

Dimensions of dialogue: Art history and the discourse of economics

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A superficial view of the relations between economists and art historians reveals very little. Intellectual training, as well as the job opportunities that follow, appear to have little in common. Art history is not taught in the economics curriculum, and economics is not taught to students of art history. Economists consider art history as descriptive. Their often-heavy use of mathematics, statistics and econometrics, and the very idea that economists look at (and study) paintings by Raphael or Van Eyck as if they were commodities carrying a price tag, is not easy to admit for an art historian.

Though there now exists a burgeoning field called “economics of the arts,” or “cultural economics,” as well as several specialized journals,¹ *Handbooks*,² volumes of selected readings,³ these are hardly accessible to art historians who lack some basic training in economics. University degrees in cultural economics and entrepreneurship, or in the economics and management of the arts, are flourishing as well. They essentially concentrate on arts management and deal very little with art history or aesthetics, but may hopefully attract art historians or philosophers, bridge the gap between disciplines and offer new job opportunities.

In this entry, it is impossible to do more than a brief subjective survey of a few issues that could be of interest to art history, but we also hope that the many references will provide some guidance for the reader. The entry is organized around topics, and does not necessarily follow the chronological order.

Some historical forerunners

The two landmarks of art history and economics, Johann Winckelmann’s (1764) *Geschichte der Kunst des Altertums* and Adam Smith’s (1776), *An Inquiry into the Nature and Causes of the Wealth of Nations* are almost contemporaneous. This should have paved the way to a good

¹ Among which the *Journal of Cultural Economics*, the *Journal of Arts Management, Law and Society*, *Museum Management and Curatorship*, the *International Journal of Arts Management*, and probably a couple of others.

² Victor Ginsburgh and David Throsby, eds., *The Handbook of the Economics of Arts and Culture* (Amsterdam: Elsevier, 2006), Ruth Towse, ed., *A Handbook of Cultural Economics* (Cheltenham: Edward Elgar, 2003).

³ Mark Blaug, ed., *The Economics of the Arts: Selected Readings* (London: Martin Robertson, 1976).

understanding between the two emerging disciplines. Unfortunately, it did not, though most forefathers of the science that came to be called “economics” made forays into “art”: Jean Bodin (1530-1596), Bernard Mandeville (1670-1733), David Hume (1711-1776), Adam Smith (1723-1790), Anne Robert Jacques Turgot (1727-1781), Ferdinand Galiani (1728-1787), Jeremy Bentham (1748-1832), David Ricardo (1772-1823), John Stuart Mill (1806-1873), Stanley Jevons (1835-1882), Alfred Marshall (1842-1924), Lionel Robbins (1898-1984), a would-be artist. Even the great John Maynard Keynes (1887-1946), an active member of the Bloomsbury Group, and therefore close to Roger Fry, Clive Bell and other art theorists and artists, was of course interested, but contributed little to the question.⁴

Of course, at least before Marshall, these were times at which economics was closer to philosophy, and it is not surprising that great thinkers dealt with economics *and* the arts. Most of them were concerned with art as a “luxury”, or as the object of “conspicuous consumption;” prices; talent needed to create; “progress” in the arts; why people buy art; why competition is needed; exorbitant rewards (already); copyright; public support of the arts (or its regressive nature, since anyway, art is for the riches); moral utility of the arts, etc., but aesthetics and art history were far from being important in the discussion.⁵

The complex way of thinking of Smith, since he contributed to philosophy, economics and artistic production, lead to pushing the logic of the *ratio* to its very limits by Bentham, and his well known comparison of the arts to the game of push-pin:

“The utility of all these arts and sciences, the value which they possess, is exactly in proportion to the pleasure they yield. Every other species of pre-eminence which may be attempted to be established along them is altogether fanciful. Prejudice apart, the game of push-pin is of equal value with the arts and sciences of music and poetry. If the game of push-pin furnish more pleasure, it is more valuable than either. Everybody can play at push-pin: poetry and music are relished only by a few.”⁶

⁴ This is what Sir Roy Harrod (1900-1978), professor of economics at Oxford writes in his biography of Keynes: “Maynard was infected by the enthusiasm, and, in due course, became a buyer of pictures and books. His flair for the subject is testified by the value of his collection of modern pictures (£ 30,000 at his death in 1982) which he bought, for the most part, at very modest prices.” Roy Harrod, *The Life of John Maynard Keynes* (London: Macmillan, 1951).

⁵ For a good survey, see Craufurd Goodwin, Art and culture in the history of economic thought, in Victor Ginsburgh and David Throsby, eds., *The Handbook of the Economics of Arts and Culture* (Amsterdam: Elsevier, 2006). The paper by Neil de Marchi, Reluctant partners. Aesthetic and market value, 1708-1871, in Jack Amariglio, Steven Cullenberg and Joseph Childers, eds., *The Aesthetics of Value* (London: Routledge, 2008) describes some relations between aesthetic value and economic thought starting with Adam Smith.

⁶ Bentham, cited by Goodwin, 43.

David Hume (1711-1776) and Stanley Jevons are among those who are closest to art history and philosophy. Hume's essay "Of the standard of taste,"⁷ published in 1757, and probably at the origin of "the test of time," generated many books,⁸ and papers in aesthetics. Jevons was an aesthete, who "acknowledges having had a profound aesthetic experience while seeming unwilling to incorporate the artistic dimensions of life into economics."⁹ He suggests that to make unsophisticated people benefit from the arts, these should be imposed on them, since aesthetic experience cannot be anticipated.

Goodwin¹⁰ singles out three historical art figures who were against the general laissez-faire ambience in Great-Britain in the late 19th century: the poet and essayist Mathew Arnold (1822-1888), William Morris (1834-1896), an artist associated with the Pre-Raphaelites, who became the leader of the Arts and Crafts movement, and the art critic and art historian John Ruskin (1819-1900). Arnold was afraid that economic development was destructive and lead to anarchy, which could be avoided by actions such as "the cultivation of the arts and culture through a liberal education."¹¹ Though Morris became a well-to-do businessman, he "believed that the arts could prosper only under conditions of collective ownership of the means of production, either through conversion to a socialist state or through a communist revolution."¹² There were less famous people who also contributed to the discussion. While he was an assistant-librarian at the British Museum, Edward Edwards (1812-1886), for example, writes an appeal to support the arts in general and museums in particular.¹³

Ruskin was already well known as art critic when he embarked on a crusade against the economics that were prevailing. He rejects the "laissez-faire" motto of the time: markets alone do not ensure that consumers make the best use of the goods that are offered to them, unless they

⁷ David Hume, *Of the standard of taste*, in *On the Standard of Taste and Other Essays* (Indianapolis: The Bobbs-Merrill Company, [1757], 1965).

⁸ In particular Anthony Savile, *The Test of Time. An Essay in Philosophical Aesthetics* (Oxford: Clarendon, 1982).

⁹ Goodwin, 54.

¹⁰ Goodwin, 49-52.

¹¹ Goodwin, 50.

¹² Goodwin, 52.

¹³ Edward Edwards, *The Fine arts in England; their state and prospects considered relatively to national Education. Part 1. Administrative Economy of the Fine Arts* (London: Saunders and Otley, 1840). Edwards was not the first to ask the state to support the arts, Leibniz had already done so. See William Schupbach, *Some cabinets of curiosities in European academic institutions*, in Oliver Impey and Arthur MacGregor, eds., *The Origins of Museums* (Oxford: Clarendon Press, 1985) 176-177. Similar pleas were made during the French revolution in favor of the Louvre and of the Conservatoire National des Arts et Métiers in Paris. See Dominique Poulot, *Musée, nation, patrimoine* (Paris: Gallimard, 1997).

are educated to do it.¹⁴ Needless to say, that at the time, the economics profession ignored his recommendations, though Ruskin's social and political way of thinking, which tries to construct links between the arts, nature and ethics, had an influence on the British Labor Party, as well as on Gandhi. With a few exceptions due to Marxist art historians,¹⁵ Ruskin is one of the very few with original economic ideas and arguments, some of which art historians could still endorse today.

Public support of the arts. A contemporary view

Ruskin's views are, to a certain degree, represented in some of the arguments that economists invoke today to subsidize the arts, since competitive markets fail to provide enough of them. Most apply to supply *more* art, but little is known about whether this support enhances also the quality supplied: Does larger support coincide with "better" art? Here is a non-exhaustive list of the most important economic rationalizations for such support.¹⁶

(a) The most frequently invoked argument is that art, whatever its form, is a public good. It benefits not only those who attend or see it, and who pay for it, but also benefits all other consumers, who do not necessarily wish to contribute voluntarily to its production or to its preservation (sometimes because they are not yet born), and free-ride. Every citizen can benefit from seeing a sculpture in a public park, but some have to pay for it, while the others do not. If the arts are left to the market, they will not be priced correctly, and will thus be under produced (performing or visual arts) or not saved for future generations (museums and heritage in general). Therefore, public support is needed. Artistic activities also produce "services" that cannot be sold on the marketplace, such as civilizing effects, national pride, prestige, and identity, social cohesion, ... which, supposedly, benefit all consumers.

(b) Art is a "merit" good that is, a good that the public sector should provide free or cheaply, since otherwise its consumption would be too low, though consumers would like to consume more. Since consumers are not fully informed, they are unable to evaluate all its benefits without public intervention, and "the public would benefit from a more educated taste."¹⁷

¹⁴ See John Ruskin, *A Joy Forever* (London: Georges Allen, [1857] 1904) and John Ruskin, *Unto this Last* (London: Penguin, [1862] 1985).

¹⁵ See Georgyi Plekhanov, *Art and Social Life* (London: Lawrence and Wishart, 1936); Nicos Hadjinicolaou, *Histoire de l'art et lutte des classes* (Paris: Maspero, 1973); Frederick Antal, *Florentine Painting and its Social Background. The Bourgeois Republic before Cosimo de' Medici's Advent to Power: XIV and Early XV Centuries* (London: Kegan Paul, 1948); Arnold Hauser, *The Social History of Art* (London: Routledge, 4 vol., [1951] 1999).

¹⁶ See, however, William Grampp, *Pricing the Priceless, Art, Artists and Economists* (New York: Basic Books, 1989) for an entertaining rebuttal of all the arguments.

¹⁷ Tibor Scitovsky, What's wrong with the arts is what's wrong with society, *American Economic Review* 62 (1972) 62-69.

(c) For equity reasons, art should be made available also to low income consumers who cannot afford to pay. Poor artists should be supported alike.

(d) Culture is transmitted by education and from parents to children. Since parents can hardly be considered as purely altruistic, an additional market failure is generated, which needs support for efficiency (and equity) reasons.¹⁸

(e) The arts are also said to yield “externalities” on other sectors of the economy. Old castles, well-known opera houses or orchestras, exhibitions and art festivals or fairs attract visitors and tourists. So do museums with good collections, while newly constructed museums are claimed to contribute to city renewal (an argument used, for instance, to attract public support for the Bilbao Guggenheim). This is supposed to have spillover effects on hotels, nearby restaurants and shops, generate new activities and came to be called the “arts multiplier:” One dollar spent by the state to attract visitors generates more than one dollar of other expenses by those visitors.

There are however also negative aspects that have been discussed. Forty-five thousand monuments are listed in France, and this number is increasing every year, without much legal possibility to drop a monument once it is listed. In the United Kingdom, there are 40,000 scheduled monuments and sites and 500,000 listed buildings. Maintaining this heritage obviously implies costs, and these costs are increasing. The number of specialists who are able to reconstruct and restore is dwindling, the materials needed are becoming rare and often expensive to extract, and monuments deteriorate at an increasing rate, since they are visited more often, and subject to pollution.¹⁹ The decision to list heritage sites less often will have to be made, and perhaps also the decision to drop monuments and allow their demolition. Property rights may have to be redefined to induce private owners to care for their properties, and polls or even referenda may be needed to elicit preferences and help decision makers.²⁰

The number of museums also increased dramatically during the last years, and so have collections, generating serious constraints on exhibition space,²¹ with as much as 80 to 90% of the works that are not shown (97% in the case of the Art Institute in Chicago). Should these works be kept in storage forever, or should museums be allowed to de-accession? Should

¹⁸ See Luc Champarnaud, Victor Ginsburgh and Philippe Michel, Can public arts education replace arts subsidization?, *Journal of Cultural Economics* 32 (2008), 109-126.

¹⁹ See Françoise Benhamou, *L'économie de la culture*, (Paris: La Découverte, 2003) 58-64.

²⁰ For a recent survey of the issues, see Alan Peacock and Ilde Rizzo, *The Heritage Game. Economics, Policy and Practice* (Oxford: Oxford University Press, 2008).

²¹ The forms used by contemporary art (e.g. installations) make this constraint even more severe.

museums charge entrance fees?²² Curiously enough, the French, whose successive governments claim to have the largest budgets to support the arts, insist that museums should charge visitors -- and they generally do so, while free admission at the six British national museums was reintroduced in 2001. How would the management of museums be affected if the value of their collections were considered as capital that could maybe used otherwise and make the population better off?²³ Should museums be transformed into temporary exhibition halls? How should museums (as well as many other cultural institutions) be evaluated? Their output (or success) can obviously not be measured by profits, nor by the sole number of visitors, as has often been suggested, and done. According to the ICOM definition, a museum “acquires, conserves, researches and communicates, and exhibits for the purpose of study, education and enjoyment, material evidence of people and their environment.” This makes for an activity with multiple outputs, and measuring its performance calls for the use of appropriate economic methods.²⁴

The last argument for subsidization, that is more specific to the performing arts, is based on the difficulty or impossibility to achieve productivity gains. It was put forward more than thirty years ago and came to be known as the Baumol cost disease.²⁵ It can be briefly stated as follows. Since wages escalate in sectors other than culture, they must also do so in the performing arts to make these attractive enough for artists to enter, but since no productivity gains are possible wage increases have to be passed fully to prices. Therefore the relative price of the performing arts increases and, unless subsidized--or supported by donors and private funds--, the sector will shrink and eventually disappear.²⁶

Government intervention may be channeled under several forms. It can be direct, since some art institutions or companies are state-owned, but even if this is not the case, the state, regional

²² For an extended discussion, see François Mairesse, *Le droit d'entrer au musée* (Bruxelles: Labor, 2005).

²³ There is a large literature on the economics of museums, starting with the paper by Alan Peacock and Charles Godfrey, The economics of museums and galleries, *Lloyds Bank Review* 111 (1974) 17-28. See the important volume on the management of American museums by Martin Feldstein, ed., *The Economics of Art Museums* (Chicago: The University of Chicago Press, 1901) as well as a recent survey by Bruno Frey and Stephan Meier, The economics of museums, in Victor Ginsburgh and David Throsby, eds., *The Handbook of the Economics of Arts and Culture* (Amsterdam: Elsevier, 2006). See also the iconoclastic view by William Grampp, A colloquy about art and museums: economics engages museology, in Victor Ginsburgh and Pierre-Michel Menger, eds., *Economics of the Arts. Selected Essays* (Amsterdam: North Holland, 1996).

²⁴ See François Mairesse and Philippe Vanden Eeckaut, Museum assessment and FDH technology. Towards a global approach, *Journal of Cultural Economics* 26 (2002), 1017-1050.

²⁵ William Baumol and William Bowen, *Performing Arts. The Economic Dilemma* (New York: Twentieth Century Fund, 1966).

²⁶ It is worth quoting the (now) standard argument by Baumol and Bowen: “The output per man-hour of the violinist playing a Schubert quartet...is relatively fixed, and it is fairly difficult to reduce the number of actors necessary for a performance of Henry IV, Part II.” Note that this argument has often been refuted, since performing artists of all kinds can now also benefit from derived products, such as records, or T-shirts.

authorities or municipalities can provide direct subsidies, allow tax deduction for charitable contributions, gifts or bequests by firms or individuals,²⁷ or even provide consumers with vouchers that give them the right to attend cultural events. A less direct form of intervention is regulation, such as protecting artists against being plagiarized, or against alterations or destruction of their works, or ensuring financial rewards to living artists and to their heirs during as much as 70 years after their death under the form of copyright or resale rights. The ubiquity of copyright has led to a very large literature, at the confines of law and economics. Its economic justification is based on the idea that it provides incentives to create, and that the absence of protection would lead to underproduction--the same idea is used to justify protection of industrial patents. Obviously, regulation has led to overregulation, probably driven by the rent-seeking behavior of author societies that collect transaction fees, much more than by artists themselves.²⁸

Economists and the arts. Incursions into art history

Economics is also making (sometimes imperialistic) forays in other fields, such as history. Quantitative economic history or “cliometrics,” widely adopted by the Ecole des Annales in the 1920s, is now a respected science, which even has, since 1993, its Nobel Prize winners, William Fogel and Douglass North, as well as its journals. Art history can also be looked at in a more quantitative way.

Peter Burke is one of those who came very close to this.²⁹ John Michael Montias (1928-2005)--a Yale economist turned to famous art historian, respected for his work on Vermeer³⁰ and on Dutch Golden Age painting--showed the lead in analyzing art history similarly to what the Ecole des Annales did for history in general.³¹ Instead of analyzing leading figures and facts, his work centers on ordinary people.³² In his analysis on 17th century Dutch art collectors in

²⁷ See John O’Hagan, *The State and the Arts. An Analysis of Key Economic Issues in Europe and the United States* (Cheltenham, UK : Edward Elgar, 1998).

²⁸ See William Landes and Richard Posner, *The Economic Structure of Intellectual Property Law* (Cambridge, MA: Harvard University Press, 2003), and Simon Stokes, *Art and Copyright* (Oxford: Hart Publishing, 2003).

²⁹ See Peter Burke, *The Italian Renaissance. Culture and Society in Italy* (Princeton, N. J.: Princeton University Press, 1986).

³⁰ John Michael Montias, *Vermeer and His Milieu: A Web of Social History* (Princeton, NJ: Princeton University Press, 1989). In his review of the book in *The New York Times*, the art critic John Russell wrote that Montias had “proved that there is a great deal more to art history than shuffling slides in a library.”

³¹ See among others John Michael Montias, *Artists and Artisans in Delft. A Socio-economic Study of the Seventeenth Century* (Princeton, NJ: Princeton University Press, 1982).

³² “His work opened the door for a new genre of art history in which artists were analyzed in the context of their societal and economic surroundings and not merely their works.” (Katryn Shattuck, *The New York Times*, August 1, 2005).

Amsterdam,³³ he illustrates how quantitative methods can be used in art history. In another strand of research, he uses archives that had not been brought to light before, and examines the intricate relations between artists, art dealers and their patrons. He shows that dealers were only modestly successful. They relied on friends, business as well as religious acquaintances, and their family for their working capital, of which they seemed to be in constant need. They also relied on auctions to replenish or empty their inventories, but since auctions were mainly visited by in-town buyers, room was left for arbitrage among distant cities. Their role in dealing works by the major artists of their time seems also to be quite limited.³⁴ Much work in similar directions is described in the papers jointly written by economist Neil de Marchi and art historian Hans Van Miegroet. Their work on copies (see below), on early auction markets,³⁵ and more generally on economic art history,³⁶ should be singled out.

Art works are, with some exceptions, heterogeneous. Each creation is unique and markets can hardly be analyzed by the standard supply-demand mechanism. This has led economists to study

- (a) whether the returns obtained on artworks outperform those of financial markets,
- (b) what can be said about the characteristics or properties that determine values,
- (c) why tastes change,
- (d) whether art historic values change
- (e) careers of artists
- (f) the status of copies and fakes.

(a) *Financial returns on art*. Though the idea was discussed earlier, the paper by Baumol³⁷ on financial returns of art, published in 1986 was probably one of the most influential studies, since the conclusions are based a very long series of prices (1650-1960) collected by Reitlinger.³⁸

³³ John Michael Montias, Quantitative methods in the analysis of 17th century Dutch inventories, in Victor Ginsburgh and Pierre-Michel Menger, eds., *Economics of the Arts. Selected Essays* (Amsterdam: North Holland, 1996).

³⁴ His work on this topic is summarized in John Michael Montias, Art dealers in Holland, in Victor Ginsburgh, ed., *Economics of Art and Culture* (Amsterdam: Elsevier, 2004).

³⁵ Neil De Marchi, Auctioning paintings in late 17th century London, in Victor Ginsburgh, ed., *Economics of Art and Culture* (Amsterdam: Elsevier, 2004).

³⁶ Neil De Marchi and Hans Van Miegroet, The history of art markets, in Victor Ginsburgh and David Throsby, eds., *The Handbook of the Economics of Arts and Culture* (Amsterdam: Elsevier, 2006). The chapter contains a large number of references to their own and others' work.

³⁷ William Baumol, Unnatural values: or art investment as a floating crap game, *American Economic Review* 76 (1986) 10-14.

³⁸ Gerald Reitlinger, *The Economics of Taste: The Rise and Fall of the Picture Market, 1760-1960* (London: Barrie and Rockliff, 1961) and *The Economics of Taste: The Rise and Fall of the Picture Market, 1760-1960* (London: Barrie and Jenkins Ltd, 1971).

Baumol finds that the average real return rate is equal to 0.55% per year, some 2% lower than the return on bonds. The difference can, according to Baumol, be attributed to the return provided by aesthetic pleasure. Financial returns on works of art have been analyzed very often,³⁹ and results vary wildly across time and types of works.

(b) *Characteristics or properties of art.* Values are determined by the name (or the reputation) of the artist, but this explains little, and one should understand why reputations differ, and what makes a painting “good” or “bad.” Decomposing “quality” in terms of (hopefully) objective characteristics should be possible. After all, this is what, back in 1708, the French art historian de Piles⁴⁰ had in mind when he wrote that “the true understanding of painting consists in knowing whether a picture is good or bad, in distinguishing between that which is good in a certain work and that which is bad, and in giving reasons for one's judgment.”⁴¹ This led him to grade on a scale of twenty, characteristics such as composition, drawing, color and expression, for a group of painters, and rank them accordingly. Though de Piles himself looked on this as a game, his contemporaries considered it as a “clever way to characterize genius.”⁴² Later, this view changed, and art historians and philosophers expressed very strong objections against such views. Schlosser⁴³ hates the *balance*. Gombrich describes the exercise as a “notorious aberration.”⁴⁴ In his book on de Piles' theory of art, Puttfarcken thinks of de Piles as having been “at his worst when he tried to be most systematic.”⁴⁵ Economists who are used to work on quality differentiation found de Piles' work to be a nice playground and analyze his *balance des peintres* in a certain number of ways, generally using some econometrics. Davenport and Studdert-Kennedy⁴⁶ was followed by Mairesse⁴⁷ who tries to connect de Piles' scores, the number of lines devoted by him to the same painters in his *Abrégé de la Peinture*, as well as the number of paintings in the King's collection. Mairesse suggests that the three groups of variables are

³⁹ See Bruno Frey and Reiner Eichenberger, On the rate of return in the art market: Survey and evaluation, *European Economic Review* 39 (1995) 529-537 and Victor Ginsburgh, Michael Moses and Jianping Mei, On the computation of art indices in art, in Victor Ginsburgh and David Throsby, eds., *Handbook of the Economics of Art and Culture* (Amsterdam: Elsevier, 2006) for surveys.

⁴⁰ Roger de Piles, *Cours de peinture par principes*, Paris: Gallimard [1708], 1992).

⁴¹ The English translation is borrowed from Jakob Rosenberg, *On Quality in Art* (London: Phaidon Press, 1969) 33.

⁴² Thuillier, Préface, in de Piles (1708, p. xxvii).

⁴³ Julius von Schlosser, *Die Kunstliteratur. Ein Handbuch zur Quellenkunde der neueren Kunstgeschichte*, Wien: Anton Schroll, 1924).

⁴⁴ Ernst Gombrich, *Norm and Form. Studies in the Art of the Renaissance* (London: Phaidon, 1966) 76.

⁴⁵ Thomas Puttfarcken, *Roger de Piles' Theory of Art* (New Haven: Yale University Press, 1985) 42.

⁴⁶ Michael Davenport and Gerald Studdert-Kennedy, The balance of Roger de Piles, a statistical analysis, *Journal of Aesthetics and Art Criticism* 32 (1974) 493-502.

⁴⁷ François Mairesse, Réflexion sur la balance des peintres de Roger de Piles, *Recherches Poïétiques* 8 (1999) 43-49.

correlated. Ginsburgh and Weyers⁴⁸ draw on this intuition and show (i) that de Piles' scores in the *balance* are only mildly reflected in his other writings and that color comes out only as a weak and unconvincing explanation of the space he devotes to individual artists in his *Abrégé*; (ii) that his *Abrégé* is more closely related to the number of paintings in the royal collection; (iii) that Félibien des Avaux, the (allegedly) traditionalist art historian who became member of the Royal Academy much earlier than de Piles, was less in agreement with the tastes of the King than was de Piles and (iv) that de Piles predicted in a much better way than Félibien and the Academy, who were the painters who would pass the test of time (colorists and Rubenism vs. draughtsmen and Poussinism).⁴⁹

It is interesting to point out that this decomposition of the “total value” of an object (be it a painting or a more down-to-earth object such as an automobile), into more basic characteristics was also suggested in economics by Kevin Lancaster⁵⁰ and became popularized in many papers as “hedonic pricing.” Another rejoinder between art history, art philosophy⁵¹ and economics.

(c) *Tastes*. Tastes do indeed change, and prices commanded by works of art often follow the movement. There are many examples of painters who have been “rediscovered,” including Botticelli, Vermeer, Goya or the Pre-Raphaelites. This is illustrated in Haskell’s famous work.⁵² It is unclear whether such changes are due to fads or fashion, or to more fundamental reasons. Grampp⁵³ suggests that the rapid succession of styles in contemporary art is due to the rapid increase of income, and to consumers “who seek novelty more often than they would if their income was lower.” Economists have, to our knowledge, never seriously investigated the changing tastes issue.⁵⁴

⁴⁸ Victor Ginsburgh and Sheila Weyers, De Piles, drawing and color, an essay in quantitative art history, *Artibus et Historiae* 45 (2002) 101-114

⁴⁹ Victor Ginsburgh and Sheila Weyers, On the contemporaneousness of Roger de Piles' balance des peintres, in Jack Amariglio, Steven Cullenberg and Joseph Childers, eds., *The Aesthetics of Value* (London: Routledge, 2008). See also Neil de Marchi, Reluctant partners. Aesthetic and market value, 1708-1871, in the same volume. De Marchi’s paper also discusses how the portraitist and art theorist Jonathan Richardson contributed to the debate, and suggested changes in de Piles’ ratings.

⁵⁰ Kevin Lancaster, A new approach to consumer theory, *Journal of Political Economy* 74 (1966) 132-157.

⁵¹ See e.g. George Dickie, *Evaluating art* (Philadelphia: Temple University Press, 1988) or Bruce Vermazen, Comparing evaluations of works of art, *Journal of Aesthetics and Art Criticism*, 34 (1975) 7-14.

⁵² See Francis Haskell, *Rediscoveries in Art. Some Aspects of Taste, Fashion and Collecting in England and in France* (London: Phaidon Press, 1980) for an account of these changes in France and in the United Kingdom between the late 18th century to the early 1920s.

⁵³ William Grampp, *Pricing the Priceless. Art, Artists and Economics* (New York: Basic Books, 1989) 66-68.

⁵⁴ At least empirically. George Stigler and Gary Becker, De gustibus non est disputandum, *American Economic Review* 67 (1977) 76-90 have developed a theory of changing tastes in the neoclassical framework of unchanging preferences, by introducing the notion of positive and negative addiction (music and smoking). Addiction (if positive) should enhance the role of education to culture. More education to culture would certainly lead to more participation in cultural activities (See Louis Bergonzi and Julia Smith, *Effects of Arts Education on the*

(d) *Changes in art historic values.* Changes in art-historic values have of course also been examined very often, but it is difficult to distinguish these from changes in tastes. Some recent quantitative work analyzing artistic canons gives a different perception than the one given by Haskell, since it shows that there is much more stability than is thought. A large number of Italian Renaissance or Flemish Old Masters who are celebrated today were already present and highly praised in Vasari's *Vite* and Van Mander's *Schilder-boek*,⁵⁵ and, though some may have disappeared from what Westphal calls the "first circle of the canon,"⁵⁶ they were never forgotten by art historians.

(e) *Careers of artists.* In a series of papers and in his book,⁵⁷ Galenson, a Chicago economist, studies the careers and life cycles of impressionist and modern French and American painters and consistently finds that some artists bloom early, while others produce their best works later during their life cycle. The two types of careers are related to innovative behavior. In Galenson and Jensen (an art historian),⁵⁸ the approach is extended to Old Masters. "Conceptual" artists, who bloom early "communicate specific ideas or emotions. Their goals for a particular work can usually be stated precisely, before its production...[and] consequently [they] often make detailed preparatory sketches or plans...[T]hey think of it as primarily making a preconceived image, and [the execution is] often simply a process of transferring an image they have already created from one surface to another." "Experimental" artists, on the other hand, bloom late. They are "motivated by aesthetic criteria [and aim] at presenting visual perceptions. Their goals are imprecise, so their procedure is tentative and incremental. [They] rarely feel they have succeeded, and their careers are consequently often dominated by the pursuit of a single objective...They rarely make specific preparatory sketches or plans for a painting."⁵⁹ The idea that some artists bloom early, while others are late, and that artists may follow two paths in their creative work seems very reasonable. What is less so, and is contradicted by many art historians

Participation in the Arts (Santa Ana, CA: National Endowment for the Arts, 1996.) and, therefore, to less need for public support. It would also increase efficiency, since we would have to accept that consumers possess the knowledge and have the right to choose in a sovereign way, and accept the consequences to which this could lead.

⁵⁵ See Victor Ginsburgh, François Mairesse and Sheila Weyers, De la narration à la consécration. L'exemple de la peinture flamande de Van Eyck à Rubens, *Histoire et Mesure XXIII* (2008) 145-1276 as well as Victor Ginsburgh and Sheila Weyers, On the formation of canons: The dynamics of narratives in art history, manuscript. See also James Cutting. *Impressionism and its canon* (Lanham, MD: University Press of America, 2006).

⁵⁶ Merold Westphal, M. (1993). The canon as flexible, normative fact. *The Monist* 76 (1993) 436-449.

⁵⁷ David Galenson, *Painting Outside the Lines: Patterns of Creativity in Modern Art* (Cambridge: Harvard University Press, 2001).

⁵⁸ David Galenson and Robert Jensen, Young geniuses and Old Masters: The life cycles of great artists from Masaccio to Jasper Johns, NBER Working Paper 6368, July 2001.

⁵⁹ Quotations are taken from David Galenson, The life cycles of modern artists. Theory, measurement, and implications, manuscript, 2003.

and philosophers, is the association between age and type of creativity and the dichotomous behavior of being either conceptual or experimental; most artists are both at different times in their careers and even at the same moment in different works.⁶⁰

(f) *Copies and fakes*. Economists have also become interested in the status and prices of copies (to be distinguished from fakes), which have also varied over time. While copies were close substitutes for originals during the 17th century, and priced accordingly at about half the price of originals, as illustrated by De Marchi and Van Miegroet,⁶¹ they are hardly considered to have any value nowadays. This contradicts the fact that some art philosophers hardly see any aesthetic distinction between a copy and an original,⁶² and that some copies or forgeries for example the Ossianic epics (a forgery due to Macpherson, an eighteenth-century poet who “attributed” the work to the third-century Celtic bard Ossian), had an enormous influence on late eighteenth-century European literature.⁶³

Our short survey was centered on the visual arts, but economists also became interested in other art forms. Scherer⁶⁴ uses microeconomic theory and some econometrics to analyze a sample of 646 musical composers born between 1650 and 1849, and present in the *Schwann Guide*. One of the important contributions he makes is on geographical and political determinants. He contradicts the “competing courts hypothesis” suggested by Elias⁶⁵ and, independently by Baumol and Baumol,⁶⁶ that in Germany and Italy there were dozens of courts and cities competing for prestige and thus for musicians, so that every local court had its orchestra, and the more affluent ones even had an opera house. Scherer shows that even though Germany had the largest number of local courts, it ranks only third (after Austria and Czechoslovakia, which were

⁶⁰ See Victor Ginsburgh and Sheila Weyers, Creation and life cycles of artists, *Journal of Cultural Economics* 30 (2006) 91-107, for a critical assessment of Galenson’s views. Psychologists have also intensively worked on creation. See in particular Dean Simonton, *Genius and creativity: Selected papers* (Ablex Publishing, 1997). For more recent papers, see his website <http://psychology.ucdavis.edu/simonton/>.

⁶¹ See Neil De Marchi and Hans J. Van Miegroet, Pricing invention: Originals, copies and their relative value in seventeenth century art markets, in Victor Ginsburgh and Pierre-Michel Menger, eds., *Economics of the Arts. Selected Essays* (Amsterdam: North-Holland, 1996).

⁶² Jack Meiland, Originals, copies, and aesthetic value, in Denis Dutton, ed., *The Forger's Art* (University of California Press, Berkeley, 1983) 122-123 claims that “if what a great work of art does is to present us with a new vision of the world, then an exact copy can perform exactly the same function.”

⁶³ For a recent overview, see Françoise Benhamou and Victor Ginsburgh, Copies of artworks. The case of paintings and prints, in Victor Ginsburgh and David Throsby, eds., *Handbook of the Economics of Art and Culture* (Amsterdam: Elsevier, 2006).

⁶⁴ F. M. Scherer, *Quarter Notes and Bank Notes. The Economics of Music Composition in the Eighteenth and Nineteenth Centuries* (Princeton: Princeton University Press, 2004).

⁶⁵ Norbert Elias, *Mozart: Zur Sociologie eines Genies* (Suhrkamp Verlag, Frankfurt, 1991).

⁶⁶ William Baumol and Hilda Baumol, On the economics of musical composition in Mozart's Vienna, *Journal of Cultural Economics* 18 (1994) 171-198.

both more centralized) once the number of composers is related to population. The prevalence of music in Austria and Czechoslovakia is probably due to the schooling system, in which schoolmasters, even in small villages were expected to teach singing and violin to their pupils. A good advice for those who belittle arts education in our world.

Artists and art historians in the marketplace

A popular theme is that most artists are poor--or have lower income than the average consumer--, die poor, while salerooms, their dealers, and editors become rich. Using the 1980 US Census data, Filer concludes that, on average, artists do not earn any less than they would in a non-artistic employment.⁶⁷ It has later been shown, however, that this is due to multiple job holdings, including in non-artistic activities.⁶⁸ If these extra jobs are not accounted for, artists' average incomes are smaller than those of workers with comparable education. It is also said that artists devote less time to their work on art than do others to their main occupation, that they may have to go to lower paid jobs to supplement their income, that their earnings are more variable and less directly influenced by education than those of other workers. To explain then why artists accept this income differential, one has to appeal to differences in motivation; Throsby,⁶⁹ for example, suggests that “the primary desire to create art as a principal occupation must be recognized as the essential driving force behind an artist's labor supply decisions.”

But the income distribution of artists is also markedly skewed and there exist superstars, whose earnings are impressive. In a highly cited paper, Rosen shows that talent only does not explain these differences. His model shows that small differences in talent may result in large differences in income.⁷⁰ This is compounded by the fact that there is little if any substitution between various degrees of talent, or between quality and quantity. As Rosen points out, “hearing a succession of mediocre singers does not add up to a single outstanding performance.”

⁶⁷ Randall Filer, The starving artist--Myth or reality? Earning of artists in the United States, *Journal of Political Economy* 94 (1986) 56-75.

⁶⁸ See Gregory Wassal and Neil Alper, Toward a unified theory of the determinants of the earnings of artists, in Ruth Towse and Abdul Kakhee, eds., *Cultural Economics* (Heidelberg: Springer Verlag, 1992). See also the recent surveys by Neil Alper and Gregory Wassal, Artist's careers and their labor markets, in Victor Ginsburgh and David Throsby, eds., *Handbook of the Economics of Art and Culture* (Amsterdam: Elsevier, 2006) and by Pierre Michel Menger, Artistic labor markets: Contingent work, excess supply and occupational risk management, also in the *Handbook*.

⁶⁹ David Throsby, The production and consumption of the arts: A view of cultural economics, *Journal of Economic Literature* XXXII (1994) 1-29.

⁷⁰ Sherwin Rosen, The economics of superstars, *American Economic Review* 71 (1981) 845-858.

Relations between art historians and markets can be traced back to the 16th century and note that the first art historians (Vasari's *Vite*, 1550, 1568) or museologists (Quiccheberg,⁷¹ 1565) were active not only at the same time, but in two regions (Italy and Germany) where economic development was important, and where bankers (the Medici and the Fugger) supported the arts. Later in time, art historians such as Ruskin and Aby Warburg were rich enough to do their work without being otherwise remunerated. The situation changed in the 1950s. Ernst Gombrich,⁷² and most other art historians or curators of his time were not rich enough to support themselves. They benefited from a favorable economic environment and were able to develop their science within publicly funded research or teaching institutions. Other models appear at the end of the 20th century, such as the former director of the Metropolitan, Thomas Hoving,⁷³ or the director of the Guggenheim Foundation, Thomas Krens described by Jean Clair⁷⁴ as a "*Spieler à la Dostoyevsky*." This much more entrepreneurial style may have paved the way to new ways of dealing with art, such as "decentralizing" the Louvre to Abu Dhabi.

But the market is not keen to providing careers for all art historians, and many have jobs (including as tourist guides) that have little to do with what they were exposed to during their studies. Not every art historian is lucky enough to become a superstar like Ernst Gombrich, with his *Story of Art*, or Harald Szeemann, the traveling salesman of art exhibitions.⁷⁵

Beside teaching, conferences and writing papers and books, which usually go together, it is worth singling out expertise and connoisseurship, that some would like to dissociate, though Friedländer would have disagreed with them. Here are his words:

"The ability to attribute and check attributions will then follow automatically from study and enjoyment. Yes, from enjoyment! Many art historians, it is true, make it their ambition to exclude pleasure from art, in which, for obvious reasons, some of them succeed too well... Reasoning based on calculations and measurements is presented as the true method. A dry approach stands high in favor. Abstruseness, involved terminology, which makes the reading of art-historical books such torture, derives from that very ambition. Sometimes

⁷¹ See Nicolette Brout, Samuel Quiccheberg: Incriptions ou titres du théâtre immense, in François Mairesse, ed., *L'extraordinaire jardin de la mémoire* (Morlanwelz: Musée royal de Mariemont, 2004).

⁷² See his autobiography *A Lifelong Interest* (London: Thames and Hudson, 1993).

⁷³ See Thomas Hoving, *Making the Mummies Dance* (New York: Simon & Schuster, 1993).

⁷⁴ Jean Clair, *Malaise dans les musées* (Paris: Flammarion, 2007) 67. See also the pamphlet of Paul Werner, *Museum, Inc.: Inside the global Art World* (Chicago: Prickly Paradigm Press, 2005).

⁷⁵ See his *Ecrire les expositions* (Bruxelles: La Lettre Volée, 1996). See also Nathalie Heinich, *Harald Szeemann, un cas singulier* (Paris: L'Echoppe, 1995).

there are depths, but so obscure as to be worthless for the reader, generally all is shallow but cunningly troubled so as to suggest depths.”⁷⁶

The work achieved by Wilhelm von Bode in Berlin, and Alfred Lichtwark in Hamburg are landmarks in expertise. The well-documented relationships between art trader Joseph Duveen, and Bernard Berenson have often raised some eyebrows as well.⁷⁷ Federico Zeri would not have become wealthy had he not been Paul Getty’s adviser.⁷⁸ Attributions, which depend on expertise, have of course a large impact on art markets. The case of the *Madonna of the Pinks* is remarkable. Until its attribution to Raphael in 1991, the painting was worth a very small amount, possibly as little as £8,000.⁷⁹ It was paid £22 million by the National Gallery in 2004. In a well-organized market, the expert who made the final attribution should have become rich. Pierre Rosenberg’s eye for *Olympos and Marsyas*, that he recognized as a Poussin, enriched a couple of lawyers who could reap the benefits of the 20 years battle between the Louvre (that had bought the painting) and the family who sold it, being convinced by other experts that it merely was a “school of Carracci.”⁸⁰ Experts are much sought-after by art institutions (salesrooms, antique shops, art galleries, museums of course), though few of them do turn out to become superstars, as were Berenson, Zeri and the French Maurice Reims, who started as auctioneer and was eventually elected member of the Académie Française.

Concluding comments. The *Stones of Venice*?

If art history is narrowly defined, it looks quite far from economics. However, if one is willing to account for all those who have taken art history as a field and decided to use their knowledge and participate in art markets (including art galleries, museums, the organization of exhibitions, salesrooms, teaching, or tourism), some links are obvious. Without art history, there would be no touring of the temple of Karnak, the Chinese Great Wall, the Metropolitan, the Louvre or the Bilbao Guggenheim. Some architects (Frank Gehry, Jean Nouvel, and a couple of others) would be less famous. Coffee-table books would be less numerous, and attributions of works to Great Masters would suffer from even more vagaries. Pomian suggests that art markets as we know them today could not exist without museums, and museums need the art market: “The two institutions are in opposition, but are also complementary; they form a system that allows

⁷⁶ Max Friedländer, *From Van Eyck to Breughel* (London: Phaidon Press, 1956) vi. Originally published in German in 1916 as *Von Jan van Eyck bis Brueghel*.

⁷⁷ See Meryle Secrest, *Duveen, a Life in Art* (New York: Knopf, 2005) and Ernest Samuels, *Bernard Berenson: The Making of a Connoisseur* (Cambridge, MA: Harvard University Press, 1979).

⁷⁸ See Federico Zeri’s autobiography, *J’avoue m’être trompé* (Paris: Le Promeneur, 1995).

⁷⁹ See *The Art Newspaper*, September 2003, 9.

⁸⁰ See Michel Laclotte, *Histoires de musées. Souvenirs d’un conservateur* (Paris: Scala, 2003) 139-140.

individuals to establish relations with the invisible, because it circulates artworks among individuals and visitors among artworks.”⁸¹ These examples show that markets have taken art historians on board, even if this looks strange and without much doubt, less beautiful, than Ruskin’s *Stones of Venice*.

More and more economists are wandering the streets of art and culture. We tried to give some account of these incursions, which may probably look very idiosyncratic and personal. The books and papers referred to here contain a host of other references. We hope that the reader will appreciate these “other cultures as much as [they] can without inconveniencing [themselves], or without disorienting [themselves] and risking losing [their] identities.”⁸²

⁸¹ Krzysztof Pomian, L’art entre le musée et le marché, in Bertrand Dorleac, ed., *Le commerce de l’art de la Renaissance à nos jours* (Besançon : La Manufacture, 1992) 31.

⁸² James Elkins, *Stories of Art* (New York and London: Routledge, 2002) 148, paraphrasing Stanley Fish, Boutique multiculturalism, or why liberals are incapable of thinking about hate speech, *Critical Inquiry* 23 (1997) 378-395.