy of the Arts*

*Outdated?* 295

- 1 Signs of a Less Exceptional Economy of the Arts 295
- 2 Artists with New Attitudes Enter the Scene (1) 298
- 3 Artists with new Attitudes Enter the Scene (2) 300
- 4 'Art Becomes Demystified as Society Becomes More Rational' 301
- 5 'Borders in and Around the Arts Disappear' 303
- 6 'New Techniques, Mass Consumption and Mass Media Help Demystify the Arts' 306

**Notes** 311

**Literature** 349

**Index of Names** 361

**Index of Subjects** 365