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This working-paper is the first version of chapter 8 of the book I am presently writing. I have included a provisional table of contents of the book at the end of the paper. On request I can give or send a more extensive table of contents and a first version of the preface of the book.

GIFTS WITH INTEREST

Why do governments, firms, private donors, and artists subsidize the arts?

When I do economics I earn about twice as much an hour as when I am making art. If I wish, I could do more economics than I presently do. By not working more hours in economics, I forgo income. Therefore by earning less than I could, I indirectly 'give' to art. I would love to see myself as a selfless donor to the arts, but I cannot cheat myself. I must be honest. Maybe because of my earlier scientific training, I am aware of the fact that by doing more economics I would soon start to feel unhappy. So I would pay a price which outweighs the extra income. Moreover doing less art I would have much to lose. I believe that in order to be taken seriously in the art-world I need a minimum of output every year. I fear that a loss of recognition will be irreversible. Also recognition is an important source of income for me, which I do not want to lose. This income cannot be compensated by the extra income from economics either. If I give to the arts, I do so because it is in my own interest and not because I am selfless.

Artists are generally not trained the way I am. The other day I had a discussion with Alex. Alex paints and makes installations. As far as reputations are concerned, we are more or less at the same level, but he takes a different route than I do. His route offers him less financial rewards. He operates in the periphery of the avant-garde circuit. Every now and then an artist from this circuit is invited into the official circuit and becomes known in the art-world at large, but that is a minority. Nevertheless, without admitting it Alex seems to wait for it, and I must admit that it is not impossible it will happen some time.

When I talk with him I am struck by the fact that Alex motivates his actions in the arts by referring again and again to the interests of art. He gives his time to art. He serves art. Quite often he makes his position clear by referring to other artists. In his view these artists betray art. Their solutions are superficial and cheap. They are not interested in art, but only in pleasing the artworld. - In Alex's circle pleasing the artworld is a worse sin than being after money. - I ask him if art can have interests, and he says it can. I believe he is sincere. The interests follow from the history of art. He mentions the names of famous artists who he very much admires. At that stage in our discussion I always start to feel a bit inferior and guilty, because I do not know their work as well as he does. Moreover I have a hard time seeing the relationship between their work and Alex's work, while he thinks the relationship is evident. Nevertheless, I must honestly say that I am impressed by Alex's willingness to sacrifice himself to art.

The *artist* - in me - stresses the selflessness of the gift, while the *economist* - in me - will point to the interests involved in most gifts to the arts.

This chapter consists of three parts. Firstly the gift in the arts is analyzed generally. Secondly the insights from the first part are applied to the external subsidization of the arts by private donors, firms and governments. Thirdly the same insights are applied to internal subsidization, that is artists giving to art. Internal and external subsidization take very different forms. Treating them in one chapter is somewhat artificial. But at the same time looking at them from the general point of view of the gift is a challenge. It could be illuminating.

Gifts are reciprocal. They follow rules.

What reasons can people have to give to the arts?

For an important part, the artworld functions because of the existence of gifts. An aspect of ritual giving appears to be present in gifts for the arts. The picture of tributes and even duties paid to art could make sense. But first the differences and the similarities between gifts and transactions has to become clear. The fact that the arts operate in the border-area in between the market-zone and the non-market zone makes this task more difficult, but it also demands for this clarification. Both gifts and transactions are vital for the arts. Moreover they are likely to be interrelated in many ways. Therefore, repeating part of what was done in chapter 2, some characteristics, which gifts and transactions have in common and some, which they do not share, will be briefly summarized.

Gifts and transactions have some important characteristics in common. (a) They lead to a *reallocation* of goods or services between people and institutions. (b) They are governed by *rules*. (c) Always some *returns* are involved; therefore *reciprocity* is a common characteristic. (d) Both are *voluntary*.

There is only one characteristic, which distinguishes gifts and transactions. (1) The returns in a concluded deal or transaction are partly covered by contract and can therefore be legally monitored and enforced. *The possibility of legal enforcement* of returns applies only to the transaction and not to the gift.

All other characteristics in which gifts and transactions differ are a matter of degree. (2) A *quid-pro-quo* in returns is more likely to exist in transactions than in gifts, both in the way they are experienced and seen from outside. In other words, gifts will more often be partly *altruistic*. Altruism is likely to originate from a morale and conventions based on past returns.¹ (3) Rules tend to take the form of *conventions* and *rituals* more frequently in gift giving than in transactions. (4) Returns to gifts (including negative returns or penalties) tend to come from *third parties*. (5) *Trust* is likely to play a more important role in gifts. (6) The same applies to *idiosyncrasy* - parties having a personal relationship. (7) *Exchange rates* are likely to be less *determinate* in gift giving than in transactions. And (8) feelings of *selflessness* or disinterestedness tend to arise in gift giving more frequently than in transactions. The giver can believe the gift to be uncompensated.

Several chapters of explications could be written with respect to these characteristics. In the present context this is not necessary. In chapter 2 some explication has already been given. One or two general remarks will be made now. More detailed explication will follow in the next sections, where the subsidization or gift giving by artists, governments and private donors is discussed.

The only aspect in the list made up above, which clearly discriminates between gifts and

¹ Reciprocity implies that returns from another party are involved. It can be the smile on the face of my little nephew, when I see him opening my present. These returns are not altruistic. Altruistic 'returns', as they have been analyzed in economic science - (Boulding 1981) - are not reciprocal. Suppose my nephew lives in Australia and he nor his parents will ever respond to the present I sent him. But by assuming that my present will raise his 'utility' my 'utility' goes up as well. This is altruism. As with self-rewards - chapter 4 - my raise in utility is likely to stem from my morale, which originated in earlier returns. This kind of altruism can be present in both gifts and transactions. As altruism can usually be traced back to earlier returns. I emphasize reciprocity in this chapter.

transactions, is the possibility of a legal enforcement of part of the returns in case of transactions. As this is a relatively simple and operational device, I shall use this characteristic in this book to distinguish between gift giving and market-exchange. If legal monitoring is possible the exchange belongs primarily to the market. If it is impossible it is a matter of gift giving.

It would be wrong to assume that gifts do not follow rules. In different societies different sets of rules exist with respect to gift giving. In Japan the giving of useless but elaborately ordered and wrapped little objects whose only destiny it is to serve as gifts many times in succession, is a totally different thing than the 'spontaneous' giving of flowers in the Netherlands. At least, I always thought the latter was spontaneous, until the American economist Deirdre McCloskey confided to me that she found Dutch flower giving extremely difficult to practice. Since then I noticed that most foreigners who try, do it wrong. I became aware that the Dutch as well handle complicated rules, which in their automatic use generate feelings of generous spontaneity. If the rules are applied well, one is rewarded, if not one is punished. Therefore, whatever the differences between cultures are, gift-giving has in common all over the world that it is hardly ever selfless. If nothing else a signal is given and some sort of response is anticipated. In this sense gifts do not differ from transactions. They are both reciprocal. If a completely selfless and altruistic gift exists, it would be an exception to the rule.²

These examples exhibit the fact that gift-giving can easily be part of rituals. The rules serve rituals. In rituals the borderline between positive returns and penalties and therefore between gifts and duties becomes unclear. In primitive cultures all sorts of penalties exist for those who try to escape gift-giving. This is the case in the traditional pot-lash ceremony, in which gifts must later be returned by other gifts with 'interest'. If not the receiver of the original gift loses status. Seen from the outside the return-gifts are at the same time tributes or duties. This applies as well to much present-day gift-giving. Penalties in case of negligence, which can be seen as negative returns, can be more subtle and complicated, but they surely exist. In more or less indirect ways people mark offenders by some form of disqualification. Gifts are part of a habitus. They follow rules, which serve rituals. For the analysis of the economy of the arts this aspect will turn out to be very important. Much subsidization of the arts, both internal and external, is embedded in rituals. What is experienced as a gift can often just as well be seen as a duty or a tribute.

In the following sections I first want to come to a better understanding of the external subsidization of the arts. Do the private and public sector give to the arts, and why do they give? In the last sections the attention will go to internal subsidization once again. Why do artists give to art?

Donations, subsidies and sponsorship combine gifts and transactions

Can you give examples of gifts for the arts, which could also have been called transactions? And of transactions which could have been called gifts?

Gift and transaction can be distinguished on the basis of the possibility of legal monitoring of the

² Altruism can be (Komter 1996) edited a book on the gift, including articles by Lévi-Strauss, Sahlins, Komter, Sen and others. In all but two articles the reciprocity in gift-giving is acknowledged. Only in the articles by Oliner and Oliner the possibility, rather than regular occurrence, of a selfless gift is demonstrated in extreme, i.e. life or death, situations.

returns. In practice the difference does not have to be important. Gifts and transactions can amount to the same thing. Firstly, in transactions not everything can be or will be put down in contracts in order to enable legal monitoring. If one party fails or cheats the other party, judges can only restore part of the damage. Therefore trust and idiosyncrasy play important roles in market-deals as well. On the other hand parties in market-exchange will often have non-legislative powers to bring one another to heel. The latter applies to gift-giving as well. If a donator does not get the return he wants, he may have considerable non-legislative powers to correct the receiving party. For instance parents will not arrange legal deals with their children, but they may very well threaten their daughter to withdraw their assistance if she persists in her wish to become an actor. - It still happens, be it less often than some decades ago. - And in the eighties the American Congress cut its gift to the National Endowment for the Arts, as it did not respond in the desired way to the demands of the Congress by continuing to include 'controversial' modern art in its program.

Secondly, seen from the outside, gifts and transactions are often combined in one deal. They are called gifts or transactions, but looking at them carefully, the gift often turns out to be supplemented by a transaction, while the transaction is supplemented by a gift. The former situation is characteristic of most donations, subsidies and sponsoring. Generally they are presented as gifts, but at least partly they are transactions. Almost always some returns can be legally monitored. Examples from the public sector and the private sector can illustrate this.

Many small private donors get certain legal rights in exchange for their donation. It can be the right to a quarterly journal called 'Friends of the Boston Opera' as well as some kind of VIP treatment during performances. But the immediate exchange value of these will generally be low compared with the size of the donation or the subsidy. Therefore the term gift is more or less adequate.

In subsidies almost always a contract is involved in which some obligations of the subsidized artist or art-institution have been put down. A government-subsidized theatre-company can be obliged to give at least 10 percent of its performances outside the Paris-region, because it is government-policy to diffuse art, not only among social groups but also geographically. The company would have complied with this and other demands for a price that is much lower than the amount of the subsidy it receives. Therefore again the subsidy is primarily a gift. But it is also a payment for services, which the subsidized institution must render.³

Much present-day sponsoring by firms clearly takes us to the market extreme of the continuum from gift to transaction. The price firms pay to cultural institutions to be allowed to advertise their brand-name in connection with the cultural institution has become more and more market-conform. Some cultural institutions actually publicize the prices they charge for different levels of sponsoring, which correspond with different levels of logo- and name-publicity in posters, catalogues et cetera. Seen from outside this kind of sponsoring is altogether a transaction. No gift is involved. Nevertheless both parties continue some of the rituals of gift-giving. This probably adds to the commercial attractiveness of sponsoring. But other forms of sponsoring by companies continue to exist in which contractual returns play a much smaller role. Therefore companies play an important

³ The question arises whether these are services to the government or to third parties. In chapter 8 // we shall deal with this problem. But in either case it is a transaction between the government and the art-institution.

part in total giving.

Seen from outside most subsidies, money from sponsors and donations the arts receive can be positioned on different spots in a continuum, which runs from the exclusive gift to the exclusive market-transaction. But in gift giving the inside view, the subjective way in which participants experience their mutual dealings, is just as important for the analysis. What is primarily a transaction can be experienced as a gift and vice versa. Therefore both pictures can deviate considerably, but they are not independent.

Gifts can be transactions, partly or completely. The opposite also occurs. Transactions can have a gift component. Expected returns are deliberately lower than corresponds with a competitive price. This was and still is important in past and present aid for the arts, especially aid from the private sector. The air of the spiritual inferiority of trade may not always have been as strong as it is now. In earlier days, instead of giving to art and artists, donors often preferred to include an aspect of the gift in their transactions with the arts. The Maecenas typically commissioned art to be made especially for him. The deal had an image of aid. But as no exchange rate existed, the amount of aid was difficult to tell. The same applies to the patron of old. The patron differs from the Maecenas in the sense that the patron did not buy or order art, but employed artists. For instance a composer could be employed. Often the employment was extremely attractive to the artist. Therefore an aspect of the gift must have been present.

In the late nineteenth century and early twentieth century the market for the higher arts of those days - primarily serious music and visual art, but not theatre - probably contained some elements of aid for the arts as well. Courts and nobility had largely withdrawn from the field, while governments had not yet stepped in. The fact that the bourgeois often formed associations for their consumption of art, primarily performing arts, makes it plausible that at least some aid was involved. Collective consumption by the members appears to have been the main motive. But the motive of supporting the arts is also mentioned. Unlike court or government, citizens missed the funds to show off in supporting art individually, but collectively in an association they could.^{4 5} However generally aid was given through the market.

The present situation is complicated. On the one hand idiosyncrasy can actually work against aid-by-trade. In my own practice as an artist I noticed that the fact that as an artist I am so much poorer than my friends and relatives, hinders trade rather than stimulates it. The very fact that a friend or relative has the power to buy is experienced as embarrassing. Moreover the friend or relative is afraid that I may suspect that he buys because of my bad financial situation and not because of the quality of my work, which he would actually like to buy. In the end he leaves the studio without buying anything, while both he and I feel frustrated. Of course this does not apply to all friends and relatives. Also an American artist told me that in this respect Americans are less screwed-up. On the other hand I know collectors, who deal as well and who help young artists by paying them a monthly income more or less against reason. This is a clear form of patronage, which covers both the earlier

⁴ Cf. (Hitters 1996) pp. //.

⁵ The formation of associations for the collective consumption and the support of art will have served to overcome the threat of potential free-riders of the reciprocal effects as well.

`maecenat' as well as the earlier patronage. Therefore a modern patronage of the market can be said to exist. But as in the old days its gift content is limited. The difference is that In the present day the majority of those who give do not `hide' behind transactions. They sooner include transactions in their gifts.

The gift is important in the arts

What do you expect to be more important: giving to the arts by private persons or by companies? What proportion of giving do you expect to come from the workers in the arts, who do volunteer labor, and from underpaid artists?

Figures

As far as possible comparisons between

1. geographical areas: countries, Europe - USA
2. sectors: art - medicine - law etc
3. artistic areas: museums, music etc
4. external - internal subsidization
4. private - company - state funding - internal funding
5. market - gift funding for each of 4.

The private gift may be more substantial than expected. As far as I could make estimates of the size and the opportunity costs of labor by volunteers in the arts, I have included the latter in the amount of private giving. Labor by volunteers could make up // percentage in // to // percentage in // of total private giving. For the major part this category still consists of the labor of mainly middle-aged men and women from well-to-do families. // But an increasing part is occupied by youngsters who are not (yet) well off. For some off them volunteering can also be seen as a form of investing. This way they hope to increase their chances on a paid job in the future. As a gift it is also a form of internal subsidization. The sector's workers help the arts by letting themselves be underpaid or not paid at all. But because most of these volunteers come and go in the arts much easier than artists and paid employees do, I count their labor, somewhat arbitrarily, under external subsidization.

The gifts by volunteers and by young artists who spend endless unpaid hours in the arts, may actually not be a gift from private persons, but an extracted `gift' from governments. This is the case when the volunteers and young artists use social security or other government money to finance their activities. The first seven years of working as a professional artist I primarily financed my artistic activities with social security money. Thousands of starting artists did the same. This government money was not intended to subsidize the arts, but it actually did. There has been no attempt to correct the above figures for these extracted subsidies. But in each country with some level of social security part of this money will flow to the arts. And in periods when social security is generous and monitoring is weak, as it was in the Netherlands in the eighties, it is likely that a considerable part of the funding of art takes this route.

Not only social security money is involved. It is amazing how after a while almost any subsidy that

was intended to reduce overall unemployment, gradually started to flow more and more to the arts.⁶ Because of these subsidies workers temporarily receive low subsidized wages while employers pay little or nothing at all. But in most other sectors these subsidized minimum wages are still too low to attract large numbers of unemployed. In the arts incomes are low anyway and a subsidized badly paid job is more attractive than volunteering. The fact that a relatively large proportion of these subsidies flows to the arts is another proof of their attractiveness and of the low rate of return in the arts.

In the next sections I first take a closer look at the external subsidization. Internal subsidization is the subject of the concluding sections.

Gifts by private persons, firms and governments are interested gifts

'Giving to the arts adds to the prestige of the donor.' Do you agree? Can you give examples?

Gifts are reciprocal. Seen from outside gifts serve interests. The notion of the interested gift may be tough to comprehend. To perceive governments as having interests of their own while subsidizing art is likely to be even more difficult. In the next chapter I shall investigate the matter. But in the present context it does not matter whether governments behave as if they represent the interests of the electorate, certain pressure groups or groups of government officials. What matters is that governments and government-bodies have interests, just like big firms who support art. The latter can follow shareholders' wishes, but directors and other officials always have considerable space at their own discretion as well and they use it. Nevertheless the situation, in which governments operate, is complicated and needs further discussion in the next chapter.

It may be difficult to see the support by big firms, large foundations and governments as gifts in another aspect as well. Compared with small private donations to artists these gifts are relatively impersonal. Idiosyncrasy appears to be absent or one-sided only. Is there a personal relationship involved? The relationship may not be a prerequisite of the gift, but it reflects an important value of the non-market domain – see chapter 2. It makes the term gift more fitting. Nevertheless, according to most scientific notions of gifts large institutions clearly give. Moreover, in time they have developed identities. Among other things their gift-giving will have added to their identity. Identities may even differ between departments or levels within companies or governments. When I apply for subsidies to both a foundation of the central government and one of the local government, I imagine different 'personalities'. I adopt the choice of words of my application accordingly. Finally, surprisingly often subsidies and donations are not just a matter of paperwork. More often than not artists and art-institutions personally get to know officials who represent the giving institution and vice versa. In the support of the art-world, maybe more than elsewhere, personal relations between artists and officials, who donate, are important. Officials probably get something out of the relationship personally. It implies that part of the institution's interest is the return to the employees concerned.

⁶ Presently this is the case with so called Melkert banen. In France // etc

The importance of the pleasure in meeting with people from the art-world should not be underestimated. But it must be seen as part of a larger interest.

The interests in the transaction-part in gifts, which was discussed - like the quarterly, the VIP-treatment, the diffusion of art and the advertisement of the brand-name - are relatively clear. But which are the returns to the gift-part in donations, subsidies and alike? They can be manifold. Moreover they do not have to come straightforwardly from the receiving party. Most often they will arise in extremely indirect ways in which many parties are involved. But one way or another, through giving to the arts the giver receives *a share in the art's sacredness*.

Sharing does not have to be public. For private donors it can be simply a matter of immediate consumption. Something 'wonderful' between them and the arts goes on only they know about. It is like listening to music in one's study - or through a Walkman. But generally giving to the arts is not just a private affair. It serves social functions simultaneously. They run from display in a circle of family and friends to public display. The person or institution that gives to the arts mirrors the art's sacredness and therefore 'shines' more than he would without giving. The giver, whether a private person, a firm, a foundation or a government-body rises in status, be it ever so little. The latter presupposes that people notice and acknowledge the gift. Therefore the return to the gift is never completely certain. In this sense it is an investment with uncertain future returns. The outcome depends on third parties. If the investment works people become profoundly impressed or overawed by the sponsored art. Economists call it *an external effect* of art. This in turn may cause an increased respect for the donor. The gift is returned to the donor through third parties in the form of a slightly increased status. The gift leads to external effects, which result in what I have called *a reciprocal effect*.⁷ In giving to the arts governments, firms and private persons connect with the non-market domain, which was discussed in chapter 2, and which is attractive in itself. But the connection with sacred art is the most important return. The return is part of an investment. Seen from outside it is an instrument for evoking esteem and raising status.

Power plays a role in human relations at all levels in society. By their specific combinations of economic, social and cultural capital people exert power over other people. In order to maintain power and pick the fruits of power, it has to be shown. Therefore it needs symbolization. The sailor shows off his strong arms, the business executive drives in a fast car and the government parades with its army. These are symbols, which refer to possible real use: the sailor can actually hit his opponent and the government can kill the enemies of the state. The messages are easy to grasp. But, again at all levels, power will also be symbolized in far more indirect ways. Indirect messages are often more effective. Art has always been a useful vehicle for the indirect symbolization of messages. Visual art is particularly illustrative. Murals in palaces, churches and town halls as well as the paintings in the mansions of the rich, which now inhabit our museums, they all convey messages, which indirectly relate to the power of the owners as well. They often do so by referring to comparable situations in other times or in sagas. Our modern art is supposed to contain less

⁷ (Abbing 1992). Advertisement is a clear example of the working of reciprocal effects. An external effect leads to a small change in buying behavior. The external effect of the public advertisement returns to its perpetrator as an individual effect.

messages, but it could well be that in hundred years people will decide that messages in our art were far more important than we thought.

In its most extreme form art actually serves the sublimation and even the denial of the wish to exert power. For instance in Christian iconography the beggar in the painting may refer to the commissioner of the painting. Moreover, art itself, including modern art, expresses sublimated power. On the one hand it reflects power, as only relatively rich persons and institutions can afford to buy or order it. And on the other hand art goes beyond power. It exceeds power. With music, theatre, architecture or visual art no war will be won, and no market will be conquered. Therefore it is the ultimate form of power, when the powerful can say: I do not need to exhibit my army, my fast car or my strong arms; I have got art. With art a patron, sponsor or government connects with the sacred. It shines on her, and shows her invulnerability. The presence of actual power in the sense of military power, power to tax, purchasing power and such, is merely suggested.

This kind of sublimated power is not only displayed by gifts to the arts. The purchase of art, the conspicuous consumption of art-products comes generally first - also in the case of governments -, but gifts to the arts supplement this consumption. Looking at the apparent returns gifts appear to be more 'expensive' than purchases, but because of the special status of the gift this is not necessarily true. Gifts to the arts add relatively much to prestige.

Gifts from external donors follow conventions and tradition

Can you explain why private funding of the arts is more important in the USA than it is in Europe?

Returns to the transaction-part in a gift, like the advertisement space or the VIP-treatment, are exclusive. Only the donor profits. Economists would say that *individual goods* are involved. Often the reciprocal effect of symbolization through art, which we discussed, is an individual good as well. People are impressed, therefore they respect the particular government, company or art-lover, which gave to the arts, and not any other donor. But in this case it is also possible that different donors will fuse in the imagination of the spectators. Then the reciprocal effect is not exclusive any more. Other people than the donator profit as well. It has become a collective good, which is shared by more companies, government-bodies or art-lovers.

The latter is likely to happen when the returns to the gift are general. In the USA companies feel responsible for society. Often donating to art is a consequence of feeling responsible. By donating they produce returns which run from an increase in the general prestige business has to the commercial benefits from a livelier art-sector. But these returns are not exclusive. The firms who do not contribute to the arts, benefit as much or almost as much. Economists expect situations like these to be unstable. In the short run it pays any firm to stop contributing and have the benefits for free. Because of this *free-rider problem* the economist would either expect companies to stop giving to the arts, or he would expect some kind of force to be introduced. For instance local governments could take power on behalf of the companies and tax these companies in order to subsidize the arts. But neither this nor other solutions involving external force have emerged on a substantial scale in the

USA. On the other hand voluntary donations have survived for long periods of time. Apparently companies feel obliged to give and continue to do so, even when one or two of them take advantage of the behavior of others.

A fundamental issue is at stake here. Not only on gifts, which are based on responsibility, but also on gifts, which serve private goals through symbolization, returns can be uncertain and if they occur they confer on others as well. The connection between the gift and the individual return is often weak. So why give? It could be genuine altruism, but the notion that this kind of giving is embedded in *conventions* is more plausible. Conventions are values and rules which the employees of firms and government-bodies have internalized and passed on within their culture and within their institution. It is comparable with the morale of the individual artist which was discussed in chapter 4. In this respect it can again be useful to think in terms of the identity of a firm or government-body.⁸ The identity corresponds with a morale. As the values in a morale are shared between individuals and institutions, the term *tradition* is fitting as well.

Private persons, companies and government-bodies in the USA and Europe differ in the sense that in the USA private persons and companies are more generous in their gift to the arts than they are in Europe. In Europe government bodies give considerably more than in the USA. The difference is persistent. Traditions have differed for many decades. Historical explanations can be given for the difference, but this does not imply that the historical logic still holds. It has turned into the logic of convention. 'This is the way it is done.'

Presently many people in Europe tend to think that in a kind of 'privatization' of the gift to the arts, private donations have replaced government-subsidies considerably during the last fifteen years, making Europe and the USA more similar in this respect. Some change can be noticed, but the difference remains impressive.

Figure Amounts of different forms of donating to the arts over time in percentages of total per head in USA and Europe. [If data are insufficient, skip, and verbal remark only.]

Ritual giving to art is a duty to art

'It is a duty to give.' How could this statement apply to the giving to the arts? When behavior follows conventions, costs and returns are taken more or less for granted. They do not need to be specified or checked all the time. Over time it has been established that sponsoring art is good for companies in the long run, and that not subsidizing can be harmful. It can be a self-fulfilling prophecy. Even when the start of the practice was based on an unrealistic belief, the imagined returns and penalties can become real. In western countries all major banks support art. They also have collections of modern art. Why do they all do it? Is there a penalty on not-having an

⁸ By the way I let one sentence follow the other I connect with methodological individualism, favored by most economists. The terms morale and identity would have to be traced back to individual preferences. It is always could to keep individual actors in mind, but, nevertheless, I agree with sociologists that compulsive reduction can be highly superficial, unnecessary and, at times, wrong.

art-collection? Does a bank harm itself by refraining from a collection? Evidence is hard to give in these matters, but not having a collection is apparently esteemed to be risky. The danger may not be that other banks would take advantage of the situation by pointing at the exceptional a-cultural attitudes of a bank. But being exceptional one draws attention anyway and an image of cultural barbarism can easily arise. Moreover extra costs could arise internally. In its competition with other banks the acquisition and holding of adequate personnel is not easy. Not supporting and buying art contributes to an a-cultural identity. This will make it harder and more expensive to get able higher personnel.

For governments among other governments and government-bodies among other government-bodies similar competitive forces are at work. Both returns and penalties are based on beliefs, which tend to be self-fulfilling. This is why conventions and traditions generally remain the same or change only slowly over time.

In conventions a degree of a long term weighing of costs and benefits will still be present. These costs and benefits are colored by values. 'It is good to support art. It is bad not to.' As was noted before, internalized values serve to simplify decision-making by relating it to earlier experience and group-interests. But values can also be related to compelling shared notions of good and bad, which do not refer to present or past returns and costs to giver and receiver. Giving turns into a *ritual*. The values in conventions do not need checking; in rituals they resist checking. Information about costs and benefits is unnecessary and unwanted. It is likely that a ritual is actually based on ill information, at least partly. Only extremely broad notions of rewards and penalties exist. Donating to art gives entrance to the world of the sacred. Not giving implies the exclusion from this world.

Is giving to art part of a ritual? Do private persons, companies and government-bodies make ritual offerings to art? The ceremonies, which surround much giving to the arts and which are characteristic of many rituals, make the picture plausible. Typical of many rituals is that, although costs and returns are very general, defection is nevertheless punished severely and concretely. The defector is punished by exclusion from the ritual and the sacred world it stands for. As long as the defector or her social surrounding believes in this world this is a severe punishment.

Offenders are usually punished more or less discretely within their own circles. But every now and then public figures are involved. A public scolding and symbolic degradation is a fate that has fallen on naïve politicians, economists and journalists who publicly spoke out in favor of a reduction of subsidies to the arts.⁹ But these are rare cases. In Europe most public figures who are against subsidies, will not speak out. They do not want to be excluded from the world of art as 'cultural barbarians'. That happened to the earlier group. Often unjustly so.

In the seventies I followed the case of one particular Dutchman, a slightly naïve economist and politician, Drees jr.¹⁰ I personally knew he was an intense and sincere art-lover, but he did not parade it. He was an integer man with strong principals. In his view the poor were paying too much for the cultural consumption of the rich and he made clear that he wanted to limit this practice. Gradually,

⁹ Names? Other countries? Benefits for higher income groups.

¹⁰ Drees jr. founded a new social democratic party in the Netherlands called DS70. His father, Drees sr., is better known. He presided a number of cabinets after the Second World War.

almost like a gossip, the expression cultural barbarian became connected with him. This not only ended his plans for cutting subsidies, it also ended his political career. What struck me above all was the power of just a word. No arguments, only a word. It implies that words stand for major irrational powers as they do in rituals. This man was supposed to be an enemy of art, like an enemy of Christian faith in earlier times or an enemy of communism in East-European countries not so long ago.

In rituals gifts become more or less obligatory. Seen from outside people are ill-informed about costs and benefits. Their behavior is no longer voluntary. Therefore gifts turn into tributes or duties. But exactly because of the bad information the donators do not experience their gift as a duty. Seen from inside it remains gift. The sacred object appears to be vulnerable. This is precisely the image we have of art. But the arts are not vulnerable at all. People have invested much power in it. The power is sufficiently large to enable the artworld to extract duties. It extracts them from private persons, companies and government-bodies.

We can only metaphorically speak about art extracting duties, as the artworld is not an institution, which can effectively and purposefully levy taxes. But in a disorganized way a lot of power is invested in it, which, again in a disorganized way, keeps the ritual of giving to art going. Not all external subsidization of art should be regarded as a duty to art. But it is an aspect of much giving that must be taken into account. Society not only gives to art. It also offers to art. Art takes duties from society. The dance around the golden calf has a modern counterpart.

The artist's gift is an investment in future returns and therefore an interested gift

I take a large step in our discussion, forget about external subsidization and turn to internal subsidization by artists and other regular workers in the arts in the remaining sections of this chapter. They are the recipients of the gifts, which were discussed so far. But above all they give themselves. It is the continuous flow of recourses into the arts, which stems from sidelines, from family, from a partner and from the willingness to be poor.

Why do artists give to art? Whether artists are aware of it or not, they are likely to have an interest in giving. Seen from outside it could be that they will be compensated in the future for their generosity, in terms of money as well as non-monetary rewards, like fame, recognition and self-rewards. And if they have little chance of being compensated, they could live with false expectations somewhere deep in the back of their minds. In either case the artist behaves like a gambler. Therefore I return one more time to the themes of the artist's orientation on rewards and his readiness to work in an unprofitable sector, which was discussed in the preceding two chapters. From still another angle one or two viewpoints can be added, but some repetition of aspects treated before will be inevitable. This time I look at the artist as an *investor*.

In almost all gift-giving the time dimension is important. Whether returns are consciously anticipated or not, most often part or all of the returns will only appear some time in the future. The gift or sacrifice parents make in bringing up their children, is likely to be answered by a counter gift.

Probably children will look after their parents at old age. But it is never certain. Children may die before their time, or lose interest in their parents. Therefore, when returns are not altogether immediate, the gift can be seen as an *investment* in uncertain future returns. That is, if I look at it from the outside. For the people concerned it usually is just a gift - or a duty.

In both transactions and gifts a redistribution or reallocation takes place between different persons or institutions. Therefore I cannot perceive the self-employed artist as 'giving' to himself, when he invests in future returns.¹¹ Unlike couples who raise children, artists must be seen as producers. They run small businesses. Our society is socially constructed this way. And, again seen from the outside, of all the many investment-activities artists undertake in developing their product and building a reputation only part takes the form of gifts. The latter applies primarily to the building of a social network, which may be even more important in the arts than elsewhere. Lots of little presents, mostly in attention, but also in more material assistance are given all the time. If an artist wants to build a good relationship with a certain gallery-owner in Amsterdam hoping to exhibit in her gallery some time in the future or otherwise be recommended by her to others, he will start to come to her openings regularly. He will chat with her, flatter her a little and, after a while, he may take a client of his own to her gallery hoping that this client will buy something of her. He invests in the relationship.

Not all investment is social. Canvas, a violin or a midi-set is bought. And endless time is spent on the development of the artist's product. The latter can be normal business investments. But these investments in the arts are likely to have a gift content, just like transactions in the arts can have a gift content.¹² The gift content can be smaller or larger. What I earlier called internal subsidization serves primarily normal business interests. It is an investment, but at the same time some gift-giving will often be involved, at least seen from outside.

One must, however, keep in mind that most artists do not see themselves as investors. Some present-day young artists are well aware of the fact that they are investing by building a reputation, which matters for their future chances. But the same artists find it difficult or impossible to see themselves improving their product or style to increase their future chances. And other artists have an image of themselves in which future returns play no role whatsoever. Therefore, in the subjective experience of artists, what seem to be investments from an outsider's point of view are primarily gifts. Seen from inside internal subsidization is a gift from artists to the arts.

If artists envisage returns at all, then they are not perceived as the results of investment. Returns

¹¹ It is true that by investing and therefore consuming less now, the artist 'gives' uncertain returns to her future self. But 'internal gifts' are not comparable with self-rewards. The latter refers only to states of mind, not to actual goods and services being reallocated. Moreover both gifts and transactions are generally perceived as categories in interpersonal intercourse, and widening their usage would be confusing. But if the investments made by the self-employed are no gifts or transactions, it is unclear what they are. Both shares, the basis of most investment, as lottery tickets are part of transactions as they give legal rights to future returns in specified circumstances. Investments by self-employed are actions which are not based on a contract and cannot be legally monitored. Therefore in this chapter these investment represent a third category next to gifts and transactions. A more complete theory than the one presented in this chapter would have to take account of exceptions like this one.

¹² As investment in the arts usually take place within small self-employed enterprises the concept of legal monitoring of the investment has no meaning. Therefore the distinction between pure investment and pure gift is even more unclear than it is in the case of pure transaction and pure gift.

will be seen as self-rewards, the pleasures of contributing to the arts. And when the artist receives unexpected recognition and fame later on in his career, he will believe that his gift to the arts has been answered by a counter-gift, which was never sought, but is nevertheless seen as 'deserved'. Therefore, subjectively it is a matter of reciprocal gifts, not of returns on investments.

Since artists perceive themselves as being only interested in self-rewards, one would expect that artists would not be interested in information about future returns. But as has been noted earlier, this is not true. It demonstrates how important it is to let the in- and outsider's perspective supplement one another. Artists seek information on future returns. Moreover, seen from outside, they behave as if they are informed about future rewards. But they do not interpret their behavior as such. Their behavior follows from the rules of the habitus, which differ depending on one's position within the artistic field. Given the habitus, behavior is experienced as natural.

As artists handle information, they can also be ill informed. What they experience as a voluntary gift to the arts, could be a tribute.

Artists carefully add to their capital, but not indefinitely

Do you know artists who left the arts in between 5 and 15 years after leaving art-school? Do you know, or can you guess what sort of deliberations they will have made?

Gamblers weigh their chances. Within the rules of their habitus artists do not behave strategically. But seen from outside they behave as investors, that is investors who actually like to take risks. By increasing the stakes or the size of their 'gift' they try to increase both their chances and the size of the future jackpot. In gambling risks are high, but predictable. The artist is more than a gambler. When he invest he faces not only risks, but above all uncertainty. The chances on different outcomes are almost altogether unpredictable. And yet some artists can reduce uncertainty a little and turn it into risk by choosing their 'gifts' or investments wisely. Seen from outside this is what artists do all the time.

By investing the artist adds capital to the capital he already has. As in any firm this is a delicate matter. A dancer, who wants to increase his chances by becoming a little bit more widely employable, could choose some extra schooling in movement theatre. This addition to the abilities he already has is easily achieved. If instead he would go for traditional text-theatre, the same addition would cost him a lot or even infinitely more.¹³

What makes the artist an investor par excellence, is the fact that if returns come at all, they generally come late. On average they come much later than in industry and in other profession. On the basis of the scarcely available statistics, it appears that the average time it takes before artists break even - including their cost of living - varies from // to //. ¹⁴ *Artists are long term investors.* Long

¹³ Any solution is a personal solution. For a very special dancer with special talents doing text may be just the thing to do in order to stick out in an art world, where there are far too many average artists anyway.

¹⁴ Artists, who left the profession, have been counted as being unprofitable indefinitely, that is for fifty years. If only those who became profitable sooner or later are included, the figures are less extreme. They run from // to //.

investment periods correspond with the stakes, which can be extremely high in the arts. But as has been noted the high incomes not only draw a lot of attention, they are also statistically almost negligible. Therefore for a few relatively well informed artists these long investment periods can represent an effective strategy, but for the majority of artists they show how ill-informed they are.

When one distinguishes between different sub-areas within the artistic field and within a specific art form, these sub-areas could be characterized by different average investment periods. For instance in the visual arts the stakes are likely to be highest in the contemporary area at the moment. Therefore one would expect to find the longest investment periods here, longer than in traditional art. - It is an interesting question if average investment periods have become a little shorter during the last decade.¹⁵ -

Depending on their position in the field long investment periods also apply to many intermediaries in the arts, such as small dealers, editors and gallery-owners. As in the earlier chapters the analysis applies to the semi-artistic personnel as well. Like the artists' behavior, theirs is extraordinary. But with some fanatic exceptions in for instance the editing of books and the selling of visual art, it usually is so in a lesser degree. That is why I usually speak of artists only. But this group should not be forgotten.

It is difficult for artists to get a sufficiently clear picture of their chances in the arts in order to decide to go on investing or leave the arts. Only a few artists become successful. The majority of the others leave. And as was noted in the last section of the preceding chapter, they generally leave late; much later than other professionals do. In the last chapter I rejected the notion that these 'losers' are actually consumers. The image of investors is more adequate. Uncertainty and myths of unpredictable sudden success make it difficult to leave the arts earlier. Another factor related to investing is of importance as well. The longer the artists waits the more difficult it will become to build sufficient capital in another profession. The backlog compared with those who started in the other profession much earlier has often become unbridgeable. As happens to many former artists, they end up in more or less unskilled labor. Therefore given the low and decreasing attractiveness of alternatives, unsuccessful artists stay long in the arts and go on investing. Only when their chances have become really small, they leave for another occupation. - In their imagination probably no alternative to the arts ever existed. From the very beginning onwards it was either art or death. But luckily for the leaving artist alternatives do exist in real life. -

The artist's gift is a duty to art

Failed artists pay a price. Do you think others in and around the arts benefit from it?
Internal subsidization is experienced as a gift, but seen from outside it is primarily an investment. As was demonstrated in the last chapter the investment is less profitable than a comparable investment

¹⁵ There are indications that successful artists in contemporary art become successful earlier in their career. Wolfson [//] If this is true it may apply only to a sub-selection of youngsters within contemporary art, or it may indicate a change in the relative position of contemporary visual art, or the working of the mechanism we describe becomes less extreme.

would have been in other sectors. This was interpreted in two ways. (1) Future material returns are lower than elsewhere, but they are compensated by more than average net immaterial rewards. The kick the gambler gets out of gambling is included in these immaterial rewards. (2) Artists are ill informed about rewards. These two explanations are likely to supplement one another, but I tended to put the highest weight on ill information. From the viewpoint of the gift some other important aspects of the second interpretation can now be discussed.

If artists are ill informed their investment or gift to art can also be said to be a tribute or a duty. If myths operate in society which make it difficult to get more adequate information or which contribute to the existence of ill-information, choices become more or less involuntary. That is, if one looks at them from outside. Force turns gifts into tributes, duties or taxes. The aspect of force can sometimes easily be recognized. The tax collectors of a local lord or of the church displayed their power openly. The power of present-day government in the exercise of its tax-monopoly is less visible, but it is there. But more often power works in very indirect ways and is not easily recognized as such. This is particularly true in the case of the tribute. Usually the tribute to parents or to God - or to one's university - appears to be voluntary and therefore a gift. It is a joy to pay the tribute. But people are hardly aware that if they refuse to give, they can be punished by all sorts of indirect forces - above all banishment from a social environment, which can be essential for their survival.

Because of its dual meaning the term tribute is useful. It connects the gift with the duty. A tribute is experienced as homage and an obligation at the same time. Seen from outside an obligation exists to give. Therefore the tribute is also a duty. Duties play an important role in any habitus. Rules tell people to pay respect to older people. Respect may also be demanded for cultural capital, like the body of work done before in an area in the arts or in a discipline in science. This respect is a natural tribute for some, but to rebels it is a duty.

The duty-to-give in the arts is not that exceptional. Special is that it is vested in an artworld which appears to be very loosely organized. Possibilities for immediate formal and informal monitoring are weak. Offenders cannot be punished in an organized way. In, for instance, professional medicine this is much easier, as medicine is embedded in several well-organized institutions. The same applies to science generally with the universities as a main binding force.

In the arts most monitoring takes place extremely indirectly through myths. In society and in the artworld myths circulate which diffuse 'information' about the arts together with values of good and bad with respect to behavior as well as artistic quality. Myths keep artists and would-be artists more or less in line. Often through myths rules are set which result in ritualistic behavior. Gift and duty fuse because of rituals, which offer a 'natural' rationale to behavior. Working late hours in the department store can be a duty for somebody given the circumstances. This person will hardly ever perceive it as gift. But working late hours in the arts is a gift and a duty. It is a natural sacrifice to art. It fits into the arts' ceremony, in its ritual. These demand sacrifices.

I mentioned a number of myths in the last sections of chapter 4. 'Art is sacred.' 'Authenticity or commitment lead to rewards naturally.' 'Because of its openness equal chances exist in the arts.' Other myths were mentioned in other chapters. I shall return to these and other myths in the epilogue. Here I limit myself to some more general remarks.

The obvious question in case of tributes and duties is always: who gives and who receives, or who loses and who wins. Giving or paying duties implies a degree of redistribution. Sometimes it is primarily between generations - young artists paying to older artists while partly becoming a receiving party themselves once they are older. But as many young artists leave and only a small percentage of old artists seem to be 'well-paid', an uncompensated redistribution between different artists must be important. It is more important than in other sectors as failures are more frequent in the arts. The winners are not only artists. People around the arts win - and lose - as well. For instance presently some directors of museums of modern art receive more tributes than many of the artists they exhibit. Government officials concerned with the arts get more than a little share as well. But within the magic of the art-world the successful artist must have the largest share in the end. Sacredness, the motor for taking duties, is still connected to the artist. Without him the sacred would be lost and there would remain little to distribute. The people around the artists direct the canonization, while larger groups follow in paying a tribute.

Coming to the conclusion of this chapter a number of questions start to come more and more to the fore ground. It is clear that in the arts seen from the outside some lose and some win. Are the winners responsible for the present state in the arts? Are strategies involved which keep those who pay duties in line? In rituals all participants play their part. Through the working of the habitus they do not experience conflict. There is no need for deliberate strategies or plots. No one is responsible. Only when changes are about to arise, the better off are likely to defend the status quo with more power than other participants.

But redistribution in the arts appears to be extremely inefficient. What is gained by a small group of successful artists and art-intermediates, is gained at an extremely high price. The main question therefore remains. Why does average relative poverty exist? Each sector has its tributes, duties and therefore its redistribution. But why is there a net loss in the arts, which appears to be in no one's interest. Why all this waste of resources, of young people's careers which started in high expectations only to finish in social failure? Why is such a huge duty demanded from society? Some pieces of the puzzle may have been put together in this chapter, but quite a few pieces are still missing.

Conclusion

Gifts are important in the arts. Governments and private parties donate money to the arts; since they receive something back as well, e.g. social standing or participation in the sacredness of the arts, a transaction element is involved in the gift. Therefore, the gifts can be called interested gifts: there is an interest involved for the gift-giver. A government needs to subsidise the arts in order to construct a suiting image of itself and to display the power it has in society.

Whereas we usually think of external subsidisation when talking about gifts, a big part of the gifts in the arts takes the form of internal subsidisation. The enormous amount of voluntary work in the arts is a good example. Another example is the investment artists make in their career: by foregoing income at the beginning of one's career, one hopes to be compensated with higher income towards

the end. The artist himself will perceive what seems to be an investment for an outsider as a gift. Other long-term investments occur in the form of the social networks that one has to be part of in order to be successful.

The problem with these long term investments is that they make it more difficult to withdraw from the artworld: one has already invested a lot, and furthermore the chances of building up a new career in another profession become less as time passes.

Gifts often have a ritual character. Moreover, they are part of the habitus of the field. Refusing to give might be risky, in the sense that one will be regarded to be a philistine if one does not do so. Through the myths that inform the artworld, artists are more or less forced to act in line with the habitus, even if they have the feeling that they make free choices all the time. In other words, many gifts made in the artworld are in fact obligatory.

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