

Economics of Visual Art

How can arts managers, artists, and art market observers approach the study of economics? Accompanied by hand-drawn illustrations, wide-ranging case studies, and expansive discussion resources, this interdisciplinary microeconomics primer engages with complex – and, at turns, political – questions of value and resourcefulness with the artist or manager as the decision-maker and the gallery, museum or studio as “the firm”. Whitaker arms the reader with analytic and creative tools that can be used in service to economic sustainability for artists and organizations. By exploring the complexities of economics in application to art, design and creative industries, this book offers ways to approach the larger world as an art project.

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Economics of Visual Art

Market Practice and Market Resistance

AMY WHITAKER
New York University



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for Michael J. Lewis and Eva Grudin

Human life is messy, never to be grasped in its full complexity or shaped according to plan Thus, the very real success of economists in establishing their professional dominion ... throws them into the rough and tumble of democratic politics and into a hazardous intimacy with economic, political, and administrative power.

Marion Fourcade, Étienne Ollion, and Yann Algan¹

Art is the highest form of hope.

Gerhard Richter²

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Preface

A Letter to the Reader

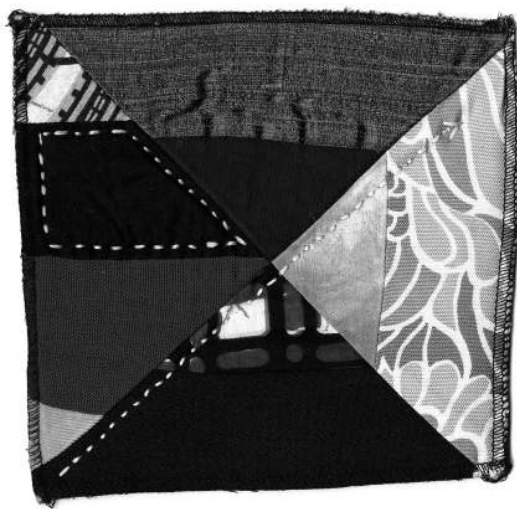


FIGURE A Eliza Squibb, *Supply and Demand Quilt Square*, 2011.
Courtesy of the artist.

Dear Reader:

No matter the reason you picked up this book – whether it was assigned or freely chosen – I hope you feel warmly invited to pull up a chair to the economics of art, to form your own opinion, and to build your own tools. Although originally written for students in arts administration, this book is also for working artists, practicing managers, and anyone else who is trying to hold space for what the

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economics of art represents: the ability to embrace risk, failure, willful inefficiency, beauty, and unquantifiable human work within a world structured as a market economy.

Holding both an MBA and an MFA – in that order – I began teaching business to fellow painters while studying at the Slade School of Fine Art almost twenty years ago. Prior to these studies, I worked in art museums. In 2010, the California College of the Arts asked me to teach economics in their design strategy MBA. I have taught economics and business strategy since.

The picture above depicts an artwork by Eliza Squibb, a student I taught at the Rhode Island School of Design in January 2011. For the final project – in an experimental class in economics as a studio-art practice – Eliza made *Supply and Demand Quilt Squares*. Trained as a textiles artist, Eliza stitched into patchwork form and crocheted a series of mesmerizingly dry economics charts we had found online. When she presented the work, she announced that she had already documented the piece and was giving the quilt squares away to the class. Everyone leaned into the pile of what looked like potholders and took one.

Eliza's project encapsulates the spirit of this book: understanding economics well enough to use it where it is helpful and to disregard it where other values – generosity, art, justice, community – are more important. Although economics is usually presented as a study of scarcity, utility, and profit, it is also, from first principles, a study of resourcefulness, value, and ownership. As with Eliza, to give something away, you must own it first.

It is the aim of this book to impart the tools of economics, so that we can, both collectively and individually, address the precariousness of artistic endeavor – as artist, manager, or organization – with a degree of honesty, curiosity, transparency, and strategy about money. I believe in markets the way that Winston Churchill believed in democracy, as the worst form there is except all the others.³ Markets are powerful but also highly imperfect, demanding of vigilance, knowledge, and even creativity. In this book,

the design principle of markets is not toward profit or price but toward value, in both economic and noneconomic senses. Designing toward value requires risk and vulnerability toward what is not yet known. Economic structures can be especially challenged to support that work. Markets were built to produce and trade known objects efficiently, but they can, with resourcefulness, sustain creative practice.

Most questions in the economics of art are political. They are political in the personal sense of your own beliefs about how insulated artistic practice should be from markets. They are also political in the larger sense of income inequality, histories of colonialism, cross-cultural understandings of property, and the socioeconomics of diversity, equity, and inclusion in the arts.

The language of economics is also political.⁴ For economists, the term “market” describes the transfer of ownership or other rights to a good or service, usually in exchange for money.⁵ One senior figure in the arts told me I should use “communities of support” instead of “markets” in the pages of this book. It is easy for language to lose people in both directions: to lose artists who see economic language as an admission of capitalistic intent, or to lose economists who are understandably committed to their discipline’s defined terms and structures of thought. The spirit of this book is that the real words matter and that mastering economic language is necessary, whether to inhabit markets sustainably or to amass the wherewithal to reimagine and rebuild these systems with care, out of their own parts.

At the risk of sounding normative, the political ethos of this book is one of engagement: that within bounds of justice and human dignity, it does not matter as much *what* you think as it matters *that* you think, that it is more ethical to engage than to retreat into hopes for an ideal world, and that we would all be served by being able to learn – and sometimes fail – in public and with each other. The questions of the arts as a field – and the current questions facing the larger world – are big and complex enough that they take all of us and probably ask everything that we have.

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Whatever your view of markets at the outset – whether you have been burned by them or conscientiously object to their present forms – I thank you for your patience and curiosity toward the subject, your good faith, and your time. I hope this book repays the effort – that it surpasses the cost–benefit analysis of economics and that, like art, it offers something broader than a purely transactional way of knowing.

Amy Whitaker, New York, 2021

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