

The value of culture

Speech of acceptance given
on 18 May 1995

Arjo Klamer On 18 May 1995 Arjo Klamer accepted the new chair in the Economy of Art and Culture at the Erasmus University Rotterdam. There is no comparable chair in the world. In his inaugural speech Klamer recounted what made his move from the US to the Netherlands intellectually inspiring. What do economists have to say about the value of art and culture.

The topic of the value of culture is a strange topic for an economist, since culture as a concept has been virtually banned from academic economics. I have always been uncomfortable about that verdict. The culture of a group of people, as it is usually understood, stands for the values and beliefs the people share. So by banning culture from our conversations we economists deprive ourselves from any insight into the role that values play in the economy. That can't be right.

When we want to understand the strength of the Dutch economy, for example, we need to take into account the values that inform so much of what the Dutch do, such as the value of solidarity and the value that gets expressed in the typically Dutch expression 'Act normal, then you're already crazy enough'. Such values make for a society that is quite different from the American one with its veneration of ambition and self-actualization expressed in

slogans like 'Be all you can be' - which the American army uses effectively - and the 'Go!, go!, go!' with which coaches and managers inspire their troops. Such contrast in values must have important economic consequences, as I found out for myself. If you want a favor from the Dutch, such as a job or their money, get their sympathy, make them feel bad by exaggerating your hardships and they will want to solve your problem just to get rid of their bad feelings. But don't do that in the United States. There you earn your money by making yourself seem better, more impressive, more desirable than you really are.

An inquiry into the economic role of values calls for the restoration of a rich tradition within economics starting from Aristotle, including Adam Smith, in particular his *Theory of moral sentiments*, with a modern continuation in the work of Max Weber, Karl Polanyi, E.P. Thompson, and most recently Donald

McCloskey and his treatises on bourgeois virtues. This is the tradition that defines economics as a moral science and ultimately concerns the conditions for and characteristics of a good and meaningful life. This concern is on my mind in the subsequent discussion of culture in the more narrow meaning of the arts.

The economics of art

Let us look at this famous picture from an economists' perspective. The *portrait of Dr Gachet* by Van Gogh is the highest priced painting ever. In May 1990 it was hammered at the price of 75 million dollar by Christie's in New York to Rieoi Sato (a Japanese paper manufacturer, who had to pay an additional 7.5 million dollar for the buyer's premium). Van Gogh was unable to sell the painting himself. Should we conclude either that the contemporaries of Van Gogh were blind to the value of this painting or that Mr Sato was out of his mind?

Not so, the economist in me responds. There is a reason for everything, including the paying of ridiculous sums for a painting. One reason is that Van Gogh paintings are currently hot and very much in demand while their supply is fixed. When the quantity demanded exceeds the quantity supplied, the price goes up; when the difference is ridiculously large, the price will skyrocket. Many would have wanted this painting - the directors of the Van Gogh Museum and the Kröller-Müller Museum might have committed murder for it - but they could not afford it. A painting like this is an investment. Mr Sato may even have liked it, but the only justification for laying out such a large sum for paint on canvas is that it is an asset that will maintain its value, more or less, so that he can sell it again. It's elementary - elementary economics, that is.

Elementary economics tells us to see things like paintings as commodities that are costly

to produce and have their value determined in the interplay between demand and supply in the marketplace. Economists presume that people are reasonable enough, that they never pay more for a work of art than they consider it worth. People pay nothing for art that they do not value and they do not pay infinite amounts for priceless art. William Gramp, an economist, concludes from this that price is the best indicator of the aesthetic value.¹ It's a shocking perspective if you care about the value of art. But try to prove him wrong.

Another issue that an economist of art and culture has to confront is the economic significance of the cultural sector. It is a popular issue nowadays. Economic arguments are fashionable, so advocates of subsidies for the arts would like to be able to argue that their arts make sizeable economic contributions. If a subsidy to a museum or a festival translates into jobs and income for the local economy they would have a good additional reason for awarding it. Economists are the immediate beneficiaries of this development because they are asked to make the calculations.

Famous is the one billion guilder study of the Foundation for Economic Research of the University of Amsterdam, which calculated that the cultural sector in Amsterdam contributes more than one billion guilders to the Amsterdam economy.² It sounds like a lot; the number is used left and right in the art worlds. Unfortunately, the economic perspective seriously pursued is sobering. In this study the problem is that total sales have been added up and not added value so that there is some serious double counting. In other studies researchers have been able to produce even larger numbers by using the so-called multiplier method. Made famous in Keynesian macro-economic models it boils down to the idea that a guilder spent on an artist will not only generate an extra guilder of spending by

 Spending on the arts versus shoes and cafes in the US and the Netherlands (1988)

Spending on:	US	Netherlands
Arts		
bn \$	\$7.4	\$0.7
% of GDP	0.13%	0.31%
Shoes		
bn \$	\$18.1	\$1.1
% of GDP	0.33%	0.49%
Cafe		
bn \$		\$2.0
% of GDP		1.00%

Sources: CBS, the Netherlands; *Statistical abstract for the United States* (1993); Heilbrun and Gray (1993), p. 8.

that artist but also additional spending by those receiving that guilder and so on. Sounds like a great idea, doesn't it?

Let's agree that all readers hand me hundred guilders. I will promise you that I will spend the money well so that it will generate plenty of additional spending with a large multiplier effect. I might even promise you to subsidize the arts. Great, you will say, the Dutch economy will get a big injection. There is only one little problem: you all have hundred guilders less to spend. It's the same with every guilder that gets injected into the arts sector; it has to be withdrawn first, by means of a voluntary transfer as in our case or by means of obligatory tax payments. The withdrawal is responsible for a negative multiplier process, leaving the total effect undetermined. A positive net effect on the Dutch economy is assured only when the guilders come from foreigners who would not have spent their money in the Dutch economy otherwise. Even in that case we would probably do better in terms of jobs luring foreign spending by exporting more tulips and pork.

Spending on the arts

The reason that we should not expect great economic feats from the cultural sector is that the sector is small, very small. The next figure shows how small. Arts and culture here includes the visual and performing arts, but not pop and rock concerts; it also includes museums, but excludes the media, libraries, the book, movie, cd and other cultural industries. Total spending on arts and culture thus defined amounts to one third of one percent of total economic activity (as measured by GDP) in the Netherlands and less in the US.³ The Dutch and Americans spend quite a bit more on shoes and the Dutch obviously prefer to spend more time and money in cafes than in theaters and museums. In short, the arts are not big, economically speaking.

Another story is how people pay for their arts. Take the theater. Good theater is costly to produce anywhere but in a country like the Netherlands those who enjoy it pay only a small portion of the costs. According to the CBS, the Dutch statistical bureau, each visitor to a

subsidized play pays on average eleven guilders, with the government contributing ten times that amount, that is, 110 guilders.⁴ Local governments add to that amount about another sixty five guilders for the upkeep and operation of the theaters. Accordingly, those who like plays of Euripides and Kushner get generous treatment, in contrast to enthusiasts for commercial musicals, who pay virtually the full costs of what they see, with maybe a small government subsidy for the building in which they see it. (Those who like to go to the opera here in the Netherlands do even better with a subsidy of about 500 guilders per visit).⁵

As you may expect the Dutch government is quite generous, certainly if compared to the direct support that the American government gives to the arts. The American government awards for each American only \$3 to the arts whereas the Dutch government puts in \$27 per Dutchman. The Swedish government does best with \$33 per Swede.⁶ The American government, however, contributes indirectly by giving a tax break to those who donate their money to cultural activities and institutions. It forsakes a revenue, as it were, to benefit the arts. Still, even with this correction the official commitment of the US to the arts lags far behind the public commitments in Europe.

Public support of the arts

The government subsidies are not only small, they become also suspect when subjected to the economists' perspective. As a matter of fact, conventional economics does not produce a convincing economic rationale for the public support of the arts. Some economists are therefore unequivocally opposed. Their position has gained political force in the US where the Republicans under the leadership of Newt Gingrich passionately rally against the National Endowment for the Arts, the main public funding agency for the arts, and in

particular against its subsidies to public television. Those subsidies are unfair, Newt Gingrich argues, because they force everybody to pay for the enjoyment of a selected and usually well-endowed few. He has a point. And there is no good defense against it, at least not from the conventional economic perspective. The literature on this issue is, as you may expect, extensive and the arguments varied.⁷ I summarize at the expense of nuance.

Economists prefer efficiency arguments, that is, arguments that demonstrate that with public support of the arts some people would be better and none worse off. That would be the case if art is a public good, that is, a good which can only be collectively enjoyed, or if there are positive external effects, that is, spillover effects of cultural production that are enjoyed by the entire community. The arguments in the present case are hard to sustain.⁸ It's not clear, for example, how my enjoyment of subsidized theater is shared by other Dutchmen. There may be some spillover effects on my environment - although I would not know which ones - and, who knows, on future generations but they remain undetermined.

Politicians and the inhabitants of the art worlds tend to favor equity arguments. They want us to believe that a policy of low prices for cultural events and products lowers the threshold for low income groups. The intention is noble but like many noble intentions this one produces unintended consequences. In reality low prices for cultural products mainly benefit those who already enjoy them and seduce only a few of the target group. Watch the crowd that attends the heavily subsidized Concertgebouw concerts and you will look in vain for people in need of public support of their pleasure. Australian research has indicated that if you balance taxes paid versus subsidies received, public funds for the arts benefits the well-to-do at the expense of low income people.⁹ So the realized result is the

opposite of the intended one.¹⁰

The trickiest argument refers to the merit of cultural goods. Culture is important, the advocates say, and even though not everybody recognizes it, we all should make the sacrifices to guarantee high-quality cultural products and their distribution throughout the nation. It is a culture-is-good-for-you-whether-you-want-to-know-it-or-not argument. An economist like Jan Pen has no trouble with this argument but it is incongruent with the dominant economic perspective.¹¹ It implies that some people have better tastes than others - in accordance with the old aristocratic idea - and violates the modern principles of individual sovereignty and equality. According to good anti-aristocratic and democratic values no one, not even a government, can tell an individual what to like. If my neighbours prefer musicals over serious theater and don't care for art programs on television, I can't tell them they should, and still expect them to contribute, without any contribution to their musicals and soaps in return. Such a position is justifiable only if I recognize it for what it is: aristocracy in a modern disguise. Yet, it might be the only convincing argument.

Finally, an interesting argument for public support of the arts evokes the significance of the cultural inheritance. The French seem to have a patent on this argument. They nearly prevented the GATT agreement by insisting on an exclusionary clause for cultural products. They wanted to be able to protect their film industry because of its importance for the sustenance of French culture. Even the self-effacing Dutch can get excited about their cultural possessions, as the city hall of Hilversum experienced recently.

In 1932 the city received a Mondrian, *Composition with two black lines*, as a present from a now defunct institution for its

monumental city hall. The city officials never knew what to do with the painting and allegedly used it even as a partition for some time before it was stashed away in the attic. In 1951 it was given in loan to the Stedelijk Museum of Amsterdam.

During the eighties the city experienced serious financial difficulties and so its officials re-discovered their prized possession. After some wavering the city council decided in 1987 to sell the painting to the highest bidder. Thus the market was given its chance. To ward off the anticipated criticism, it was stipulated that the seller guaranteed public access to the painting and that the estimated 30 million guilders in revenues would be allocated to the adjustment of former hotel Gooiland, an architectural monument, to serve as a cultural center.¹² Accordingly the intended deal would be entirely cultural.

A public uproar followed, questions were asked in parliament and the minister of culture ended up blocking the sale on the ground that the Mondrian was part of the Dutch cultural heritage. The Mondrian was not to be lost for the Dutch community. In a compromise arrangement the city of Hilversum received a payment of 2.5 million guilders after transfer of ownership to the Stedelijk Museum. The amount was far below what it would have received on the market and proved to be insufficient for the renovation of Gooiland, which was subsequently sold for one guilder to a businessman who made it into a grand cafe and a Japanese restaurant. The Mondrian was saved for Holland at the price of a new cultural center for Hilversum and the lost opportunity to experience Dutch pride while viewing the *Composition with two black lines* in the Paul Getty museum or some other well-endowed foreign museum.¹³ It is the price of cultural heritage. The irony can't escape anyone even a little economically minded.

Need for correction

As you have noticed by now, the economists' perspective is not very inspiring when applied to the world of arts. Viewed through economists' glasses the cultural sector looks small and otherwise similar to any other sector. Paintings and performances are reduced to commodities, their values to prices. Reasons for public support dissolve for your eyes. Before you know you've turned in Oscar Wilde's cynic who knows the price of everything and the value of nothing.

I will show you how we can alter the economic glasses to get a more interesting but also more truthful picture of reality. But before you conclude that I'm about to debunk the economists' perspective wholesale, I will affirm here that it gets some things right. When politicians demand that if the government can not pay the full costs of health care or the arts, businesses should (by means of mandatory contributions or sponsorship), you need economists to point out that businesses never pay, their customers do. When a bank spends generously on the arts, its customers should wonder why they are not the beneficiaries.

However, the sobering effects of the economists' perspective to the world of arts shows that something has to be amiss with that perspective. The insights gained are limited and do not seem to do justice to the phenomena studied. The pernicious effects of the economic way of thinking become especially clear when it takes over everyday life. When everywhere people turn to economic calculations as their guide to action and believe that 'management' and 'marketing' will solve all their problems, we economists must have done something wrong. Calculation, management, and marketing can't pave the way to a good life. It's not the way to deal with friends, children, spirituality, and yes, the arts. Even our former prime minister Ruud Lubbers, who is identified

with this economising trend, admitted as much recently and feared moral decay because of it. It may seem that by saying this I am cutting the legs from under my chair. The opposite is rather the case. For the encounter with the world of art and culture reaffirms the need to correct the economists's perspective.

Two worlds

The argument begins with the observation of differences between the worlds of economics and the arts. Differences tend to reveal themselves in discursive situations. Try to raise problems, as we academics are used to do, and the non-academic will just want to know your solution. The difference is that we want to keep the conversation going, and for that you need problems and issues, whereas they want closure. I'll try to meet that demand at the end but that does not conclude what I'm doing.

Radical differences also occur in the interaction with artists, so I had to discover. In every audience of artists that I have addressed there will inevitably be someone who stands up to say something like 'bullshit'. Each time I am at a loss for words. The person may be quite right, at least from her point of view. The lifeworlds of artists and academics are simply too far apart. Both are quite abstract, incidentally, but we do it with words which happen to be suspect in their lifeworld. This difference, that I experience, points at a really significant difference, that is, the contrast between the world of money and that of the arts.

Art is different. This illustration is a still taken from a video and shows a performance of an Australian body artist named Stelarc at the opening of the V2 building in Rotterdam in September 1994.¹⁴ The artist is connected to medical equipment which transforms the various stimuli of his body into movements of

the robot and various sounds. If you're wondering what this means, why this must be called art, or if you simply were fascinated with the technical wizardry and the effects displayed here, you got it. If you are worried about the costs of this performance, on the other hand, you did not get it.

[At this point the oration was interrupted with a performance piece by the artist Peter Zegveld.]

This was commissioned work and the artist was at liberty to do what his artistic spirit inspired him to do. I did not quite get it, just as I did not quite get the video of V2, and that's just the point. For if you and I perfectly understood what just happened it would not be art. Art has to be experienced as such; the experience might be an aesthetic one but is not necessarily that. Art also happens in the sensation of a problem, that is, a problem of meaning. In either case art exists not in the physical form of a painting or performance but in the moment of wonderment, of the question mark that the physical form evokes in our mind.

Admittedly I have no authority to speak about art. Everything I am saying here is based on what students of the arts have said, and is tested in conversations with them. You can decide whom to hold responsible. After an incisive survey of theories of art Antoon Van den Braembussche dares to conclude that mimesis is what art is about; only the subject of the mimesis is left wide open.¹⁵ A Mondrian painting represents, but what it represents is subject for interpretation. And who knows what the V2 video represents. It might be about human technology - a human steering inhuman machines -, about technological innovation, human loss and technical gain, or whatever else you want to suggest. The producers appear not to care as long as their work is talked about. Art

critics are allowed to make suggestions and explore the variety of meanings that the art piece allows, without solving the problem, because that would destroy the art.

Barend van Heusden, a semiotician, argues that a text constitutes art insofar as it succeeds in representing problems of meaning without solving them. His argument is complicated and requires a semiotic background.¹⁶ This is how I understand it. You, the reader, are experiencing a problem of representation; you are reading something you have not read before. Some of you will quickly solve your problem by subsuming my text in what you already know, after a few adjustments. When it does not fit into what you already know you have basically two options. Either you ignore what you do not comprehend, or you have the artistic response and represent in some fashion or another the problem that you are experiencing *without solving it*. Art requires ambiguity to allow the experience of wonderment.

Measuring in money

Money is not art; it is in its modern use even antithetical to it. To many people money has a magical force that needs to be venerated and worshipped. Most of my students are mystified by its creation. Kids are less so. Ask them how to make money and they say: 'Oh easy, you get it out of the wall.' How sobering economics has to be once again, with its story of fractional reserve banking and its insistence that money does little more than pay, measure, and hold value. Our sobering wisdom dates back at least to Aristotle. After noting in the *Nicomachean ethics* that to allow for exchange the things exchanged must be comparable, he characterizes money as a mere convention.¹⁷ It is by agreement that certain assets are designated as means of exchange; it is by agreement, or convention, that here in Holland we measure things in guilders and that the

Americans measure in dollars.

A measurement is an intervention. In modern times we have grown accustomed to measure with great precision. We now measure time to the second with our watches and distances to the millimeter. Not so long ago, however, people were still content keeping track of time by measuring the length of shadows; distances they measured with their feet and stone's throws. As Witold Kula in his study *Measures and men* observes: 'The attitude of today's civilized man towards measures reveals a highly developed capacity for abstract quantitative thinking. Of the many features exhibited by every object in a variety of contexts, we abstract one, and consequently, objects as qualitatively as diverse as, say, a man's pace, a suit of clothing, a stretch of road, or the height of a tree, acquire a commensurability in our eyes, for we view them from but a single perspective, that of their length.'¹⁸ Or price, when the measurement of the thing is in terms of money.

The point is that any measurement, whether in time, length, or value units, intervenes in the nature of the thing. What would happen if a friend measures a conversation with you with a stopwatch? First you would wonder why he did it and when he tells you he just wants to know, see whether you are as comfortable talking as you were before the introduction of the stopwatch.

Karl Marx, the most cited economist ever and still relevant, made a big issue of the mystifying effect that a measurement in money terms has on the thing measured. Use value, so he argues in *Das Kapital*, is particular to the thing valued and depends on the need it meets. The imposition of an exchange value forces the thing into the straightjacket of the monetary form; the thing becomes a commodity to be compared with other commodities in order to make exchange possible. By commodity

fetishism Marx means the preoccupation with the commodity form of a thing so that you turn blind to its distinctive characteristics as well as the social relations that underlie its production. It may happen when you watch van Gogh's *Portrait of Dr Gachet* now, you know that it carries a price of 75 million dollar. That fact, which highlights its characteristic as a commodity and makes it comparable with, say, a large office building, distracts from the experience of its art. The money measurement intervenes in the art form usually to devalue the experience.¹⁹

Measurement versus reciprocity

Money measurements also intervene in human relationships. Their intervention resembles the intervention of the stopwatch in a friendly conversation. Just imagine we would start to price friendly exchanges: 'Let's see, I listened for ten minutes to your sob story, that makes ten guilders, I still owe you five for the compliment you gave me so five will do.' The monetary intervention would alter the relationship. There may be friends who will appreciate the elimination of ambiguity, but most friends will be turned off by the intervention. Sense the violence of the reduction of the value of transactions to prices and you may understand why Aristotle considered commercial transactions unnatural and therefore immoral, and could exonerate them only if they served the sustenance of households. His verdict was common in pre-modern times and caused merchants great trouble everywhere. The trade in goods such as land, labor and money was a taboo. With the development of commercial society this taboo was untenable. The moral philosopher Adam Smith wrote the *Wealth of nations* partly to address the outdated moral sentiments of his time: 'In civilised society [man] stands at all times in need of cooperation and assistance of

great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons.' In such circumstances, it 'is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.'²⁰

The commercial transaction implies a contract. The deal is that both parties exchange equivalents, that is, two goods of the same value. The deal is possible only when the two goods can be measured. That's where money enters. It serves as a unit of account and facilitates the exchange. Christie's and Mr Sato agreed that Dr Gachet would go for 75 million dollar. It was understood to be a *quid pro quo*. As soon as the two measured equivalents changed hands, the deal was done, the story was over, and each could go on with their business with no obligations remaining.

However, most transactions are not like that. When we exchange favors with friends, make deals with our spouses, and trade niceties with business relations we do so on the basis of reciprocity. The difference with commercial transactions is that these are not measured and are not well defined. When I help out a friend in a big way, I do not expect an equivalent favor in return. More poignantly even, if my friend would make the offer, he would devalue my gesture of friendship. Even a mere 'thank you' might be too much. This does not mean that my assistance was a pure gift. There is always the expectation that something will come in return. Even the selfless work of Mother Theresa has rewards in the form of admiration and ultimately God's blessings of course. Friendships, like all relationships, are based on reciprocity.

We do favors, hand over gifts, give compliments, and extend our love with the expectation that something will come in return. Only the what, how, and when of the reciprocal deal are undetermined. A

relationship demands a give and take but their equivalence is a matter of interpretation and hence the cause of a great deal of trouble. Because of their built-in time element and the complicated mutual obligations, these exchanges make it difficult to walk away from the relationship, finish the deal and end the story. Reciprocity is the basis of each relationship as long as the values to be exchanged are left open for interpretation. Measurement is enforced only when relations break up. Just think of divorce proceedings

Accordingly, measurement can not only devalue the good measured, but also a relationship. You may think this is obvious but conventional economics glasses, with their focus on individuals and prices, prevented me from seeing this. Economic theory does not account for relationships and does not recognize a value that is beyond measure. It was through my engrossment with the subject of the value of culture that I hit upon this oversight in my discipline. I subsequently had to discover that sociologists and anthropologists have been preoccupied with relations all along.

Direct and indirect payments

Incorporation of relationships and values beyond measure will require a shift in focus and most likely in method. We will have to do, for example, more interpretative work and rely less on our analytical models.²¹ I would like to open the chase with the following theses: 1. A commercial transaction devalues a good whose value is beyond measure; 2. When direct payments devalue the good traded, the parties have an incentive to establish roundabout ways of financing the costs of producing the good.

The evidence is already pouring in. Consider the good called a child. Not so long ago, parents considered a child a commodity whose value was to be measured in terms of the income and

the old-age pension it could provide. In our world, we do not allow each other to think about children that way anymore. Even though children cost their parents a great deal, don't generate economic benefits, and have emotional benefits that are dubious, their value is beyond measure.²² The mere suggestion that a child has a price, would devalue the parent-child relationship.

In the US parents customarily place congratulatory advertisements in the graduation newspaper of their child's university. Last year an advertisement in the George Washington University newspaper read: 'Congrats Pete, Love your parents. By the way, you owe us \$213,000.' The joke - I presume it is one - brings out the anomaly of parents presenting their children with the bill of their upbringing. That's what the transaction is in a strictly economic reading. The better the upbringing, the greater the rate of return. We, who all have been children, owe our parents - some more than others - yet it's a modern value to disallow the explicit specification of that debt. And so the burden to provide for the parents when they grow dependent is shifted to the community as a whole.

The practice of indirect payments is pronounced when it comes to religious transactions. Last year the Rode Hoed, a church in Amsterdam, expected an overflowing crowd for its Christmas eve services. The economists' solution would be to charge an entry fee and have discounts and free tickets for people of low means. But a church service can't be priced. Even though the production of church services is very expensive, pricing them would devalue the experience. Therefore, de Rode Hoed requested that people make reservations and, as usual, asked for voluntary contributions during the church service. Thus the appearance of a commercial transaction was avoided.²³

The problem in regard to my first thesis is

the ubiquity of commercial transactions in the world of the arts. Artists sell their products outright and some do so at very high prices; we pay for art performances, the Americans more than the Dutch. It's all quite commercial, you'd say. Some artists, like Jeff Koons and Marko Kostabi, are blatantly commercial and like to speak about their art as if it were a business. Servaas, a Dutch artist, sells herrings and by calling it art has been able to get the special tariff of the value added tax for art transactions, to the great annoyance of commercial herring salesmen. It's business, he says, yet art. All this does not square with the thesis.

However, indirect payments are ubiquitous as well in the world of the arts. They certainly are in the government oriented Dutch arts world. They are paramount even in the market oriented US. Take the Metropolitan Opera with its budget of over hundred million dollars. Less than 50 percent of its income is in the form of direct payments for services rendered, that is, tickets and sponsorships. The remainder gets financed indirectly. Government subsidies make up about 7 percent of the total amount, the rest is collected by means of individual and corporate donations.

Activity and experience or product

The reason for the mixture of direct and indirect payments for the arts lies in its nature. In accordance with the views of philosophers of art like John Dewey and economists like Michael Hutter, my first step is to distinguish the *product of art* from *art as activity* and *art as experience*. Art as activity and as experience has a value that is beyond measure and therefore clashes with the form of money. In this respect the romantics are right with statements such as 'Where any view of money exists, art cannot be carried on' (William Blake) and 'High Heaven rejects the lore // Of nicely calculated less and

more' (William Wordsworth). That some artists exploit this conflict only attests to the possibilities for artistic activities, but does not resolve it.

The story for art as a product is different. As the economist Lancaster has theorized, products have a variety of characteristics and hence can have several (use) values.²⁴ One characteristic of a painting as a product is its potential to give an artistic experience. But it also can serve as an investment, as decoration, or as a prestige object. In the seventeenth century painting did well as wallpaper. Each of these characteristics does not have the tenderness of art as experience and therefore lends itself to measurement. That's why they usually will be paid for directly.

The same tension occurs in the case of theater. On one hand a performance is a product with qualities for which people will be willing to pay directly. Think of its entertainment value but also of the additions to one's social value and 'cultural capital' (Bourdieu's term for your cultural knowledge and experience). On the other side of the scale are the uncertainties about the values that watching the play generates - there is no guarantee that you will be inspired and stimulated so why pay hundred guilders. Moreover, commercialization of the play as expressed in high prices and slick marketing techniques, will devalue the art in the play. For the latter two reasons theater producers who want to keep up the claim to art, are constrained in their attempts to join the market for entertainment and will have to be inventive in the financing of their work.

And so the exploration of the value of art has lead me into the realm of values. To sustain the values that are communicated by means of art products, people through all times have been inventive to circumvent the *quid pro quo* of commercial transactions for the very good

reasons that their requirement of measurement devalues the art experience but also that a strictly commercial transaction ends the relationship. For the very same reason that we avoid commercial deals with friends and children, we avoid the intrusion of the commercial lifeworld in the world of arts. The values that are communicated in that world are tender and defenceless²⁵ against calculation, and can be sustained only in the relationships that people form with each other and in the ongoing conversations among them. The same applies to scientific values. To sustain the values of critical thinking, questioning, abstract argument, and intellectual engagement we scientists have to fight the encroachment of commercial and political values (*Please, hand me your solution*) to sustain the conversation among each other and keep those values alive.

I am not worried that this insight gets lost, all the observations of moral decay and the penetration of the commercial spirit notwithstanding. The trend is already reversed in the business world where a reevaluation of business relations and the significance of values and culture is underway. The same trend towards a reevaluation of values is occurring in political discussions. A study of the ways in which values are changed and affirmed in the world of the arts, indicates the importance of relationships that are not purely commercial and rely on reciprocity.

Government subsidies

There is enough to the subject of the economics of art and culture to sustain the conversation with students, colleagues, and anyone interested in economics and arts. We can have a conversation but scientific inquiry can not tell politicians what to do. The task of critical inquiry is to highlight problems, not to solve them. Politicians are for the solutions.

Accordingly, with respect to the much-discussed system of government subsidies in the Netherlands, my inquiry points at a series of problems. Let me point out a few:

'Every system contains the seeds of its own destruction', warned Marx. Well, government subsidies which are meant to stimulate the arts and enhance their value, are currently in danger to stifle new initiatives and impoverish the world of arts, that is, they are about to realize the opposite of the intended objectives. Gradually, the system starts to resemble the commercial circuit with its emphasis on calculations as the basis for the allocation of scarce means. As many have pointed out, the other danger is that interests are getting entrenched, and more and more time, energy and money is expended to increase one's stake in the subsidy pot at the expense of investments in the artistic process itself.

Connected is the problem that the system frees the art producers from the responsibility to communicate with those who seek art as an experience. Interactions are basically non-committal. All these factors impede the valuation of the arts. Appreciation of the arts, especially of the art that is ambiguous and difficult, relies on ongoing relationships between the producers and seekers of the art experience. One way to intensify such relationships is to make them reciprocal. If we want people to be committed to the value of art, we want to get them to contribute and invest in it. When the government does it all for them, one good reason for that committal is absent.

Commercialization is only an alternative insofar art products produce values that can be measured and paid for directly. Sponsorships are not the alternative either, because they are just another form of a commercial transaction. The only conceivable alternative is that the art producers recover their inventiveness and explore arrangements that bring them in closer

relationship with art seekers. Expansion of the still modest friendship organizations is one possibility. The building up of capital funds for the support of the arts is another, but then the financing should not occur by means of national lotteries, as for the Prins Bernard Fonds, but by national campaigns with the express purpose to support the arts. When the government decreases its support, the Dutch are put in the position to demonstrate what the arts are worth to them. The likely result would be a more active participation and a reevaluation of the arts.

Notes

1. William Gramp. *Pricing the priceless: arts, artists and economics*. New York: Basic Books, 1989.
2. S. Hietbrink, F. van Puffelen and J.A.M. Wesseling. *De economische betekenis van de professionele kunsten in Amsterdam*. Amsterdam: Stichting voor Economisch Onderzoek (SEO), 1985.
3. These numbers are not very reliable. For instance, the spending on the arts in the US may be underestimated because the number does not include the spending on the arts by academic institutions. The main problem, however, is a clear definition of cultural activities. Part of book purchases should count as spending on culture but which part is difficult to determine. Which part of the media should count? And which movies?
4. *Podiumkunsten 1993*. Voorburg/Heerlen: Centraal Bureau voor de Statistiek, 1995. (Sociaal-Culturele Berichten; nr. 3)
5. Calculation for visits to the Nederlands Opera. See: Hans Abbing. *Een economie van de kunsten*. Groningen: Historische uitgeverij, 1989, p. 239.
6. From James Heilbrun and Charles M. Gray. *The economics of art and culture*. Cambridge: University of Cambridge Press, 1994, p. 232. Although Heilbrun and Gray do not say so, these numbers do not include the spending by local government.
7. See for example: Abbing, 1989. *The economics of the arts*; Mark Blaug (ed.). Londen: Martin Roberston & Company, 1976; and Ruth Towse. 'Achieving public policy objectives in the arts and heritage'. In: *Cultural economics and cultural policies*; Alan Peacock and Ilde Rizzo (eds.). Boston: Kluwer Academic Publishers, 1994.
8. See for example: Abbing, 1989; and Heilbrun and Gray, 1994.
9. See: Heilbrun and Gray, 1994, pp. 210-212.
10. That is why economists favor a subsidy in the form of

Arjo Klamer

was in 1995 hoogleraar Economie van kunst en cultuur aan de Erasmus Universiteit Rotterdam

vouchers for cultural events to be distributed to people who have a real need for financial support in their cultural engagement. The CJP passport, the cultural passport with which young Dutch people can get discounts on access prices for cultural events, is a good approximation of the economists's ideal because it benefits a well-targeted group with real need as well as real cultural interest

11. See for example: Jan Pen. 'De politieke economie van het Schone, het Ware en het Goede'. In: *Economische Statistische Berichten*, september 1983, nr. 1, pp. 942-948. He actually tackles the merit argument but ends up with the culture-is-good-because-I-and-the-politicians-think-so-too argument anyway.
12. The architect of this building is the well-known Jan Duiker.
13. Personal interview with J.R.W. Flink, alderman of Hilversum and his unpublished manuscript *De verkoop van Mondriaan: Hilversum en de Compositie met 2 Lijnen*, 1991.
14. The title of this performance was: *Images without organs: absent body/involuntary actions*.
15. Antoon A. Van den Braembussche. *Denken over kunst: een kennismaking met de kunstfilosofie*. Bussum: Coutinho, 1994.
16. Barend van Heusden. *Why literature: an inquiry into the nature of literary semiosis*. Groningen: Rijksuniversiteit Groningen, 1994.
17. 'It is for this end that money has been introduced, and it becomes in a sense an intermediate; for it measures all things, (...) money has become by convention a sort of representative of demand; and this is why it has the name "money" (*nomisma*) - because it exists not by nature but by law (*nomos*) and it is in our power to change it and make it useless.' Aristotle. *Nichomachean Ethics*, 1133a, pp. 18-32.
18. Witold Kula. *Measures and men*. Princeton: Princeton University Press, 1986, p. 87.
19. The emphasis on experience I owe to John Dewey. *Art as experience*. New York: Putnam, 1934.
20. Adam Smith. *The wealth of nations*, Vol. I, Bk. I, ch.2.
21. I trust neoclassical economists to come up with models of relationships and the experience of values anyway because those are in their blood.
22. 'As children became increasingly defined as exclusively emotional and moral assets, their economic roles were not eliminated but transformed; child labor was replaced by child work and child wages with a weekly allowance. A Child's new job and income were validated more by educational than economic criteria.' Vivianne Zelizer. *Pricing the priceless child: the changing value of children*. New York: Basic Books, 1985, p. 11.
23. The Protestant Reformation was, among others, a revolt against the commercialization of remittances in the Catholic Church. For many the idea that one could get forgiveness against a price devalued religious practices.

24. R.K. Lancaster. *Consumer demand: a new approach*. New York, 1971.
25. The Dutch painter and poet Lucebert said that that all things of great value (*waarde*) are defenseless (*weerloos*).

Bibliografische gegevens

Klamer, A. (1995) 'The value of culture: speech of acceptance given on 18 May 1995'. In: *Boekmancahier*, jrg. 7, nr. 25, 298-310.