

SUPPORT FOR ARTIST

The economy of the arts is exceptional, or rather, it is relatively exceptional. One important characteristic that makes the economy of the arts differ from economies in other sectors is, what Throsby (1994) has called, ‘the work-preference of artists’. When creative artists like composers, writers and visual artists, but also many performing artists like dancers and actors receive more income, they do not use it to work fewer hours in the arts in order to have more leisure time, but instead they use it to work more hours¹. Evidently the advantages of working more hours in the arts offset the advantages of more leisure time. This relative anomaly has far reaching consequences for the economy of the arts. It implies that the low average incomes in the arts are largely structural and that subsidies intended to raise income tend to be futile and can easily be counter-productive. At the same time it raises questions about the interpretation of low incomes and the professional status of artists: are artists as badly off as they appear to be? Or should a majority of artists be regarded as happy consumers instead of as miserable producers?

Artists may behave differently, but they are no saints

The work-preference of artists suggests that artists have saint like qualities. In making ‘sacred’ art they forget about themselves and only care about art. If the only way to make art is to accept a lousy second job in order to make a living and to have just enough money to buy paint or rent a studio, they do not hesitate to wait in restaurants, work as night porter or clean houses. As soon as a bit more money comes in however, whether from waiting, from subsidies, from a partner or from art, they cut down on

¹ As the economy of the arts is *relatively* exceptional, other professional groups, like academics, exhibit similar exceptional behaviour, but most of the time in a lesser degree.

their second jobs in order to spend more hours making art. Therefore income is a constraint and not a means to obtain consumer goods, including more leisure time. In this sense an imaginary *survival constraint* exists. (Throsby, 1994; Rengers and Madden, 2000).

This view does not necessarily imply that artists are selfless, because by making art, artists can still seek private satisfaction. Nevertheless, it tends to reinforce the mythology of sacred art and of passionate and selfless artists, who are indifferent to external rewards. As an artist and knowing artists, I prefer a less exceptional view of the artist: making art is not a mystic self-rewarding activity but, as in other professions, it is a means of obtaining rewards, not only in the form of money and private satisfaction, but also in the form of recognition, status and other non-monetary rewards that come from other people. The same applies to any other worker. The difference between the average artist and other professionals is therefore a matter of degree. It appears that artists have a stronger inclination to seek non-monetary rewards, like recognition by peers and private satisfaction, than average professionals have. They sooner ‘forsake money’ or, more precisely, they have a stronger inclination to exchange money income for non-monetary income.

A strong inclination to forsake money may still be interpreted as a virtuous quality of artists, a quality that is rare in modern society. Therefore it is important to note that artists do not choose this quality. From parental care till art college the relative importance of recognition by peers and the unimportance of money have been implanted in artists. This quality has become part of the *habitus* of the artist (Abbing, 2002).

Persistent low hourly incomes suggest that artists are oriented towards non-monetary rewards

On the basis of surveys (Throsby 1994a) and Rengers and Madden (2000) make plausible that fine artists differ from average professionals: they sooner sacrifice money income in order to be able to work more hours in their profession.² The strongest evidence of the large extent of an exceptional inclination to exchange money for non-monetary rewards is indirect.

In the first place, on average artists earn little by working in the arts. Yearly and, more significantly, hourly incomes are exceptionally low given the level of professional training of artists. Researchers have found an income penalty for artists, due to their work in the arts instead of in a comparable profession, of around 30 per cent.³ In specific cases however, an income penalty of 100 per cent and more has been found. (For instance, 40 per cent of Dutch visual artists receive insufficient income, including subsidies, to cover their costs. Therefore, their income penalty is more than 100 per cent ((Meulenbeek, Brouwer et al. 2000). What is amazing is that new artists continue to enter the arts. In spite of low money incomes the arts are evidently attractive. In the second place artists, more than other professionals increasingly supplement their income from art with income from other sources. Among others money comes from partners, from social benefits and above all from second jobs.⁴

² Rengers, M. and C. Madden (2000). "Living Art: Artists Between Making Art and Making a Living." Australian Bulletin of Labour 26: 325-54.

show that different groups of artists vary in their work-preference. What they call 'regular' artists hardly differ from other professionals in their work-preference. It is likely that this group primarily consists of applied artists instead of fine artists. As stated, the present analysis only treats fine artists.

³ In older reports, like that of Frey, B. S. and W. Pommerehne (1989). Muses and Markets. Explorations in the Economics of the Arts, Oxford, Basil Blackwell.

the income penalty found is less high. However, in those reports many poor artists were not counted because of inadequate enumeration techniques and artists were compared with average workers instead of professionals. Moreover, real hourly incomes in the arts have gone down during the last decades, as Throsby, D. (1996). "Economic Circumstances of the Performing Artist: Baumol and Bowen Thirty Years on." Journal of Cultural Economics 20(3): 225-240.

shows for Australia. According to Menger, P.-M. (1999). "Artists labor markets and careers." Annual Reviews 25: 541-74.

, incomes have also gone down in Europe.

⁴ Throsby, D. (1996). "Economic Circumstances of the Performing Artist: Baumol and Bowen Thirty Years on." Journal of Cultural Economics 20(3): 225-240.

232-4 and Menger, P.-M. (1999). "Artists labor markets and careers." Annual Reviews 25: 541-74.
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The fact that average money incomes in the arts are lower than in comparable professions and that artists have second jobs far more often than other professionals, makes it plausible that average artists have a relatively strong inclination to exchange money for non-monetary rewards and therefore have a low standard of living, which is close to a survival constraint. Supplementary explanations can be given for these phenomena, as an unfitness for non-arts jobs and a larger inclination to seek risks, but they are relatively unimportant (Abbing 2002). Not unimportant however, is that artists believe that high non-monetary income are available in the arts and that this is a matter of misinformation.

Poverty in the arts is structural; subsidies increase poverty

Due to a more than average inclination to go for non-monetary rewards in combination with the belief that the arts can offer plenty of these rewards, the arts sector is extremely attractive. The implications of this phenomenon are far-reaching. If the inclination and the belief are strong, this implies that poverty in the arts is largely structural. More money flowing into the arts, whether from sales, donations, subsidies or benefits, primarily leads to more artists and does not raise income.⁵ The mechanism is broadly the same for different sources of income. Here I discuss subsidies because governments have used them and still use them to try and raise the income of artists.

First, it should be noted that I use the word poverty in a formal sense; it implies that average hourly incomes from working in the arts are so low that artists cannot make a living *as artists* (though given other sources of income, some artists may not be generally poor). Second, contrary to popular belief artists have not always been poor; large-scale poverty in the arts commenced in the twentieth century

⁵ This is in line with the conclusion of Throsby, D. (1994a). A Work-Preference Model of Artist Behaviour. Cultural Economics and Cultural Policies. A. Peacock and I. Rizzo. Dordrecht etc., Kluwer Academic Publishers.
 , who states that subsidies increase output rather than income.

with the emphasis on the second half of the century.⁶ It appears that the mythology of the arts and the corresponding inclinations of artists changed in the beginning of the twentieth century (and they may change again). Structural as poverty may be at present, it is bound to pass sooner or later. Third, the motive for improving the deplorable economic conditions of artists has been paramount in the fast increasing post-war subsidization of the arts in mainland European countries. Although this motive is nowadays not emphasized as much as before, in the background it is still important. Given their general social policies, these welfare states cannot allow one group of professionals to have, on average, a much lower standard of living than comparable professionals have (Abbing, 2002).

In order to illustrate the mechanism that more money leads to more artists I give an example from my own practice as an artist. Ten years ago I received a substantial grant from the Dutch government for so-called innovative artists. At that moment my work-preference, to use Throsby's phrase, immediately started to do its work. I decided to stop 'wasting time' by making commissioned portraits, which for me had been an inferior arts-related job. Therefore, in spite of the relatively large subsidy my income did not rise. Moreover, I left a (small) space in the portrait market, which directly or indirectly has been taken over by a newcomer. In the end the subsidy only led to more artists. This is what one can expect in a sector that is so attractive - attractive not because of money but because of the promise of private satisfaction, recognition, status and other non-monetary rewards.

⁶ Among others, Frey, B. S. and W. Pommerehne (1989). Muses and Markets. Explorations in the Economics of the Arts. Oxford, Basil Blackwell.
, Montias, J. M. (1987). "Cost and Value in Seventeenth-century Dutch Art." Art History **10**(4 (December)): 455-66.
, Hoogenboom, A. (1993). De Stand des Kunstenaars. De Positie van Kunstschilders in Nederland in de Eerste Helft van de Negentiende Eeuw. Leiden, Primavera Pers.
Stolwijk, C. (1998). Uit de Schilderswereld. Nederlandse Kunstschilders in de Tweede Helft van de Negentiende Eeuw. Leiden, Primavera Pers.
and Abbing, H. (2002). Why are Artists Poor? The Exceptional Economy of the Arts. Amsterdam, Amsterdam University Press.
offer plausible evidence that incomes in the arts were not that low before the twentieth century.

Because subsidies lead to more artists per hundred thousand inhabitants, including more poor artists, poverty increases due to subsidization.⁷ This mechanism only ceases to work when subsidies go to really successful artists who do not leave gaps that can be filled by more newcomers. Therefore, at least in the short run, subsidies and purchases by governments (and others) that directly or indirectly go primarily to successful artists could raise average income a little. (Nevertheless, median income would remain as low as before and therefore poverty itself is not reduced.) It follows that not all subsidies have the same effect on numbers and incomes. For instance, a tax reduction for art-buyers may have a less strong effect on numbers than a special social benefit-scheme for poor artists.⁸ However, given the extreme attraction of the arts it is questionable, if there is much difference in the long run. One way or another more money trickles down and increases numbers rather than raise average income.

This hypothesis could be tested by a rough comparison of countries that differ in subsidization levels after differences in donations and consumption have been taken into account. Where subsidies for the arts are relatively generous, the number of artists per hundred thousand inhabitants should be higher than in a situation where there is less subsidization. However, no existing data allow such a comparison.⁹ Here casual observations, unreliable as they are, can be more meaningful than inferences from inadequate statistics. For instance, I suppose that few observers would disagree with me, when I state that there are more fine artists per hundred thousand inhabitants in the Netherlands with its relatively high level of subsidization than in the USA with its lower level of subsidization. The hypothesis could also be tested by a diachronic comparison within one country. If subsidy levels change rather abruptly, numbers of artists should also change. Although in this case as well changing

⁷ Even when the percentage of poor artists among artists remains the same, the absolute number of poor artists increases.

⁸ In Abbing, H. (2002). *Why are Artists Poor? The Exceptional Economy of the Arts*. Amsterdam, Amsterdam University Press.

I analyze different types of subsidies in more detail, also from the perspective of 'signaling'. Certain schemes give stronger signals to artists than others do. For instance they may signal that 'government will always be there to help the artist out'.

⁹ The absence of a consistent definition of artists within and between countries make this type of comparison impossible (Ernst, 1999)

definitions of who are artists and inadequate measuring techniques prevent the drawing of straightforward conclusions, indirect evidence allows cautious conclusions.

There have been two major changes in the subsidization of visual artists in the Netherlands that almost certainly were accompanied by an abnormal change in the number of visual artists. (Abbing, 2002). First, in 1949 the well-known BKR-scheme was established under which professional visual artists, who earned less than a certain minimum-income, were allowed to sell art to local authorities in order to supplement their income. If their work met certain, rather low, quality criteria, local authorities were obliged to buy the artworks offered to them. Between 1949 and 1983, increasingly large numbers of artists used the scheme and, more significantly, in this period the yearly increase in the number of students in art colleges increased much faster than in other arts training and in other post 18 vocational training establishments. The gradual abolishment between 1983 and 1987 of the scheme, which had become too expensive, represents a second example. The yearly increase in the number of visual art students dropped below average levels. And the next ten years many more artists who had earlier participated in the scheme left the arts than could have been expected otherwise.

Recently in the Netherlands a new scheme, the so-called WIK- scheme, has been established that can be used by all poor creative artists and not just visual artists who would otherwise need social benefits. Artists who are in a bad financial situation and receive or could receive social benefits can for a number of years receive the special WIK-benefits while still being able to earn some money in the arts and without an obligation to apply for other jobs. Given the data from the first year of operation the scheme turns out to be attractive to far more artists than had been the intention. Artists not only use it as a replacement for benefits but also for second jobs in order to work more hours in the arts. Therefore, this scheme as well is bound to boost the numbers of artists.

Misinformation leads to uncompensated poverty

Governments evidently believe that financial poverty among artists is a bad thing that must be mended. And artists naturally welcome and often demand government support. But are artists really badly off? To answer this, I make a distinction between *compensated* and *uncompensated poverty*. If well informed artists exchange money for other rewards, like private satisfaction, recognition and status, financial poverty is compensated. Taking into account other forms of income, there is no overall penalty. If, however, artists and artists-to-be are less well informed than other professionals about their chances of gaining non-monetary rewards, the income penalty is not compensated or only partly compensated and poverty is real.

Because of the strong mythology of the arts, I argue that poverty is not altogether compensated. Due to lack of information, part of poverty must be real but it is hard to tell how large this part is. In this context it is telling that economists increasingly speak of an *oversupply* of art and artists (Menger, 1999; Towse, 2001). If poverty were fully compensated the term oversupply would be strange, if not unjustified, irrespective of the large number of artists and the large quantities of art that are being produced.

Nevertheless, there are small, but growing areas in the arts in which poverty may well be fully compensated. For instance, there is a growing group of artists who hold attractive multiple jobs. Their arts-related and non-arts jobs are pleasant and well paid. Even if they could afford to do art full time, they would not do it.¹⁰ Evidently their inclination to exchange monetary for non-monetary rewards is lower than in the case of the average artist. Moreover, they are probably relatively well informed.

¹⁰ According to Menger, P.-M. (1999). "Artists labor markets and careers." *Annual Reviews* 25: 541-74.
these artists diversify risks through their occupational choices.

In the case of multiple jobholders the line between amateur artists and professional artists is not always clear. This takes me to a final remark that puts poverty in the arts in another perspective again. In economics producers earn money, while consumers spend money. Applying this distinction to the arts, all artists, who cannot make a living from making art and therefore spend money on their activities in the arts, must be counted as consumers, who spend money on their 'hobby', and not as producers. A huge army of artists would have to be removed from the professional arts and suddenly income figures would rise considerably. Former poor and 'miserable' artists would turn into 'happy' amateurs. If they also earn a little bit with their hobby, this is like a present: poverty is non-existent. However, the financial problems of the arts cannot be solved that easily. The difference between professionals and amateurs is not a matter of a textbook definition. The distinction is socially constructed. It depends on a large number of variables that slowly change over time, and presently economic variables like income are relatively unimportant in the arts. Therefore the above accounting trick does not work.

Modern governments care about the financial well being of their artists. In the modern welfare state no group must stay behind, least of all artists, the producers of 'sacred' art. Nevertheless, as argued here, subsidies are basically counter-productive; they increase poverty, because numbers of artists become larger and therefore more artists are poor. The only way to reduce poverty is to discourage youngsters from going into the arts, both by giving information, which contradicts the mythology of the arts, and by reducing subsidies. For the time being, governments in the mainland European countries are not likely to adopt either strategy. Governments have an interest in the mythology of the arts and they have an interest in being involved in the arts.

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Abbing, H. (2002). *Why are Artists Poor? The Exceptional Economy of the Arts*. Amsterdam, Amsterdam University Press.

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