

Dissertation Concerning a Political Economy of Art
With Emphasis on the United States of America

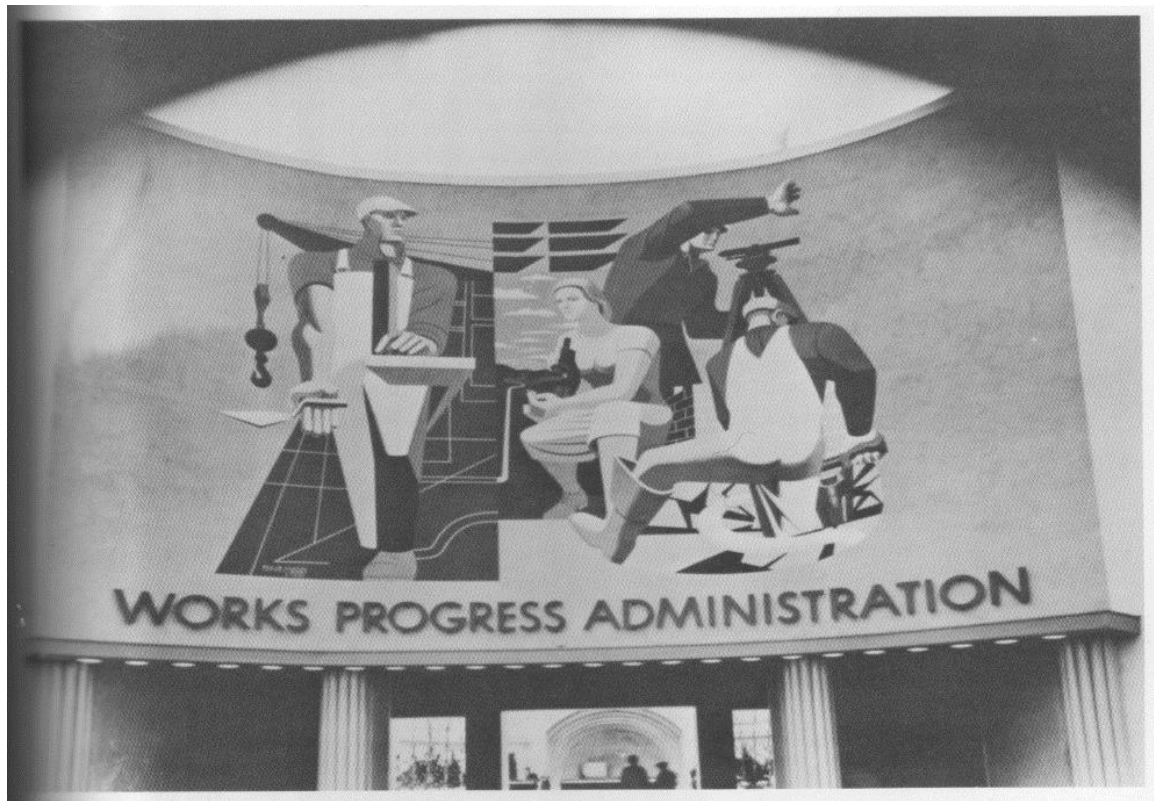
by

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Works Progress Administration Pavilion at the 1939 World's Fair, Queens,
New York (O'Conner 1973)

To my family and friends, teachers and students

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Chapter 1

Introduction

This research explores the question, “what are the relationships among art, the individual, society and the state?” The main idea, something consistent in all that follows, is that the state is self-interested and can use art to help realize its goals. We find that cultural economics as is does not adequately address the state and this dissertation makes a contribution towards filling this void.

This introduction presents my pre-analytical visions and tells the story of what leads to this dissertation. First I will explain the title of the dissertation. One of the first dissertations in the English language was “Dissertation Concerning the Perfection of the English Language” by Leonard Welsted in 1724 at the University of Glasgow. My appropriation of this language shows that one of my pre-analytical visions is a certain sense of cultural nationalism towards English. Also we find that the following is just one Political Economy of Art, not a final word. We also see that I emphasize the United States of America (because I was born in the United States), again a sense of nationalism. This *emphasis* implies that some of the following are general ideas and some are specific to the United States.

I am interested in exploring the intersection of art and the state (and as manifested as well in art museums¹) which highlights other values found in art besides exchange-value alone which is realized in the market.² In addition I find, like the “Austrian school” economists, that art is an asset class like any other whose price is influenced by money supply changes. For example Georgia O’Keeffe’s *Jimson Weed (White Flower No. 1)* sold for \$1 million in 1994 and sold for around \$44 million in November 2014 (Vogel 2014 and Sotheby’s).

The US central bank has been conducting a Zero Interest Rate Policy (ZIRP) since 2008, “pouring” money into the economy.³ O’Keeffe’s painting appreciated around 40 times that of inflation (or around 4,000%). The year 2014 was the largest in total sales for art, estimated at around \$16 billion, and Christie’s had their first \$1 billion modern art auction in May 2015.⁴ From the *New York Times*, the paper of record,

It was a week the art world had never seen before. For the first time, an auction house sold more than \$1 billion of art – over three days at that – a vast outpouring of money that amazed even the wealthy and the celebrities who flocked to the auction floor (Reyburn 2015).

¹ An art museum is open to most everyone (and are sites of social construction), billionaires tend to show their art privately. Some even want to get buried with their consecrated masterpieces as did Ryoei Saito, <http://www.annaboch.com/dr-gachet.htm> (this from Arjo Klammer).

² For instance art has option value. We don’t necessarily need to consume it to value it. We gain value by knowing it’s there and that other people may be enjoying it. We also claim later that art may have instrumental value in preference formation.

³ F.A. Hayek won the Nobel Prize in 1974 for the “Austrian explanation of the business-cycle,” which argues against central bank manipulation of the interest rate.

⁴ Christie’s was founded in 1766.

We explore later in more detail why inflation is regressive, however the redistributive nature of excessive monetary easing is nicely captured by the Bloomberg News article, “Billionaires Chasing Warhols Fuel \$16 Billion Art Sales” (Romano 2014).

After this introduction you will find a chapter on the methodology of art economics, a chapter on consumption theory and as related to the consumption of art as allowing for greater lifetime utility of consumption, and, a chapter on the political economy of the state and as related to the state funded art production of the New Deal in the United States in the 1930s. The conclusion addresses the question as to what actually is and is not a “political economy of art.” In the spirit of reflexivity in the social sciences I will begin by introducing the “passions and politics” which lead to this dissertation.⁵

1.1 Passions and Politics

In the narrative section of my application to the economics department of the New School for Social Research in January 2006, I said that I am interested in dissecting “state-capitalism.” This remains true through today.

⁵ Pierre Bourdieu is often credited with introducing “reflexivity” into the social sciences, which has now entered the vernacular to such an extent that citation is not necessary. The same logic applies to Friedrich Weiser’s introduction of “opportunity cost” into the vernacular of economics.

It is important here to note that I am a “radical.” In the sociology of deviancy we can classify people into three categories (Cohen 1966). Someone who accepts and acts in accordance with a given set of social rules is a *conformist*. Someone who accepts the given rules yet chooses not to obey them is a *non-conformist*. Someone who does not accept the given rules is a *deviant*. Following this logic someone who does not accept the rules, yet is actively engaged in trying to change perceived unjust rules is none of the above, rather a fourth category, a *radical*. It is this fourth category into which I belong. This dissertation is about the state, and specifically the American nation-state (federal, or central, government) because I deem some of our social rules unjust as historically evolved and realized.

For the sake of clarity I will give only two, necessary and sufficient, examples of rules in the United States which I determine unjust and against which I am actively engaged intellectually.

- 1) *The “International War on Drugs.”* The United States has the largest nominal (not to mention per person) incarceration rate in the world, surpassing even “authoritarian” states such as Cuba and the People’s Republic of China. This incarceration affects inner-city people of color more than the general populace. Around half of these incarcerations are victimless and convictions made through entrapment.⁶ It is “state-

⁶ I served on Grand Jury duty in Brooklyn in 2010. Around half of the cases we were asked to make a judgment on were for small scale drug offences (victimless crime) in which entrapment was involved. Meanwhile the other half was for violent and property crime. A good introduction to this problem is the *New Jim Crow* (Alexander 2010).

capitalism” (or if you will the prison-industrial complex) who gain financially through these incarcerations. Even of perhaps more dire-straits is that US foreign policy is to tell people from other countries what they can and cannot do with their own land (as if growing coffee or cotton is more profitable than growing coca leaf or opium poppy).

This “foreign assistance policy advice” is not “sustainable.” As people in, for example Latin America, fight over the above-normal profits created by prohibition through gang violence and abetted by corrupt government officials, it is the United States person who gets blamed. This is embarrassing from a cosmopolitan perspective. More importantly it creates profound melancholy from a perspective of human empathy. The solution is to treat all drug classes like alcohol, a second best solution, yet, a solution.

A self-interested state maintains this “war” because the prison-industrial complex benefits through jailing people with other people’s tax money and interdicting them at the border with our huge “homeland” government labor union bureaucracy, and the court system (the many, many, district attorneys) benefits from jailing people for victimless crime

- 2) *Mainstream macroeconomic policy-making.* The policy of devaluing the US dollar (the Zero Interest Rate Policy - ZIRP - of the last seven years and on-going) in order to encourage investment and to create “jobs” (this term, “jobs,” itself is fatalistic and paternalistic as opposed to the American ideal of working for oneself) is regressive. A devaluing dollar means that those

with less disposable income have less purchasing power to buy the necessities of life in our internationalized economy. Policy announcements by a lionized Federal Reserve Bank perpetuate this poverty.

Also it is becoming increasingly well-known (and has been known for many decades by “Austrian” economists) that central bank monetary expansion and low interest rate policies increase the value of asset classes such as real estate, the stock market and fine art. This asset price increase provides financial gain to those with more disposable income (the “rich” for the sake of argument), whereas the “poor” don’t have the disposable income to invest in the assets market. The solution is to allow currency competition in the United States against the dollar in order to “keep the dollar honest,” something now illegal.⁷

A self-interested state enjoys the monopoly on money because it can fund war and the military-industrial complex without having to raise taxes too much and can pass the debt to people yet born (and therefore who do not vote, obviously). Zero rates of interest also helps those in the revolving door between the Fed, Wall Street, and the U.S. Treasury Department, giving select financial institutions super profits at the expense of small entrepreneurial-oriented business loans which require more due diligence than does just investing in debt instruments with almost free money.

⁷ Bitcoin was declared an asset as opposed to a currency by the U.S. Internal Revenue Service (US IRS), so that of course the IRS can collect capital gains taxes on Bitcoin appreciations.

1.2 Music and Social Movements

My political awakening occurred when I was a freshman in college, after moving to New Orleans to attend Tulane University, leaving a small town in southern New Mexico. This ‘aesthetic shock’ (a concept more on which later), and some of the cognitive-categorical tools needed to make “judgments,” occurred through music, specifically the Clash, when they released their first American record *Give ‘Em Enough Rope* in 1978.



Exhibit 1: Cover of the Clash *Give ‘Em Enough Rope* American LP (1978).

In the documentary film *Gateway to the West*, Joe Strummer (John Graham Mellor, 1952 – 2002) of the Clash speaks of his political awakening, his anti-authoritarianism, at an “early age.” Strummer finds that authority is not based on wisdom as he believes it is assumed, rather that authority is a “system of control.”⁸

⁸ The Strummer interview has been excerpted, <https://www.youtube.com/watch?v=XuL-5Yuah70&feature=youtu.be>.

Though no explicit answers are given in their *corpus*, the Clash planted the seed for many of us post-baby boomers to question the given. The Clash's continual artistic growth in the late 1970s and early 1980s, and keen and topical political commentary during this period, were a fixture in my undergraduate education, or, in my "growing-up." This growing-up and political awakening (and aesthetic formation) leads to this dissertation.

Joe Strummer follows in a great tradition. I of course am specifically speaking of the anti-statist tradition. If we start with Bakounine (2000, 9) here, he uses the Genesis story from the bible to describe the nature of man ("de la sagesse et de la fantaisie humaines").⁹ Mankind was born disobedient. Freud also speaks of civilization and its discontents, and of ways to cope, one of which is to attempt change, to be disobedient. As well we find this contrary nature in the social sciences where we "critique" and "problematize" an issue in which we have interest.

One of my personal, local (in this case Forest Hills, Queens), heroes relatedly is Dee Dee Ramone (Douglas Colvin, 1951-2002). Colvin more or less founded the Ramones in 1974 as the members all had several things in common, which were a friendship with Colvin, a love of the Detroit group the Stooges and recent memories of American's withdrawal from Vietnam. The Ramones borrowed fashion from the uniforms of Japanese school girls, the Brando movie *The Wild One*, and the mismatched plaids and simple music of the Bay City Rollers (combined with the

⁹ We are using Bakounine in French as this was his second language, not English.

sound of the New York subway system), to create the “punk” which is seen all over the world in the dress of many thousands (millions?) of young (and not so young) people who may or may not consider themselves non-conformist or radical.¹⁰ Punk rock is a cosmopolitan subculture which helps to define those of my generation.

The punk rock deconstruction/reconstruction of western music occurred simultaneously in New York and Melbourne, Australia (in 1974) with the Ramones and the Saints, correspondingly. In England punk occurred a couple years later, with the Sex Pistols, whom Joe Strummer saw and then joined the nascent Clash. In New York punk was an art and identity movement, in England a political movement, against the opiate of the dole, with a punk ethos of squatting and do-it-yourself. What is interesting about the Ramones is that they were “high art” (conceptual art) masquerading as “low art.”¹¹ In any case, this aesthetic is now

¹⁰ This is the Ramone’s t-shirt, seen all over the world, art punk.



¹¹ A sample lyric from the *Ramones* self-titled debut LP (1976), “Havana Affair,”

PT boat on the way to Havana/I used to make a living by picking the banana/Today I’m a guide for the CIA/Hurray for the USA.

universal. We find that punk rock is also a form of cultural nationalism, a form of nationalism as developed against the hegemony of the nation-state. Punk rock can also illustrate the relationship between art and the state, and is an example of how my pre-analytical vision for this dissertation is formed.

It is also because of my political awakening from (anti-welfare state, anti-war) English punk that I am interested in social movements and socially-constructed preference formation (a model for which is derived later in this dissertation, with a predisposition towards the visual), no doubt this emerging from being part of the “punk generation” juxtaposed with the upper-classman and their classic rock.

I like the mod ethos of “clean living under difficult circumstances” (Pete Meadon, the first manager of the Who), as manifested in the music of the early Who and the later punk-generation mod groups the Jam and the Specials. I like too the symbolism used in social movements, such as the use of the Royal Air Force “target” for the mods¹² and the Ramones t-shirt for the punks. For the Generation of 1968

We find here again the anti-war foundations of the punk rock movement. This is a very good interview with Dee Dee and Joey Ramone where they discuss their *habitus*, the development of their field as well as the conceptual nature of their work and improvement in their craft, <https://www.youtube.com/watch?v=hpe4Jt19pLk>. We learn that punk rock is, “rebellious, real and raw with no crap involved.”

I’d like to thank Tony Santoro for his insight on the conceptual art of the Ramones, something confirmed with the above-linked interview.



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in the United States, showing the American flag meant that you were *against* the Vietnam War and America's treatment of blacks.¹³ (Today of course showing the American flag means something else completely, that we have *accepted* our militarism.)

The working-class mods versus the working-class rockers street fights in England in the early 1960s are an interesting story for me, my family (like most in the United States) being from the middle-class. No doubt this interest in social class theory led me to the New School as well with its Marxian studies.^{14, 15} In this regard I am

¹³ This is the cover of the Detroit rockband MC5's first LP (1969). The MC5 and their manager John Sinclair (who was jailed for two years for giving two marijuana cigarettes to an undercover police officer) found the White Panther Party whose first tenet was to support the Black Panthers.



¹⁴ I thank Michael Perelman for showing me the difference between Marxists and Marxians (the latter doesn't necessarily require a revolution and corresponding dictatorship).

¹⁵ See, <https://www.youtube.com/watch?v=dG0ERDXYdEI>, for a presentation I made at the 11th Annual Summer Institute for the History of Economics on how Marx and Engels "turned" the original French liberal class struggle of the 1810s (the state – the exploiter class *versus* free man – the productive class) into a capital versus labor class struggle. My research led me to believe that this was not acknowledged in Marx-Engels published works, so I built the case using unpublished letters from the archives.

interested in certain aspects of the work of Isaiah Berlin, specifically his ideas on how and why we (some people) reject the ideas of the previous generation.

1.3 Isaiah Berlin on Rebellion and Social Status

We have learned that man was born disobedient. By the time of my parents generation's working lives in the mid-1950s through early 1960s America had become the clichéd *organizational man* and *man in the grey flannel suit* (and woman; my mom was at one time a bond trader prior to having a family). The Beatniks reacted against this conformity in search of a larger meaning in life, within again the now clichéd *on-the-road* and *back-to-nature* narratives (which lead of course to the baby-boomer hippies of the 1960s). I enjoy very much Robert Frank's pathbreaking book of photography of the underside, the 'dropouts', of American life, *The Americans* (1958), an exploration of the unknown and a discovery of our limitations. The Beatniks and Frank's photographic subjects are creating their own *habitus* with their own social norms. (Later we explore Bourdieu's 'distinction' and *habitus* in relation to cultural capital. Too we discuss how Bourdieu can help explain the continuation of elitist, crony, state-capitalism.)

In our world crisis is caused by the feeling that individual talent and success, economic power and ability, and sometimes even political influence, have fallen too far out of step with the all important factor of craving for social status (Berlin 1996, 254).

Isaiah Berlin shows that inter-generational rebellion is not a rebellion *against* our parents but rather that we want to live better lives than our parents *for the sake of* our parents. We want the social recognition and self-identity denied the previous generation. “Class consciousness is one of the most influential forms into which demand for recognition pours itself” (Berlin 1996, 261).¹⁶ I believe this to be true. The mods in England wanted to live cleanly against the squalor of the working class, the beats wanted to break free of the dreary office, the soulless corporation and the quotidian, and the English punks wanted to break free of the dole and the council house. Again, as per Bakounine, man’s nature is disobedient. The exploratory question then is *what makes mankind conform, and accept authoritarian control?*

1.4 The American Project: “I Smell a Rat”

The United States was to be the shining light on the hill, the first *polis* since the Roman Republic to explicitly to prioritize the rights of man over the rights of political power, based on and the result of the English language Enlightenment. I am of the first generations of Europeans to immigrate to the United States, of Scottish (Cameron), Dutch, English (Morris) and German (Weber) background, and my Mom was a member of the Daughters of the American Revolution (she has however of late let her membership lapse). I remember my maternal Grandfather,

¹⁶ I thank Elzbieta Matynia for introducing me to this work of Isaiah Berlin.

an ears, nose and throat specialist with a practice on Lake Shore Drive in Chicago and author of an at one-time highly regarded textbook on the subject (Van Alyea 1949), complaining about Franklin Delano Roosevelt and the New Deal's intrusion into the medical profession. Political power usurped my Grandfather's practice contra to the ideals of the American project.

It is not however until I started studies at the New School could I explicate more fully and to my own satisfaction why I am interested in the well-being of the United States. In the first class I had at the New School, Historical Foundations of Political Economy with Professor Will Milberg, I learned of Adam Smith's building a philosophical "system" (a society of Perfect Liberty) during the Scottish Enlightenment with his two most studied texts, *Theory of Moral Sentiments* (1759) and *Wealth of Nations* (1776).

Adam Smith's 'system' was against the divine right to rule and for the rights of man (later we place the Enlightenment in context specifically related to philosophical aesthetics, economic and political institutions and how the value of art is viewed over time), *against* mercantilist economics which sought to increase the gold holdings of the crown by suppressing the living standards of the 'common man', and *for* free-trade and social cohesion based on empathy and approbation. In fact most if not all of the signers of the Declaration of Independence were followers of the Enlightenment project. The museum housed, ironically enough, at the Second National Bank of the United States in Philadelphia, is about the founders and their engagement with these ideas.

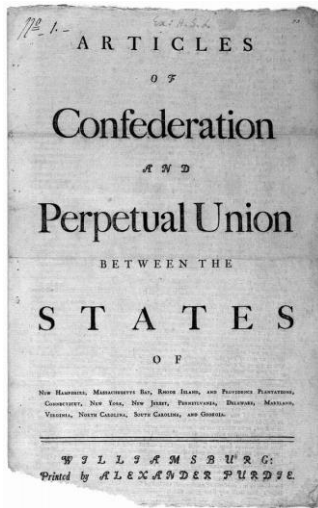
Something happened¹⁷ between the Declaration (1776) and the Constitutional Convention in Philadelphia (1787). The best (or most pithy) way to describe this is that there was a centralizing power-grab by self-interested statist. (Patrick Henry is to have said, “I smell a rat,” when asked to represent Virginia at the Convention.) The pre-Constitution Articles of Confederation created a confederation of *sovereign* states with a common defense agreement. The states were able to make their own decentralized rules to compete for the best entrepreneurial talent, or better said, compete for immigrants.

The Constitution was a violation of these original Articles.¹⁸ The Constitution created a newly derived “federal government” and corresponding “president”

¹⁷ A detailed study of the nation’s formation is not within the scope of this dissertation however below we look at the modern results in retrospect. The anonymous Anti-Federalist Brutus writing during the debates over ratification of the new U.S. Constitution in the 1780s was prescient in his warnings about a new federal government growing into a form of despotism, against despotism being of course the reason for the American Revolution. The Federalists wanted a “vigorous” state, the Anti-Federalist response to this is that the states under the Articles won the revolutionary war against the most vigorous Empire of the time.

¹⁸ I thank Richard Wagner for this insight. I use Wagner’s *Fiscal Sociology and the Theory of Public Finance: An Exploratory Essay* (2007) in the dissertation when formulating a model of socially-constructed precognitive tastes based on aesthetics.

something the Anti-Federalists were wary that would be not much different from the monarchy against which the American Revolution was fought. (Alexis de Tocqueville visited the United States in 1831 and found that the United States was heading towards “la despotisme doux.”¹⁹ See above for a polemic against the injustice of today’s monetary policy and trade policy, viz., ‘monetary easing’ and the ‘drug war’.) The Anti-Federalists were wary as well that the central government would “crowd-out” local, decentralized, collective decision-making, decision-making which is less prone to rent-seeking and cronyism. This insight has borne true (Borcherdin 1977 and Chantrill 2015). We find that a self-interested federal state grows itself at the expense of decentralized and localized mutual aid.



¹⁹ “New society, regular, peaceful [*sic*], ruled with art and uniformity, mixture of college, seminary, regiment, asleep rather than chained in the arms of clerks and soldiers, bureaucratic tyranny, fond of red tape, very repressive of all impulse, destroying the will for great things in germ, but mild and regular, equal for all. A sort of paternity without the purpose of bringing the children to manhood” (Tocqueville 2010, 1247, from marginalia).

In Professor Oz Frankel's Seminar in Historiography and Historical Practice we read Charles Beard's *The Economic Interpretation of the Constitution of the United States* [1913]. From this work I learned that within one week of the first US Congress meeting under the newly ratified Constitution there were more than 25 special-interest manufacturing groups seeking trade protection against foreign competition.²⁰ The end result of this type of democracy increases the costs of living for the 'common man' as consumption is now more expensive because domestic producers are shielded from competition (and therefore earn super profits which are shared with what has resulted in a two-party state). Protectionism also increases unemployment because the market is unable to distribute resources, including inputs to production, in the most efficient manner.²¹ This is, of course, Patrick Henry's "rat," and as reiterated in this dissertation on art-statism.

The Anti-Federalists also predicted that democracy in the United States under the new U.S. Constitution would degenerate from a country of patriotism to one of partisan politics. We have too seen this over time as the United States has devolved into an "us versus them" two-party political duopoly. The U.S. Constitution has been used as an excuse for an ever increasing reach of the federal government as the Democrats and Republicans each interpret the constitution as they see fit in order to appease their special-interest electoral coalitions. Each party then accuses

²⁰ Beard 2004, 42-46.

²¹ Thomas DiLorenzo describes the power struggle between free-traders and economic nationalists during the historical development of the United States in his *Hamilton's Curse* (2009).

the other of abusing the constitution in pursuit of their special-interests, meanwhile the growth and reach of central government continues through the rent-seeking behavior predicted by the Anti-Federalists.

1.5 The American Project, Mutual Aid and the New Deal

After the above more general discussion, we now focus on the New Deal period (1933-1943), which is our case study of the laboratory of history exploring art-statism. We also read Lizbeth Cohen's *Making of a New Deal* (2008) then in its 19th printing. Cohen describes how the US federal government came to replace the local institutions of mutual aid concurrently with a new wave of immigrants in the late 19th and early 20th centuries, from countries (Greece, Ireland, Italy, Russia) which had yet to fully outgrow, through industrialization, the vestiges of feudalism. Cohen describes how, prior to the New Deal, religious, neighborhood and ethnic groups pooled their resources to provide social insurance, and how it was unseemly to accept 'hand-outs' from the state.²² She also explains that with the growth of corporations and the growth of finance how corporations offered both employer-provided safety nets as well as the availability of private insurance. (Cohen calls this period "welfare capitalism.") As employer-provided and private insurance

²² Beito (2000) is a thorough and rigorous study of pre-statist mutual aid in the United States. Both Cohen (2008) and Beito (2000) are used later in relation to the thesis that some of the New Deal-funded public art was used to help create preferences for an enlarged role for the state, helped by the fear created during the economic hardships of the Great Depression.

grew in relevance, the local groups became less relevant, however, government aid was still seen as something to be shunned.

Cohen explains how this private cooperation and social contract changed with the New Deal. Due to the wage and price controls placed on industry, economic growth and profits stagnated. There was no longer a vigorous Market Square. Prior to the New Deal most government-provided social programs were funded at the local (and sometimes at the state) level. Due to the economic stagnation in the early 1930s the states requested help from the federal government to cover funding for social programs, this inter-governmental funding went from loans to grants as time progressed. By the end of the 1930s, fiscal federalism in the United States had completely changed, with the federal government and its Works Progress Administration seen as a ‘employer of last resort’ and with the WPA’s local partners contributing a nominal 10% of a WPA project’s cost, something which could be waived at the discretion of the federally-appointed WPA administrator in a given state. Fiscal management was now federally, instead of locally, driven, giving more discretionary power to the federal government and politicians. Again, Patrick Henry’s “rat” and the Anti-Federalists partisans.

At the same time, as Cohen describes, the new wave of immigrants to the United States were not of the Enlightenment, they were accustomed to the feudalist social contract where it was seen that the King (or Queen) and the Lord of the Manor would provide for the peasant attached to the land. The peasant, the new American immigrant in our case, expected, in this case, that the state would take care of them.

So on the one hand we have a decline in private social welfare due to a stagnating economy, and an increase in local government and then federal government provision of the social safety net. On the other hand, for this new wave of immigrants, this was as it should be. The political preference (historically-derived) for the new immigrant was *for* a larger state, not a sensibility *wary* of the state as in the first generations.²³ Cohen presents letters from the archives to make her point.

By 1936 they were voting for Roosevelt in that “He gave me a job” or “He saved my home” (Cohen 2008, 283).

As evident in the testimony presented in this chapter, distraught Chicagoans frustrated by the relief bureaucracy often appealed to Mr. and Mrs. Roosevelt for help. In enough instances to keep them asking, their appeals to “father” and “mother” Roosevelt were rewarded with action (Ibid.).

“I am a American citizen for the past 30 years and my children were born in America, and as such I believe I am entitled to some consideration. Your Excellency made these loans possible for destitute cases just like mine” (Cohen 2008, 274).

So then the exploratory question emerges, *how do we decentralize the social contract in the United States to remain true to those who fought the American Revolution?*

²³ I am not making a value judgment here, at least I hope not.

1.6 Self-Actualization and Rise of the State

As discussed above I am interested in self-actualization through experiential learning, believing like Oscar Wilde that education is a good thing but that anything worth knowing can't be taught. If the state takes care of people 'cradle to grave', we are not self-actualizing social people, rather so much cattle herded as consecrated leaders see fit.²⁴ Along with this comes a change in the vision of our obligations to each other.

Above we learned how in the United States federal safety nets replaced local and decentralized safety nets. When mutual aid becomes institutionalized it is no longer personalized and local (social), it becomes so much bureaucracy, with attendant waste and social disunity as those who pay for coercive welfare resent the recipient and the recipient loses self-respect, and then respect (approbation) for the payer. There are two types of human interactions, voluntary and coerced. Let's look at this historically.

²⁴ When the state acts like a parent, "citizens" act like children, as we find from de Tocqueville.

Edward Nell (2006) has created a heuristic of “stylized facts” to describe the size of the state in the West over time.²⁵ As shown in Exhibit 2 during the Mercantilist period of history (approx. 1500-1750 CE) the state would take 40% of the economy.²⁶

G/Y: Government Share of the Economy in the West

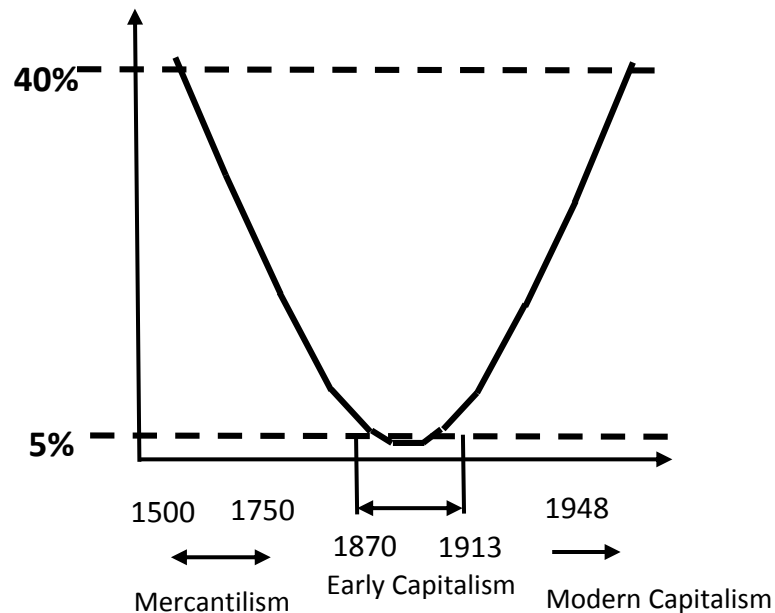


Exhibit 2: Percentage of Government in the Economy from Pre-Capitalism to Modern Capitalism. From Nell (2007).

²⁵ How we define the “West” is of course open to debate, I thank Chris Eberhardt for this insight.

²⁶ Government size of the economy (G) divided by total size of the economy (Y) equals government share of the economy (G/Y). For example Rondo Cameron (the founder of the Economic History Association in 1940) and Larry Neal write that Charles the Fifth (1500-1558) required 40% of all legal imports into the Holy Roman Empire and possibly even more for illegal imports (Cameron and Neal 2003, 134).

Next we have Early Capitalism, or the free-trade era (approx. 1870 to 1914, the Great War), which was the result of the Enlightenment and industrialization (and after the abolishment of slavery in the United States).²⁷ During this period the state was around 5% of the economy. England overturned its long-standing Corn Laws (which had protected the landed-class, and the House of Lords, against competition from imported foodstuffs) and allowed free-trade in agriculture goods, and this only after the starvation of many Irish during the Great Famine of the 1840s and '50s. Reciprocal trade treaties and free(er) trade resulted in the West, based on the historically emerged gold standard. We might say with the state comprising 5% of the economy, that 95% of the economy was through voluntary transactions, the state's monopoly on legal coercion (later we visit sociologist Max Weber's theory of the state) being limited to an extent during this period of history.

The early period of capitalism, limited government, and free-trade based on sound money ends with World War One. London (the City) was the center of international finance based on the gold-denominated bills-of-exchange as evolved during medieval trade. London developed as the center of debt finance because the British government allowed debt markets so that the state could have deficit financing after the Glorious Revolution of 1689, which separated the finances of the Crown and the government under a constitutional monarchy (Cameron and Neal 2003, 154).

²⁷ We can also call this the "classical liberal" period of history, framed on either side by hard and soft despotism.

England stopped convertibility of the pound to gold and silver in order to print money (as opposed to a greater increase in taxes) to fight the Great War and this lead to the end of the classical gold standard period (“early capitalism”).

In the United States the Federal Reserve Bank and the Income Tax were both created in 1913. Non-convertibility in currency meant in essence that the nation-state could run deficits *ad infinitum* as long as people accepted the (invisible and regressive) “inflation-tax” of a devaluing currency. We can see then in Exhibit 2 that for the United States (and the European welfare-states) the Income Tax and fiat-money have allowed the state to go back to the pre-Enlightenment 40% of the economy, today’s epoch what Nell calls Modern Capitalism (and which I called state-capitalism in the application to attend the New School for Social Research). Therefore today, coercive, non-voluntary interactions are 40% of the economy, as opposed to 5% before World War One. For a student of the Scottish Enlightenment, this is disheartening.²⁸

In the spirit of reflexivity, again, I should note philosophically that I am a subjectivist. For example, although the state may pretend to take care of us, ‘cradle to grave’, this is in essence impossible. Only an individual knows what s/he wants and needs to lead the good life for his or herself and in relationships with others. And she or he acts in order to realize the good. For a (coercive) external Other to make this determination is harmful (the fourth chapter uses fiscal sociology to

²⁸ “Government spending in the United States has steadily increased from seven percent of GDP in 1902 to almost 40 percent today” (Chantrill 2015).

further explore orders of exchange). It is mostly through experience, through trial-and-error, profit-and-loss (if you will), suffering our miseries and experiencing our joys can we grow as individuals and as a society.²⁹

Next we discuss Pierre Bourdieu's concept of *distinction* (which can help explain the continuation of the crony-capitalist elites) and Immanuel Kant's aesthetic idea (which is a form of analytical egalitarianism³⁰). This will allow us to introduce aesthetics as an analytical tool to help explain art-statism in general and to help explain specifically the rise of the federal state during the New Deal period in the United States.

1.7 On Classifications of People in Social Science and a Political Economy of Art

1.7.1 Bourdieu and Cultural Capital

Demand-side for the arts

In *Distinction* (1984) Pierre Bourdieu builds a sociology of the consumption of cultural goods, where this consumption is seen as the social creation, and signaling, of status. The classification of people in Bourdieu's system is one which

²⁹ The "Other" is specific to Western philosophy. We might think that this consciousness can lead to a two-party system in democracy.

³⁰ I thank Sandra Peart and David Levy for introducing me to analytical egalitarianism.

“corresponds [to] a social hierarchy of the consumers” of cultural goods, where aesthetic values align with class (1984, 1).³¹ *Distinction* is based on a survey of 1,217 people in “Paris, Lille and a small provincial town” (Ibid., 503) in 1963 and 1967-68. The survey asks 26 questions, from where their furniture was purchased, the ideal interior in which they would like to live (from “clean and tidy” to “harmonious” and “imaginative”), which films they had seen lately and who the directors are, what meals they prefer to cook for guests, what their radio tastes are, what musical compositions do they like and their composers, who are their favorite painters, what if any museums have they visited in the last year, and too can, for example, a photograph of a car crash (and/or, a sunset over a sea) be beautiful.³²

In a Marxian and post-structuralist positioning Bourdieu finds that class, and the aesthetic tastes which correspond to a class, are an “inertia” (Figure 11, Bourdieu 1984, 262, also found in Appendix A.2 of the dissertation) which ensures that the social structure mostly recreates itself over time (and this can, obviously, describe the perpetuation of state-capitalism). Although less deterministic than the classical economists’ ‘iron law of wages’, this inertia is overcome only over generations based on the possibilities (calculated by Bourdieu) of moving from one social position to another (Figure 5, Ibid., 128-129; Appendix A.3). We see how difficult

³¹ “The art code as a system of possible principles of division into complementary classes of the universe of representations offered to a particular society at a given time is in the nature of a social institution” (Bourdieu 1993, 223).

³² This latter question relates to the “aesthetics of ugly” as developed in the late 19th century, see below for a periodization. Andy Warhol’s *Silver Car Crash* (1963) sold for around \$105 million in November 2013.

it is to move from one social class to another, illustrating again the perpetuation of crony federalism.³³ The “dominant taste” is that of the bourgeoisie, the dominated tastes (the dominated classes) are that of the petit-bourgeoisie and the working class. Bourdieu uses many variants within these main classifications, subclassifications which he calls “fractions” (Ibid., 504; Appendix A.1).

Bourdieu calls within and between class movements “morphology” and he measures educational advancement and economic changes as “asset structure,” see *Distinction* chapter “The Social Space and Its Transformations” (and Figure 5, Appendix A.3). Education (both formal and informal) for Bourdieu is necessary for the creation of distinct aesthetic taste and therefore for the accumulation of scarce cultural capital.³⁴ Accordingly the early childhood education of the bourgeoisie tends to perpetuate the dominant class. (See the chapter of the dissertation on the educational purpose of museums, although I believe that Bourdieu’s take on museums requiring a pure contemplative gaze, and therefore available only to those with enough cultural and economic capital, as outdated given new museum technologies since the time of Bourdieu’s writing.³⁵ See Donadio 2014 on the overcrowding of European museums.)

³³ See Eland (2009) for an excellent discussion differentiating confederation from federalism.

³⁴ Cultural capital is scarce by definition because it means knowing and appreciating things others do not.

³⁵ This is not to say that walking around a crowded museum with a curator attached to your ear connotes education, although it might.

But the fact that educational qualifications function as a condition of entry to the universe of legitimate culture cannot be fully explained without taking into account another, still more hidden effect which the educational system, again reinforcing the work of the bourgeois family, exerts through the very conditions within which it inculcates. Through the educational qualification certain conditions of existence are designated – those which constitute the precondition for obtaining the qualification and also the aesthetic disposition, the most rigorously demanded of all the terms of entry which the world of legitimate culture (always tacitly) imposes (Bourdieu 1984, 28).

Bourdieu classifies the petit-bourgeoisie as “rising” or “declining” based on the subject’s and her or his father’s profession (see Appendix A.1 for a list of these professions). For the father’s profession Bourdieu uses the categories, “working classes,” “middle classes,” and “upper classes.” *Distinction* introduces the concept of cultural capital and juxtaposes cultural capital with economic capital. Bourdieu argues that the dominant class is dominant not for material reasons, not due to greater economic capital, but as manifested in greater cultural capital, based on their cultural tastes (aesthetic disposition) and related cultural ‘consumption’.³⁶

In this way we might find that Bourdieu can be classified as a cultural economist (as found in the next chapter where we classify the core of the cultural economics

³⁶ “It is understandable that as one moves from avant-garde concerts or plays, museums with a high transmission level and low tourist appeal or avant-garde exhibitions to spectacular exhibitions, major concerts or the ‘classical’ theatres, and finally to the boulevard theatre and variety shows, the rate of representation of the different fractions distributed in order of decreasing cultural capital and increasing economic capital – i.e. teachers, administrative executives, engineers, professionals, industrial and commercial employers – tends to change systematically and continuously, so that the hierarchy of the fractions distributed by their weight in the public tends to be inverted” (Bourdieu 1984, 273).

research programs as a pre-analytical disposition towards believing that art has multiple values) in that Bourdieu views cultural goods as having value beyond (in Bourdieu's case, greater than) the economics of market exchange. Bourdieu's cultural capital is symbolic and socially reinforced and reinforcing, and, like the action axiom in economics, Bourdieu's theory of aesthetic taste and consumption-signaling represents self-interested behavior. (Note too that the way to measure cultural capital is through surveys, with the well-known attendant biases, as discussed in the next chapter's section on Contingent Valuation.)

Appendix A.1 contains Bourdieu's list in order from top to bottom of his social categories, with "unskilled, semi-skilled" having the least economic and cultural capital. "Higher-education teachers" and "Artistic producers" top the list with the most cultural capital, however these dominant classes have less economic capital than do those lower on the list (e.g., the "professions," "engineers," and private and public sector "executives").

Distinction depicts a plane diagram (Appendix A.2) with continuums between increasing and decreasing economic and cultural capital and increasing and decreasing "seniority in bourgeoisie" based on the survey results from the dominant class (those social categories deemed having the dominant taste). In the upper left-hand portion of the plane diagram are the "higher-ed teachers and artistic producers," we find that an enjoyment of Dali (as opposed to Raphael), knowing Stravinsky and his *Firebird Suite* and J.S. Bach and his *Art of the Fugue* (as opposed to not knowing many composers at all), buying furniture at the flea market (as opposed to

an antique shop or a department store), and visiting a modern art museum in the last year are for Bourdieu marks of distinction. These aesthetic tastes per Bourdieu perpetuate the dominant class through symbolic power.³⁷ Symbolic power is a scarce good, knowing (having an aesthetic taste for) what others do not.³⁸

The final point here in our Bourdieuan framework for cultural consumption based on class-oriented aesthetics is below where we review Bourdieu's three categories of taste (we revisit aesthetics later when discussing the historical evolution of art theory and institutions).

1. *Legitimate taste*. We might call this a taste for high-brow art, what Bourdieu labels "legitimate" art works. The taste for these works belong to the dominant class, and, "is highest in those fractions of the dominant class that are richest in educational capital" (Bourdieu 1984, 16). (Appendix A.2, Bourdieu finds that the *Art of the Fugue*, the *Well-Tempered Clavier*, and Brueghel's paintings are legitimate art.) These aesthetic tastes are the most "self-assured" and are accepting of the avant-garde.

³⁷ "The definition of cultural nobility is the stake in a struggle which has gone on unceasingly, from the seventeenth century to the present day, between groups differing in their ideas of culture and of the legitimate relation to culture and to works of art, and therefore differing in the conditions of acquisition of which these dispositions are the product" (Bourdieu 1984, 2). Bourdieu is probably referring to the Renaissance here, with the church and crown (and as predominant patrons of the arts) as the dominant class (the fine arts patron), something we illustrate later in our periodization of the arts.

³⁸ "A beholder who lacks the specific code feels lost in a chaos of sounds and rhythms, colors and lines, without rhyme or reason" (Ibid.).

2. *Middle-brow taste*. These are the tastes of the middle class (*classes moyennes*) and are not to be confused with the tastes of the working class (*classes populaires*). These aesthetics “bring together the minor works of the major arts” (Bourdieu uses Gershwin’s *Rhapsody in Blue*, Liszt’s *Hungarian Rhapsody*, and the painting of Renoir³⁹ as examples) and “the major works of the minor arts” (Jacques Brel, Gilbert Bécaud) (Ibid., 16). Bourdieu finds too, of course, that the middle-brow taste is not one of cultural distinction, rather one for the accumulation of economic capital. “Middle-brow art is the product of a productive system dominated by the quest for investment profitability; this creates a need for the widest possible public” (Bourdieu 1993, 126).
3. *Popular taste*. Here Bourdieu includes “light music,” “classical music devalued by popularization,” and “especially songs totally devoid of artistic pretension” (*La Traviata*, Petula Clark). This is the aesthetic taste of the working class and “varies in reverse ratio to educational capital” (Bourdieu 1984, 16). (We revisit Bourdieu’s popular taste, working class aesthetic, when discussing Kant’s aesthetics and how Bourdieu sets himself up as the *Anti-Kant*).⁴⁰ We find later that the New Deal produced Social Realism art,

³⁹ I believe that Bourdieu slights the work of Renoir because Auguste Renoir was from a petit-bourgeois family, “we know for example that Monet, the son of a Le Havre grocer, and Renoir, the son of a Limoges tailor, were much intimidated in the meetings at the Café Guerbois on account of their lack of education” (Bourdieu 1993, 47).

⁴⁰ This is how (one of many, many ways) Emile Zola writes of the French working class of the 19th century.

calling for a larger role for a discretionary federal state in the United States appeals directly to this class. We call this class the median voter to help explain the relationship between exchange (in our case voting) and the dynamics of the state.

Supply-side for the arts

The analysis here connects to the next chapter of the dissertation as introduces cultural sociology to some of the categories in the cultural economics research program, specifically *How do economics and culture intersect?* and *Analysis of art markets and institutions* around the core of the program, for Bourdieu, his distinction. We discover that these two research categories are not adequately addressed in art economics and requires the use political economy to factor in the state.

We examine Bourdieu's concepts of 'habitus' and 'field' in relation to the production of art and literature. Like the self-interest on the demand-side (the accumulation of symbolic power resulting in distinction) we find self-interest on behalf of artists and writers as they seek social distinction as well. Culture

Another two weeks of the strike and he would be bankrupt. And now that his disaster was certain he no longer hated the Montsou bandits; he felt that everybody was to blame- the fault was general, centuries old. Oh, they were brutes, no doubt, but brutes who could not read and who were dying of hunger (1970, 264).

This is how the Marquis d'Evrémonde in the 1935 film adaptation of Charles Dickens' *Tale of Two Cities* views the French working class.

You are a humanist, aren't you M Gabbelle? You think one person is as good as the rest, a naïve notion so contradicted by the facts.

production takes place in a “space of social possibles” comprising of two overlapping social structures, the habitus (space of dispositions) and the field (space of positions) (Bourdieu 1993, 65 and 162).⁴¹

The habitus informs the aesthetic tastes and the artistic dispositions of artist and writer. “The agents only have to follow the leanings of their habitus in order to take over, unwittingly, the intention immanent in the corresponding practices, to find an activity which is entirely ‘them’ and, with it, kindred spirits” (Bourdieu 1984, 223). The kindred spirit is the fellow artist and the potential consumer within the same habitus, with the same class and fraction background. The cultural producers “offer themselves at a given moment for the potential ‘consumers’ to choose from is predisposed to express all the differences sociologically pertinent at that moment: oppositions between the sexes, between the classes and between class fractions” (Ibid.).

It should be known (as found above in the survey classifications and results in *Distinction*) that for Bourdieu symbolic capital can dominate, socially, economic capital. We find this specifically in the behavior of cultural producers who can actually shun the accumulation of economic capital.⁴² Bourdieu finds that ‘pure’ art

⁴¹ Bourdieu calls his a heterodox structuralism, “genetic structuralism,” to differentiate it from the more deterministic orthodox structuralism. However, Carl Wilson finds, “You can alter the notes and rhythms of the melody, but your improvisation is limited by the tempo and chord changes available in the song. To choose otherwise would be to play ‘badly’ and discordantly and risk failure and ostracization. (On the Bourdieuan bandstand, there is no free jazz)” (Wilson 2007, 90).

⁴² In his introduction to Bourdieu (1993), Randal Johnson writes that Bourdieu believes that the cultural producers (favoring cultural capital over economic and political capital) are dominated by those with more economic capital, leading Johnson to state that cultural producers are the dominated fraction of the dominant class. “The cultural (literary, artistic, etc.) field exists in a

(see below discussion on “pure,” “abstract” and “esoteric” art as the highest forms of art, requiring education capital for decoding) is only possible through the shunning of bourgeois economic capital. And ironically (or, obviously), it takes economic capital to shun economic capital (perpetuating elitism), a constant refrain throughout Bourdieu’s work.

The position of a “pure” writer or artist, like that of an intellectual, is an institution of freedom, constructed against the ‘bourgeoisie’ (in the artists’ sense) and against institutions – in particular against the state bureaucracies, academies, salons, etc. – by a series of breaks, partly cumulative, but sometimes followed by regressions, which have often been made possible by diverting the resources of the market....For example, the acts of prophetic denunciation of which *J’Accuse* is the paradigm have become, since Zola, and perhaps especially since Sartre, so intrinsic to the personage of the intellectual that anyone who aspires to a position (especially a dominant one) in the intellectual field has to perform exemplary acts. This explains why it is that the producers most freed from external constraints – Mallarmé, Proust, Joyce or Virginia Woolf – are also those who have taken the most advantage of a historical heritage accumulated through collective labor against external constraints (Bourdieu 1993, 63).

The relationship between cultural and economic capital is also part of the cultural economics *corpus*, albeit in different language. For example (as discussed in the

subordinate or dominated position within the field of power, whose principal of legitimacy is based on possession of economic or political capital. It [cultural production] is situated within the field of symbolic forms of capital (e.g., academic capital, cultural capital), but in a dominated position because of its relatively low degree of economic capital (when compared to the dominant fractions of the dominant classes)” (Bourdieu 1993, 15).

This finding is counter to Bourdieu’s ranking in *Distinction*, and, to Johnson’s own discussion of Bourdieu’s cultural sociology as the ‘economic world reversed’ and the ‘winner loses logic’, “since economic success (in literary terms, for example, writing a best seller) may well signal a barrier to specific consecration and symbolic power” (Ibid., 7-8).

next chapter), David Throsby in the *Journal of Economic Literature* (1994) divides cultural production into the not-for-profit sector (or fine-arts⁴³ sector) and the for-profit sector and finds that people who consider themselves (fine-art) “artists” sell their labor in the commercial sector just to the point where they can make ends meet enough to concentrate on (substitute their labor into the production of) their fine art.⁴⁴

Supply and demand in the arts

The field is the social structure (akin to networks and gatekeepers in the economic sociology literature, see Currid 1997, Aspers 2010, Kaprick 2010, Raustiala and Sprigman 2012 and as discussed further on the methodology of art economics) in which the artist positions herself to gain distinction through cultural production. The interaction among habitus, field and agency creates the social ‘trajectory’ for the production and consumption of art.

The observed state of the distribution of goods and practices is thus defined in the meeting between the possibilities offered at a given moment by the differentiated dispositions which – associated with the capital (of determinate volume and composition) of which, depending on the trajectory, they are more or less completely the product and in which they find their means of realization – define the interest in these possibilities, that is, the propensity to

⁴³ In this dissertation I am using “fine-art” as an adjective and “fine art” as a noun.

⁴⁴ Ruth Towse’s cultural economics textbook (2010) also divides analysis between the fine art not-for-profit sector and the commercial for-profit sector.

acquire them and (through acquisition) to convert them into distinctive signs (Bourdieu 1984, 231).

Competition amongst artists ensure that tastes are fulfilled. Artists with more cultural and economic capital seek to maintain the established consumption patterns (the rear-garde) whereas artists with less accumulated capital (less distinction) attempt newer forms of art (the avant-garde).⁴⁵

The producers are led by the logic of competition with other producers and by the specific interests linked to their position in the field of production (and therefore by the habitus which have led to that position) to produce distinct products which meet the different cultural interests which the consumers owe to their class conditions and position, therefore offering them a real possibility of being satisfied (Bourdieu 1984, 231).

There are two subfields for cultural production, “restricted production” and “large scale production.” The field of restricted production is for fine art and the bourgeoisie and the petit-bourgeoisie, with the necessary education to decode the works. Given limited production, fine art has scarcity value leading to distinction for both the consumer and the producer. Large scale production is independent of education and is of the popular taste.⁴⁶

⁴⁵ We find that avant-garde painters, for example, have less educational capital and thus less vested interest in maintaining the status quo. “Everything points to the fact that the proportion of contemporary producers having received an academic education is far smaller among painters (especially among the more avant-garde currents) than among musicians” (Bourdieu 1993, 291).

⁴⁶ “So, while consumption in the field of large-scale cultural production is more or less independent of the educational levels of consumers (which is quite understandable, since this system tends to adjust to the level of demand), works of restricted art owe their specifically cultural rarity, and thus their function as elements of social distinction, to the rarity of the instruments with which they may be deciphered” (Bourdieu 1993, 120).

Works produced by the field of restricted production are ‘pure’, ‘abstract’ and ‘esoteric’. They are ‘pure’ because they demand of the receiver a specifically aesthetic disposition in accordance with the principles of their production. They are ‘abstract’ because they call for a multiplicity of specific approaches, in contrast with the undifferentiated art of primitive societies, which is unified within an immediately accessible spectacle involving music, dance, theatre and song. They are ‘esoteric’ for all the above reasons and because their complex structure continually implies tacit reference to the entire history of previous structures, and is accessible only to those who possess practical or theoretical mastery of a refined code, of successive codes, and of the code of these codes (Bourdieu 1993, 120).

Works in the restricted field require social sanctification (social construction, or “consecration”) within the field and by the institutions of the field (we use modern art painting as the artform further). In the quote below Bourdieu cites museums as sites of consecration, something congruent with our dissertation where we discuss the educational role of museums. However the purpose of the dissertation is not toward elitist class perpetuation, rather, hopefully, the opposite, using Tibor Scitovsky’s critique of consumption for *comfort* as opposed to the more value-creating *novelty* offered under Bourdieu’s restricted field.⁴⁷ It is through this consecration that Bourdieu finds reproduction of the dominant taste (the dominant class), both in demand and supply.

It follows that a complete definition of the mode of restricted production must include not only those institutions which ensure the production of competent consumers, but also those which produce agents capable of renewing it. Consequently, one cannot fully comprehend

⁴⁷ Following Kant we find consumption of fine art as novelty goods creates the sublime aesthetic idea.

the functioning of the field of restricted production as a site of competition for properly cultural consecration – i.e. legitimacy – and for the power to grant it unless one analyses the relationships between the various instances of consecration. These consist, on the one hand, of institutions which conserve the capital of symbolic goods, such as museums; and, on the other hand, of institutions which ensure the reproduction of agents imbued [through education and practice] with the categories of action, expression, conception, imagination, perception, specific to the ‘cultivated disposition’ (Bourdieu 1993, 120-1).

Interestingly Throsby finds that the supply of abstract art can be produced for people “unable to see higher order patterns” (1994, 5), and that indeed these works can be passed off as those of famous abstract impressionists to those unable, in Bourdieu’s terms, to *decode* a fake as a fake, or as not mentioned by Throsby, sell art produced in Bourdieu’s “field of large scale production” to buyers expecting art from the field of limited production. This might take, for example, false “consecration’ (fraud) on behalf of a gallery or a collector or an auction selling a work in the field of cultural production.⁴⁸

Below is an interview which will give I hope some insight into Bourdieu’s categories as discussed. We might say that the *cultural capital* accumulated is the ability to discuss and judge and therefore have *distinction* relating to live music in South Brooklyn, the *habitus* are the discussants homes and habits formed from living near each other in South Brooklyn, and the field of cultural production is that of limited production (live music by definition is scarce to time and place unless it

⁴⁸ See *Who the %\$&% Is Jackson Pollock?* (Moses 2006) for a story about what might be a Pollock purchased at a thrift shop by someone who doesn’t know who Pollock is, and how difficult it is to get the painting consecrated by the art establishment.

is technological reproduced, but then it is not live music), specifically the *field* of local (probably unpaid, how distinct!) live music production in a group setting. After the interview we start our next social classification which is an analysis of the Kantian category of ‘genius’ relating to the ‘aesthetic idea’.

1.7.2 Note on an Application of “Distinction”

This interview between myself (CW) and Wayne Kohler (WK), a friend, musical partner and respected Bay Ridge, Brooklyn, musician and recording producer/engineer since the late 1970s, took place July 17, 2014, as I was investigating the nature of talent and genius from a philosophical perspective using Kant as a starting point. The interview occurred when I took a break from studies in order to play improvisational music in Wayne’s studio as we do from time-to-time. Wayne has had no formal background in aesthetic theory or cultural sociology so that it might be said it is his experience and intuition which speaks.

CW Are you born with talent or does it comes through experience?

WK I think its instinct.

CW You mean something you are born with?

WK It's an affinity, a proclivity, an adept, I think. And early exposure too. We have musical knowledge before we are born. Hearing is the first sense we get, in the womb. Minor chords give us tension and major chords easement.⁴⁹

CW You said the first "sense"?

WK Yes.

Wayne and I met again the next day for the annual South Park Slope carnival on 5th Avenue in Brooklyn. While we were watching and talking about the local (Brooklyn) Jug Addicts (a country, blue-grass, rockabilly, and somewhat experimental – dissonant- band. Our shared language on these musical concepts makes us "specialists"⁵⁰, Bourdieu 1993, 177). Wayne said that the guitar-player was "pretty good." Another relevant exchange ensued.

CW Are you being competitive?

WK It's because I have old eyes, if I was young I'd be looking at it with wonder.⁵¹

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⁴⁹ Wayne is not being 'Western centric' here, most music, East or West, resolves.

⁵⁰ And thus we maintain our social position.

⁵¹ In a subsequent email when I asked Wayne to proof the interview I asked if his eyes analogy came from his study of Buddhism, he said no, that it came from a fortune cookie, "A wise man always has the eyes of a child."

1.8 Kant on Genius and Talent, the Beautiful and the

Sublime

1.8.1 The Aesthetic Idea

We have found thus far that Bourdieu believes art is produced and consumed for distinction (innate talent does not seem to play a role in Bourdieu, thus his “social” critique of Kant). We will describe now Kant’s “aesthetic idea,” initially using a comparison of both the Meredith (1911) and Bernard (2005) translations of *Critique of Judgment* [1790], when different, as a comparison will give more insight into Kant’s ideas. In our dissertation we choose analytical egalitarianism and believe that (take as an axiom that) everyone can experience the sublime, it is not necessary to describe the sublime in words, therefore here we differ from Bourdieu on the level of subjectivity. After discussing Kant’s aesthetics we then introduce Bourdieu’s social critique of Kant based on the aesthetics of social class described above.

For Kant only *genius* can create the category of “fine art” (Meredith SS46, para 2), or, “beautiful art” (Bernard 2005, 102) (We will look at the historical evolution of aesthetics and art theory and find that the “beautiful” loses its categorical primacy in the 19th century with the Romantics.) Genius itself is part of nature and is innate to the genius. “Genius is the talent (natural endowment) which gives the

rule to art” (Meredith SS46, para 1).⁵² Kant gives four rules by which genius creates fine or beautiful art.

- 1) Genius is the talent for producing original work beyond any rationally-conceived and established rules for art, “it is not a mere aptitude for what can be learnt by a rule” (Bernard, 102), and, it is “not an aptitude in the way of cleverness for what can be learned according to some rule” (Meredith: SS46, para 3). “Originality is its primary (first) property” (Ibid.).
- 2) Since there can be “original nonsense,” the original idea must be a pattern (a “model”) from which others can learn or of what others can put to use. The idea “must serve as a standard or rule” (Ibid.).⁵³
- 3) The work of fine art cannot be reduced to a scientific, procedural process. The genius (author, artist) does not know how the original idea “entered into his head” (Ibid.), and, he [for Kant it is always a “he”] “does not know himself how he has come by his Ideas; and he has not the power...to communicate it to others....” (Bernard, 102-103).
- 4) The production of fine art is not a scientific process, nor is it a social process, it is a product of human nature. “Nature prescribes the rule through genius not to science but to art, and this in so far as it is to be fine art” (Meredith,

⁵² Bernard translates as “Genius is the talent (or natural gift) which gives the rule to Art” (2005, 102).

⁵³ Picasso’s *Les Femmes d’Alger* (1907) might be an example here for unpredictable changes in form, in this case avant-garde cubist painting. Ione (2000) makes the argument that Cézanne created modern expressionism, this is discussed in more detail later.

SS46, para 3), and, “nature by the medium of genius does not prescribe rules to Science but to Art; and only in so far as it is to be beautiful art” (Bernard, 103).

After expanding on this “supply-side” discussion based on the above four rules, Kant then introduces the concepts of *Geist* (“Soul,” Meredith, SS49, para 2; “Spirit,” Bernard, 108) and the “aesthetic idea.” “Soul [spirit] in an aesthetical sense, signifies the animating presence in the mind,” and, “it is nothing else than the faculty of presenting aesthetic ideas” (Meredith, SS49, para 2 and 3). The soul then is the faculty (nature) for expressing an aesthetic idea.⁵⁴ And it is mind which allows genius to be realized, “The mental powers, therefore, whose union (in a certain relation) constitute *genius* are Imagination and Understanding” (Bernard, 111, *italics in original*). This leads us to the “demand-side,” or how the aesthetic idea is perceived by those experiencing the fine art of originality and beauty. I try to capture this in Exhibit 3.

⁵⁴ Kant also equates the aesthetic idea with the “supersensible,” however, Meredith and Bernard appear to differ in their interpretations of the supersensible. Meredith states that the supersensible belongs on what we call the “supply-side” in economics, to the genius, “the aesthetic factor subjectively attach[es] to the consciousness of the supersensible being employed for the purpose” (SS49, para 9). For Bernard we find that the concept of the supersensible belongs to those experiencing fine art through a quickening of the senses. “On the other hand, an intellectual concept may serve conversely as an attribute for a representation of sense and so can quicken this latter by means of the Idea of the supersensible.”

Kant's "Aesthetic Idea" of Fine Art and Beauty

Aesthetic attributes of object

"Excite a number of sensations
and secondary representations
for which no expression is
found"

Logical (intellectual) attributes
of object

"Represent what lies in our
concepts of the sublimity and
majesty of creation"

Quotations from Kant's *Critique of Judgment* [1750] , Bernard translation (2005).

Exhibit 3: Heuristic on Kant's "Aesthetic Idea." Author's interpretation.

Kant's aesthetic idea works on two parallel planes. The object of art contains two sets of attributes, the aesthetic and the logical (or intellectual), both are present in a work of genius. The aesthetic attributes, the "sensations and secondary representations" are beyond rational representation in speech, just as the artist cannot fully express his original idea, neither can the 'consumer' who experiences the work.⁵⁵

⁵⁵ *The Cambridge Dictionary of Philosophy* (Audi, general editor 1995) entry on "Aesthetics" outlines the debate over the categories of language which can be used to describe the aesthetic attributes of art, as well as discusses who if anyone has the privilege to make aesthetic judgments.

The aesthetic attributes combine with the logical attributes to create the feeling of sublimity, the sense of infinity, peace and joy.⁵⁶

So for example a certain poet says in his description of a beautiful morning: “The sun arose, as out of virtue rises peace.” The consciousness of virtue, even where we put ourselves only in thought in the position of a virtuous man, diffuses in the mind a multitude of sublime and tranquilizing feelings, and gives a boundless outlook into a happy future, such as no expression within the compass of a definite concept completely attains (Meredith, SS49, para 9).

The taste for the aesthetic idea (the ability to judge a work of genius as a work of genius) in Kant’s philosophy is a universal taste held by all men.⁵⁷ Beauty is an *a priori* transcendental category which is both subjective and communal.⁵⁸ Therefore this appreciation of beauty is disinterested (is the product of “secondary representations”) and it transcends our earthly needs as humans.

⁵⁶ Kant finds that painting as an artform has the potential for realizing the greatest aesthetic idea of the plastic arts. “Among the formative arts I would give the palm to painting; partly because as the art of delineation it lies at the root of all the other formative arts, and partly because it can penetrate much further into the region of Ideas, and can extend the field of intuition in conformity with them further than the others can” (Bernard, 124). The 3rd chapter of this dissertation is about art museums which contain paintings and the 4th chapter uses painting to explore precognitive aesthetics and the aesthetics’ role in taste activation and preference realization.

⁵⁷ There is a debate now in cultural economics (and political economy) over if in fact intellectual property rights are rent-seeking protectionism. Ideas are not scarce and can be held by many people at the same time.

⁵⁸ A typical example here is the applause after a publically-performed piece of theatre or music, or, opera (a combination of both plus the visual arts). Each audience member might like certain aspects more or less than others do but the communal judgment is spontaneous applause, spontaneous because the categorical *a priori* beauty was experienced by the theatre-goers. We will explore the notion of an “aesthetic shock,” when the public’s formed aesthetics are not yet ready for an artwork.

1.8.2 Bourdieu as the Anti-Kant

It is exactly this disinterestedness which Bourdieu critiques, Bourdieu's concept of distinction is based on self-interest. Bourdieu does in fact translate Kant's notion of the aesthetic idea into his own class-based aesthetic system in the concept of the "pure gaze," however the aesthetic idea, the gaze, is not available to everyone.

On the demand-side the Kantian disinterested aesthetic idea (Bourdieu's gaze) is only available, as discussed above, to those with enough cultural capital to understand (decode) the secondary representations, *and*, who have enough economic capital to place themselves in a contemplative state.

The pure aesthetic is rooted in an ethic, or rather, an ethos of elective distance from the necessities of the natural and social world, which may take the form of moral agnosticism (visible when ethical transgression becomes an artistic *parti pris*) or of an aestheticism which presents the aesthetic disposition as a universally valid principle and takes the bourgeois denial of the social world to the limit. The detachment of the pure gaze cannot be dissociated from a general disposition towards the world which is the paradoxical product of conditioning by economic necessities – a life of ease – that tends to induce an active distance from necessity (Bourdieu 1984, 5).

In the Introduction to *Distinction* Bourdieu sets-up his system up as a negation of Kant's aesthetics. We find that Kant's transcendental deduction (and therefore his *a priori* assumption of human nature with a common aesthetic taste) for Bourdieu is so much metaphysics.

The science of taste and of cultural consumption begins with a transgression that is in no way aesthetic: it has to abolish the sacred frontier which makes legitimate culture [fine or beautiful art] a separate universe, in order to discover the intelligible relations which unite apparently incommensurable ‘choices’, such as preferences in music and food, painting and sport, literature and hairstyle. This barbarous reintegration of aesthetic consumption into the world of ordinary consumption abolishes the opposition, which has been the basis of high aesthetics since Kant, between the ‘taste of sense’ and the ‘taste of reflection’, and between facile pleasure, pleasure reduced to pleasure of the senses,⁵⁹ and pure pleasure, pleasure purified of pleasure, which is predisposed to become a symbol of moral excellence and a measure of the capacity for sublimation which defines the truly human man. The culture which results from this magical division is sacred. Cultural consecration does indeed confer on the objects, persons and situations it touches, a sort of ontological promotion akin to transubstantiation (Bourdieu 1984, 6).

Specifically for our purposes when we apply the concept of art-statism, we find that Bourdieu’s classification of the popular taste (the working class or median voter, if you will, aesthetic) can help explain the production and consumption of Social Realism art during the Great Depression. Bourdieu’s popular aesthetic attitude is one based only on primary representations, absent the original creation of genius and secondary representations required for the Kantian aesthetic idea in art consumption. It is the Social Realism art of the New Deal which speaks best directly to those without the necessary educational capital to decode fine art (which is the

⁵⁹ Dostoevsky’s “degenerate sensualists”?

majority of the population in Bourdieu's field of large scale production).⁶⁰ Social Realism art speaks in a clear voice directly to the popular ear.

By contrast working class people, who expect every image to fulfill a function, if only that of a sign, refer, often explicitly, to norms of morality or agreeableness in all their judgments. Thus the photograph of a dead soldier provokes judgments which, whether positive or negative, are always responses to the reality of the thing being presented or to the functions the representations could serve [the alleviation of poverty, social security, child labor, author], the horror of war or the denunciation of the horrors of war the photographer [painter of a New Deal mural or designer of a New Deal poster, author] is supposed to produce simply by showing that horror. (Bourdieu 1984, 41).

In our presentation of Bourdieu's concept of distinction in the interaction of supply and demand in the field of culture production we introduced Bourdieu's concept of the "pure" artist as in the limited field of production due to the extensive cultural capital needed to decode her or his work. We revisit that concept now when applying Bourdieu's pure gaze to the supply-side.

Bourdieu states that the pure artist with the pure gaze came to be with the development of "art for art's sake" during the Romantic period of the 19th century, and in opposition to, and resolution of, what became a false dichotomy in art theory between formalism and realism until then. (Some) artists then began to produce for

⁶⁰ Arshile Gorky described the New Deal art as "poor painting for poor people" (Seitz 1983, 6), which is misquoted in Danto (2013, 18) as "poor art for poor people." Gorky himself had been on the WPA payroll, and Gorky's retrospective assessment of Social Realism came at a time when the American abstract impressionists were rallying-around each other often (but not everyone always) denying or denigrating their WPA past. This is an example of the transition from "national culture" to the more decentralized counter-statism "cultural nationalism" in the identities of artists from the early- to the mid-twentieth century.

each other and without the need to appeal to the then predominant bourgeois patron nor to the traditional forms of culture production.⁶¹

By breaking the privileged tie with a specific category of objects, Flaubert generalized and radicalized the partial revolution of realism. Like Manet confronted with a similar dilemma, he painted both bohemia and high society. If the pure gaze might accord special interest to objects socially designated as hateful or despicable (like Baudelaire's carion)⁶² because of the challenge they represented, it remained totally unaware of all the non-aesthetic differences between objectsAn aesthetic revolution could only occur aesthetically. It was not enough to establish as beautiful whatever official aesthetics excluded or to rehabilitate modern, 'low' or 'mediocre' subjects. It was necessary to assert through form ('write well about mediocrity') the power of art to constitute everything aesthetically, to transmit everything into literary beauty, through writing itself. (Bourdieu 1993, 208).

Bourdieu even goes so far as to make his point that art is now separated from [bourgeois] ethics as to quote from contemporary reviews of *Madame Bovary* and others of the *la generation poetique de 1860*.

⁶¹ Bourdieu devotes a chapter of *The Field of Cultural Production* (1993), "Flaubert's Point of View," to a study of the development of French literature towards "art for art's sake." Hauser believes differently and states that art since the ancients has always been a pendulum swinging between the purely aesthetic (art for art's sake) and social engagement, and that, "The greatest works of art forego the deceptive illusionism of a self-contained aesthetic world and point beyond themselves" (Hauser 1979, 20).

Hauser was writing in 1951, Danto (1997) makes a convincing case, using Picasso's *Les Femmes d'Alger* (1907) and Warhol's *Brillo Boxes* (1963), that art is now self-referential and contains theoretical assertions, what we can call art for art's sake. However, I agree with Hauser (and Bakounine) that art should critique coercive power, or else it can have humor too, laughter being beyond language. And who is to say that the aforementioned Picasso and Warhol works lack social commentary and humor.

⁶² We introduce the "aesthetics of the ugly" later.

They denounced the ethical perversion of a literature that was ‘venereal and close to an aphrodisiac’; they attacked the ‘singers of ugliness and filth’, who united ‘moral ignominy’ and ‘physical decadence’; and they were especially indignant about the method and the artifice in this ‘cold, reasoned, thoroughly researched depravation’ (Bourdieu 1993, 209).

Bourdieu’s point of course is that aesthetics is not always about beauty but it is always about fine art. And, fine art is not made by a God-given (or nature-given) “genius” (a word not used, at least to my knowledge, by Pierre Bourdieu) but through the accumulation of cultural and educational capital, the earlier in life the better.⁶³

Before leaving Kant and Bourdieu I would like to introduce the “aesthetics of naiveté” where the (fine-art) artist has the continuous ability to see with a fresh eye and thus realize fine art. For example we might consider the early 20th century Fauves practicing the aesthetics of naiveté in their painting.⁶⁴

1.8.3 Note on the Aesthetics of Naiveté

“We like Greek art because we like the naivety (sp) of a child” (Onians 2007, 87).

⁶³ Galenson (2006) studies the life-cycles of artists, and finds that those who build conceptual systems for their art do so earlier in life (Picasso) and those who learn through practice do so later in life (Cézanne).

⁶⁴ Contra to Bourdieu’s notion of a self-interested culture producer, we find Grace Slick and Paul Kantner discussing the (very creative) rock music field of the later 1960s in the United States and the relationship between the Doors (Los Angeles) and the Jefferson Airplane (San Francisco), approaching their work with the aesthetics of naiveté, “it was a joyful and childlike thing,” <https://www.youtube.com/watch?v=yVza5jo0V0g>

It may be that the Kantian aesthetic idea is manifested in art which gives us a fresh vision, the vision of child learning to see, as they develop their neurological networks for the first time (Onians 2008). Fine art then affects our neuro-networks in an original (not before experienced) way which then creates the sublime feeling. The child is both naïve and innocent. I like to call this naïve approach to cognition and art production the “aesthetics of naïveté.”

Bourdieu writes of the naïveté of the artist and contrasts this with the pretentiousness of the aspirational petit-bourgeois.

The artist agrees with the ‘bourgeois’ in one respect: he prefers naïveté to ‘pretentiousness’.

The essential merit of the ‘common people’ is that they have none of the pretensions to art (or power) which inspire the ambitions of the ‘petit bourgeois’ (Bourdieu 1984, 62).

John Ruskin’s *Modern Painters* (1843) introduced the “eye of the innocent” into the discussion on art and aesthetic theory and practice. Amy Ione describes how this “eye of the innocent” is an over-simplification using Cézanne as a case-study. It is not innocence in fact which allows artistic break-through (in this case the invention of modern Expressionism) but experience and the ability to see a common thing in a fresh way.

For example, despite the fact that he painted Mont Sainte-Victoire over forty times the constancy of the subject of the matter does not result in a fixed quality of expression. It is never visually repetitive. Instead the freshness of each piece shows the degree to which he carefully studied his goals, brought a ‘new’ eye each day of painting, and also brought particular intentions to his painting process (Ione 2000, 63).

Collector Albert Barnes spoke of Cézanne this way in 1914, “I love his crudity, his apparent lack of skill in the handicraft of painting, and the absolute sincerity of the man,” and he found that Cézanne painted with “willed ineptitude” (Barnes Collection 2014).

1.9 Art, Aesthetics and Institutions in Historical Context

1.9.1 Historicity in a Political Economy of Art

I would like to place this section of the chapter within the framework of the periodization of the arts, this from the *New Dictionary of the History of Ideas*.

The absence of any single, consistent system of periodization is construed as a symptom of the failure of the intellectual disciplines surrounding the arts. For other observers, the study of periodization is an affirmative endeavor. The existence of alternative schemas for periodization indicates that intellectual discourse about the arts is open to debate, reconsideration, reorganization, and reinterpretation.

And,

Rather than being neutral, periodization organizes art according to critical viewpoints and explanatory hypotheses. The definition of a period reflects judgments about the nature of meaningful connections between artworks and between art *and its larger context*. The division made between periods reveal judgments about the paths of artistic development or moments of artistic disjunction (Spencer-Ahrens and Wren 2005, 1732, *emphasis added*).

Exhibit 4 is the heuristic I created to help understand the contiguous development of (Western⁶⁵) political and economic circumstances and as related to art and aesthetic theories and practices over time. It should be noted that this periodization focuses on the visual arts, especially as leading up to the modern painting movement of the late 19th century. The purpose is to capture the cumulative causation of art institutions and ideas as evolved in the West.

As stated earlier I am most interested in exploring the rise of the state under modern capitalism and as related to the United States project and then the political economy of art contextually. We take Arthur Danto's theory of art as an ending point, where post-war [*sic*] art production is absent any political content (is self-referential to the artworld alone) and where the modern welfare-warfare state⁶⁶ is 40% of the economy, the same size as in the pre-Enlightenment period.

⁶⁵ Collins (1998) finds that there are three world philosophies, Western, Indian and Asian.

⁶⁶ Later in the dissertation we develop the term "welfare-warfare state" based on the work of historian Thaddeus Russell.

	<u>Greeks</u>	<u>Renaissance (14th -17th C.)</u>	<u>18th Century</u>	<u>19th Century</u>	<u>Early 20th Century</u>	<u>Mid-Late 20th Century</u>
Emergent Social, Cultural, Economic Institutions		Divine right to rule, Christianity , colonialism Serfdom, improvement in agriculture productivity and primitive accumulation Cabinets of curiosity, beginning of museology	Enlightenment nation-state, natural rights, Glorious Revolution, accumulation of capital (economic and symbolic), auction houses, art markets, museums Napoleonic wars end ancienne regime American Revolution	Romantics Science as a system of control Emergence of psychology and "marginal revolution" in economics Symbolism as reaction against rationality	Chaos of WWI leads to radical politics and art movements with manifestos End of free-trade and gold standard era Economic depression, New Deal Galleries, art criticism and movement journals Urbanization, "modernity"	Welfare-State institutionalized Cold War, collapse of Soviet Union Birth of Rock n' Roll and "omnivore" cultural taste "Mechanical reproduction"
From Patronage to the Market	<i>Polis</i>	Church and Crown	Bourgeoisie Universities	Rejection of the salon by early modernists	Nation-State and market Foundations	International market for art Corporations
Zeitgeist	Collective experience (for the <i>Polis</i>)	Art serves the Church and the Church-appointed ruling class	Individualism	Collectivism	World Wars	Individualism
Relationship between Art Theory and Practice and Philosophical Aesthetics	Art (poetry, tragedy and classical sculpture are highest forms) is to form knowledge of the truth The value of art is that it catalyzes collective knowledge and catharsis, while deifying the gods	The value of art is that it brings us closer to God through what is depicted Art is seen as branch of natural philosophy (Leonardo)	Birth of aesthetics (Baumgarten 1750, Kant 1790) Focus is now on beauty and taste Sublime aesthetic experience is value, not about art content which brings knowledge	Aesthetic practice is divided into Liberal Arts and Science Birth of art for art's sake (Manet, Flaubert), art no longer favors bourgeois values , beginning of avant-garde "isms" "Aesthetics of the ugly" Ruskin (1857)	National culture Brutalist public architecture Social Realism Socialist Realism Armory Show MoMA Barnes Foundation American Association of Museums	Cultural nationalism Focus is no longer the aesthetic, but is now the individual artwork Field of art production is self-referential and carries theoretical assertions (Danto) J. Paul Getty Trust
Locus	Greece	Italy	London	Paris	Paris - New York	New York [- Shanghai?]

Exhibit 4: Periodization of the Arts Relative to Dissertation Categories. See text for methodology.

My method (the “critical viewpoints and explanatory hypotheses”) for construction of the periodization attempts to bind together the narrative threads in my ideas for a political economy of art, including the nation-state as patron most predominantly in the 1930s. I use two main avenues for conceptualizing the timeline (the periodization if you will). The first is economic history and the history of economics. The second is a study of philosophical aesthetics and how related to art production and how art is valued over time. I started with Kant and Bourdieu, which necessarily led me back to Plato and Aristotle and forward to Daniel Herwitz and, upon his suggestion, Arthur Danto.⁶⁷

One of Herwitz’s (2008) main narrative threads (laments actually) is that the 18th century saw the birth of aesthetics with Baumgarten and Kant and then, unfortunately, the field was marginalized in the 19th century when the aesthetic field was divided into two different practices, Arts and Letters, and, Aesthetic Philosophy.⁶⁸ It is for this reason I chose to use the 18th and 19th centuries as

⁶⁷ Danto is also thought of highly by Carl Wilson (2007).

⁶⁸ “Aesthetics has suffered because of the institutional divide in Anglo-American humanities departments which have bifurcated it into philosophy on the one hand and reflection on art and beauty from within the rest of what is called Arts and Letters” (Herwitz 2008, 1). However Lamarque (2005) finds the increased specialization within philosophy with a focus on a particular form of art (the philosophies of film, literature, visual arts, in particular) have been a positive step towards reuniting art practice and aesthetic philosophy.

separate periods and then worked back and forth from there, in a quite obvious Western-centric approach beginning with the Greeks.^{69, 70}

The third chapter discusses the value that museums can bring society. First we need to ask, why do museums exist in the first place (is it because they are public goods?), and why are they a focus of my dissertation towards a political economy of art. We have already learned that Bourdieu states that museums are a necessary part of the field of cultural production in that they serve as sites of cultural consecration.⁷¹ We discuss the evolution of museums over time further in the next sections of this chapter and as related to the periodization of the arts developed here. We also introduce the debate over whether museums continue elitist distinction or are sites of subjectivity.

Mention should be made about the category “From Patronage to the Market.” The theoretical assertion here is that concurrent with the development of the *Zeitgeist* of Individualism in the 18th century, we have the bourgeoisie class formed and the development of private art markets, a movement away from ruling class patronage being the only source of financing for the arts. For example cumulative causation

⁶⁹ The intent is not, obviously, to exhaustively survey all the literature on the specific periods, but rather focus on certain properties which can help lead us to the category of art-statism as practiced in the New Deal. It would be a pretense of knowledge to claim anything more.

⁷⁰ Plato believed art is imitation and Aristotle saw art as fiction, a debate yet resolved, see Goguen (2000) on this.

⁷¹ See the excellent Peters, editor, (2014) on the Nazi’s manipulation of “German” art contra “degenerate” modernism during the 1930s, an exercise in national culture production using museums as the instrument.

does not mean that the market “crowds out” patronage, it means they can exist concurrently (some categories have transhistorical properties). Note that we mark the emergence of private market for art concurrent with the Marginal Revolution in economics, this is to highlight that an economic good now has value because it is demanded rather than say for example a labor theory of value.

Next we need ask, what is art and how does my dissertation relate to discussions on art theory. We know for Kant fine art realizes the aesthetic idea through the creation of original works of genius, and for Bourdieu that art is a means toward distinction. For Danto art now internally references to the ‘artworld’⁷² and contains theoretical assertions.⁷³ And, as discussed in the next chapter on the *value paradox* in the field of art economics, we find that what all these discussions of art have in common is value theory as developed over time. For example we will find that art

⁷² We can see this in the Mattisean themes in Pablo Picasso’s series shortly after Henri Matisse’s death in 1954. The Ramones’ *Acid Eaters* (1994) is an LP of all 1960s songs.

⁷³ I personally prefer Tolstoy’s definition of art which is that it transmits emotion from the maker to the receiver, removing the barriers between humans.

Art is not, as the metaphysicians say, the manifestation of some mysterious idea of beauty or God; it is not, as the aesthetical physiologists say, a game in which man lets off his excess of stored-up energy; it is not the expression of man’s emotions by external signs; it is not the production of pleasing objects; and, above all, it is not pleasure; but it is a means of union among men, joining them together in the same feelings, and indispensable for the life and progress toward well-being of individuals and of humanity (Tolstoy 1896).

My own view, given radical subjectivity, is that all art is a self-portrait, and like Tolstoy believe that good art breaks-down barriers.

museums can be an important cite of community cohesion, a form of community value creation.⁷⁴

Then we need ask, why I focus on the point of consecration as the museum rather than on the private market (galleries, auction houses, collectors). The short answer here is that private markets contain only exchange value, whereas what we are concerned with in the dissertation is that value contained in art which is not necessarily captured in market exchange only.

1.9.2 The Institutionalization of Museums

We can look at museums as a symbol of the relationship between the private self and the public self over time. Economic capital accumulation (what Marxians call “primitive accumulation”) began during the period of serfdom, under the divine right to rule during the Renaissance.⁷⁵ Given that art was seen as part of God’s nature, those with enough accumulated capital (mostly scholars and the ruling class⁷⁶) built collections, called cabinets, creating educational and cultural capital.

⁷⁴ We can call this “social value.”

⁷⁵ Cameron and Neal describe the initial economic accumulation. Under the divine right to rule the lords of the manor were given land by the king in return for services. The serfs were attached to the land and worked the land. Each serf family was given their “own plot” in which to work to reproduce the family, and, they were able to keep any surplus agriculture crops grown on the “own plot.” This lead to incentives to make the “own plot” agriculture more productive which lead to improved tools and crop rotations economy-wide (1989, 164-167).

⁷⁶ The “ruling class” is defined as those with the monopoly on legal coercion as discussed later in the chapter on art-statism, from the periodization in this chapter we learn that prior to the 18th century this was predominantly the church and crown.

There were art cabinets, treasure cabinets, history cabinets and cabinets of curiosity (*wunderkammer*). This was the beginning of what is now known as museology, with the systematic classification and display of cultural objects (objectification). Given that the intent of these collections was for exploring and establishing a harmonious relationship with nature and the divine, the love of God, we find that Bourdieu's use of the term "consecration" to describe museums as sites which determine what becomes socially-constructed art is not as cynical as at first blush.

Then with the emergence of the Enlightenment⁷⁷ and aesthetics, subjective (individual) experience becomes the norm (what I am calling the "Zeitgeist" in Exhibit 4) as does the concept of natural rights. John Locke comes to mind here, as does the Glorious Revolution, a newly prosperous bourgeoisie (the result of accumulation) and the development of private art markets as patron. The Tate Museum on their website describes the transition from cabinets to the public museum in the 18th century.

As time passed the wunderkammer evolved and grew in importance, the small private cabinets (which nearly all wunderkammer had begun as), were absorbed into larger ones. In turn these larger cabinets were bought by gentlemen, noblemen and finally royalty for their amusement and edification and merged into cabinets so large they took over entire rooms. After a time, these noble and royal collections were institutionalized and turned into

⁷⁷ The English language Enlightenment.

public museums.⁷⁸ A very few examples of this process are: the cabinet of the London apothecary James Petiver (c.1663–1718) which was bought by Sir Hans Sloane, and became the basis of the British Museum. The great natural history cabinets of Fredric Ruysch (1638–1731) and Albert Seba (1665–1736), both of which were bought by Tsar Peter the Great of Russia (1672–1725), and can still be viewed in the *kunstkammer* gallery in St. Petersburg (Leningrad) (Tate 2014).

It is important to note that there is an unresolved debate in the artworld as to whether museums are sites of consecration and continuation of the elite ruling class, or whether a museum can offer subjective social value. (We revisit this discussion later in the case study about the New Deal.) Philosopher Daniel Herwitz finds aesthetics, the nation-state, colonialism and museums as co-emergent.

Aesthetics, with its emphasis on individual experience in and for itself, also arises out of the institutions of eighteenth-century life: it arises in concert with the concert hall, the museum and the institutions of the European nation state that abstract art from the site of its making and further purpose associated with it. The modern museum displaces works of art from the sites of their making and the stream of life in which they are set and places them in ordered relations (chronological, regional, by media, etc.) with other artworks – some of which would seem quite unrelated to each other when viewed *in situ*. Having stolen artworks from the sites of their enmeshment and turned them into sights to be viewed in abstraction by the fascinated and absorbed art viewer; artworks are now relegated to the realm of autonomous enjoyment (read: enjoyment abstracted from and oblivious of context). As the accumulation of capital, a nation (France) may take pride in the Egyptian

⁷⁸ Coffey (2012) describes how the Mexican mural field of culture production (a “radical” practice) was institutionalized by the one-party state as national culture with the museum as instrument.

obelisks, Russian icons, Renaissance devotional paintings and mediaeval church facades it has collected and presented within its rarefied halls (Herwitz 2008, 19-20).

James Cuno, who was the director of the Chicago Art Institute and is now Chair of the J. Paul Getty Trust⁷⁹, holds to a different belief in the nature of museums and the visitor experience, not one of authoritarian control but rather one of subjectivity under the current *Zeitgeist* of individuality.

It is enough here to point out the directness of their claims that museums have the power and authority to control their visitors and they do so in the service of the state and a Western-centric view of the world. In their view, all of the people lining up outside my window waiting to enter the Art Institute – and all of the hundreds of thousands, indeed millions of others who will come to the museum this year – are participants in a ritualistic experience controlled by us. They will enter the Art Institute, visit our galleries, view our works of art, be subject to the hegemonic control of our city’s political and financial elite, and have their commitment to the state intensified in the bargain.

Such criticism is fantasy. And we could dismiss it out of hand were it not so influential in the increasingly popular academic disciplines of cultural and museum studies (Cuno 2011, 3).

Placing the development of museums in historical context allows us to shed some light on the chapter of the dissertation about museums, where I follow Tibor Scitovsky’s critique of consumption and proffer that museums offer “novelty value” and that education is required to create preferences in the “average” person for consuming these novelty goods, as opposed to normal comfort goods. Note too that

⁷⁹ The Getty is the world’s largest philanthropic organization devoted to the arts.

this follows Bourdieu's theory of distinction stipulating that fine art requires educational capital for decoding, and that the museum is a place of consecration for fine art, art which can create the sublime experience.

In the first instance I use not-for-profit museums, not state-owned museums, which then removes the debate over whether or not museums are statist propaganda as found by Herwitz.⁸⁰ Additionally the fact that these private museums need to compete for funding, and perhaps then the consecration represents more democratic tastes than do state museums managed by technocrats. Museums too contain the anthropology of our ("Western") culture as evolved, emerged and consecrated over the last 250 years.⁸¹ If Hume's test of time has any validity, then the artifacts which remain in these museums represent our past through a "market test." And those who cannot remember their past are condemned to repeat it. Museums contain some of our *collective memory*, something Aleida Assmann (2008) frames within a continuum from history to memory.

There is little dispute that autobiographical memories are what existentially distinguishes us from each other. Experiential memories are embodied and thus they cannot be transferred from one person to another. In stressing the experiential solipsism of the

⁸⁰ This is not to say that not-for-profit museums do not engage in rent-seeking. This is evident from the changing of the name of the American Association of Museums to the American Alliance of Museums in 2012 when the U.S. Congress was discussing removing or reducing the not-for-profit income tax exemption and limiting tax-deductible contributions to not-for-profits in the United States.

⁸¹ The British Museum and the Reading Room (the latter now separated from the Museum as the British Library) was founded in 1753. Peter the Great decreed St. Petersburg's Kunstkammer museum in 1714. One concept of the West is that it includes Russia west of the Ural Mountains.

individual, however, we disregard two important dimensions of memory: interaction with other individuals and interaction with external signs and symbols. Autobiographical memories cannot be *embodied* by another person, but they can be *shared* with others. Once they are verbalized in the form of a narrative or represented by a visual image, the individual's memories become part of an intersubjective symbolic system, and, strictly speaking, no longer a purely exclusive and unalienable property. By encoding them in the common medium of language [be it the language of precognitive aesthetics or of the spoken vernacular], they can be exchanged, shared, corroborated, confirmed, corrected, disputed, and even appropriated (Assmann 2008, 50, *emphasis in original*).

Perhaps the more people share the signs and symbols of the museum the more civil (human) becomes civilization. This in turn will help alleviate what Richard Sennett (1977) calls subcultural narcissism in the *Fall of Public Man*.⁸² When we apply this logic to the public art of the New Deal of the 1930s in the United States, we find that there were at least several examples of explicit manipulation of the symbols and signs⁸³ in order to create a preference in the audience for a larger role for the state in order to solve the “social” problems caused by the Great Depression. The larger state, ironically, makes us less social as documented in, for example Cohen (2008) and Beito (2000), for the specific case of the United States with the crowding-out of the institutions of mutual aid during the build-up of the state social programs during the New Deal.

⁸² Cultural omnivores gesture towards this publicness.

⁸³ “Seeing comes before words. The child looks and recognizes before it can speak” (Berger 1977, 7).

1.9.3 Note on the Measurement of Museum Performance

In the third chapter of the dissertation I explore the literature on the economics of private not-for-profit museums and find that they are “multiple output firms,” with both competing and complimentary means and ends, but I do not discover a general consensus by art economists on how to measure museum performance (except for the individual institution charter). I then use the finding that what all American not-for-profit museums share in common is a tax exemption from federal income tax and therefore implicit exemption from state and local taxes.⁸⁴

Arjo Klammer proposes a different, more general, method known as stakeholder analysis in order to bring to the surface the underlying values of those involved with an arts institution.⁸⁵ Klammer (2014)⁸⁶ calls this method of evaluation a “quality impact monitor,” a “value-based approach,” a “practices evaluation,” and a “confrontational approach,”⁸⁷ where the goal is to uncover the common goals and

⁸⁴ My use of a museum’s spending priorities for education as an output/outcome for museums (for the creation of cultural and educational capital) is specific to the United States due to the nature of the US tax code exempting not-for-profits organizations from taxes. As stated earlier in the chapter I am a fiscal conservative and that is why am interested in what people receive for these tax breaks.

⁸⁵ Chiaravalloti and Piber determine that stakeholder analysis is the fourth (latest) generation of evaluation methodology, and call the method a “responsive constructivist evaluation,” which “takes into account that any notion of performance is constructed by the participating actors” (2012, 3).

⁸⁶ Here I attempt to summarize the discussion which took place (Klammer, Shewfelt and Hernandez-Acosta 2014) during the Association for Cultural Economics International (ACEI) 18th biennial conference in June 2014. Arjo Klammer at the time was the President-Elect of the ACEI.

⁸⁷ Creative tension.

values of the funder (patron) and the institution (organization).⁸⁸ The instruments used are interviews, surveys, panels, peer reviews and focus groups. The starting point is to find categories of value (of social and cultural capital) as manifested in the goals of a practice. For example, transcendental goals (or values) are craftsmanship, talent and artistic quality and artistic diversity. Societal goals are community, cohesion, reputation, justice and accessibility. Note that economic results are subordinated (we call this the “value paradox” contained within art and within the practice of art economics).

The means of inquiry can be questions such as “what is important to you?” (to be challenging or risky – “to bring the audience up” - or entertaining)⁸⁹ and “how is this experienced?”. Steven Shewfelt (Ibid.), then an evaluation and research analyst at the U.S. National Endowment of the Arts (US NEA), focuses on audience experience, asking questions such as “did you lose track of time?” (a measure of sublimity), “were you captivated?,” and, “did you learn about people different than yourself?”. (When we examine the visual art produced by the New Deal we find that some of this patronage helps a self-interested state rather than attempts to create the sublime experience in the viewer.)

The actors then quantify, in a scale of 1 to 10, how close is the institution to realizing these common goals. These scores are the “dashboard,” then, an outside

⁸⁸ See Lord (2012) for such an attempt in the performing arts.

⁸⁹ Note how this question bears a family resemblance to Bourdieu’s field of limited cultural production versus the popular taste.

expert turns the dashboard into a “value judgment” based on the scores created by the stakeholders.⁹⁰ This method of analysis helps to overcome what Klammer has called the anomaly of values between economic science and the humanities.⁹¹

Orthodox economics has values which are purely acquisitive (Veblen’s lightening quick calculator of pain and pleasure) and therefore is not always conducive for the study of culture which can contain all the values found in the humanities.⁹² The next chapter of the dissertation is itself a work of value theory, proposing that the practitioners in the field of culture economics assign some value that is not economic value (*in addition to* economic value as realized in exchange for money

⁹⁰ The American Alliance of Museums has moved towards this means of practice evaluation (something they call “common outcomes”) in its Museum Assessment Program, which includes the training of peer reviewers for evaluative site visits, this in addition to their previous focus on financial indicators. Available:

<http://aam-us.org/resources/assessment-programs/MAP/assessment-types>.

⁹¹ Goguen writes on bridging the gap between science and the humanities. “The remarks pertaining to the third goal [‘to introduce some new perspectives, including the historical development of Western art, cognitive linguistics, and the sacred’], are necessarily personal, and should not be confused with *Journal of Consciousness Studies* editorial policies, except insofar as their goal is *to promote debate across the gap that separates the sciences and the humanities* – the ‘two cultures’. This gap was perhaps first pointed out in the late 1950s by C.P. Snow, who was noted both as a novelist and scientist (Snow, 1959)” (Goguen 1999, 5, *emphasis added*). We also find this attempting to bridge these two cultures, sometimes implicitly, sometimes explicitly, in the practice of the field of cultural economics, something we call the “value paradox” in the next, methodological, chapter of the dissertation.

⁹² “Value theory, also called axiology, is the branch of philosophy concerned with the nature of value and with what kind of things have value. Construed very broadly, value theory is concerned with all forms of value, such as the aesthetic value of beauty and ugliness, the ethical values of right, wrong, obligation, virtue and vice, and the epistemic values of justification and lack of justification” (Lemos 2006, 949).

or barter) to the field of cultural production.⁹³ Klammer's evaluation method is evidence of this.

1.9.4 On Art and Nationalism

The periodization created above (Exhibit 4) shows the emergence of “national culture” (or “official culture,” Coffey 2012) in the early 20th century and “cultural nationalism” in the mid-late 20th century. An explanation of these terms is a key to more fully binding together the main chapters of the dissertation. In the fourth chapter we find the interaction between the Market Square and the Public Square, between voluntary cooperation and exchange and action attributable to the state's monopoly on coercion and attempts to grow its power. The interaction between the two Squares is a site of either mutualism or conflict depending on the state of play.

“National culture” emerged during what I am calling in the periodization the Zeitgeist of World Wars, and is similar to what we are calling “art-statism,” only, the difference is that for art-statism we need evidence of an intent to enlarge the discretionary power of the state (the order of the Public Square) in the cultural

⁹³ Mary Morgan in a section entitled “The Artist's Space versus the Economist's Space” describes the economic reductionism which lionizes mathematically-expert central bankers who believe the economy (social exchange) is a function of an interest rate on money.

As we can see from the text extract and the pictures involved, Merkies' explanation of how we reach the Edgeworth Box model is to start with a picture of the whole world, then ‘simplify’ by taking a magnifying glass to look closely at some detail of the world, then ‘isolate’ two ‘selected’ individuals with all their possessions, then ‘concentrate’ on only two of their possessions [guns and butter, or cheese and wine, or wine and clothe....], and then, finally, the people are made abstract and their behavior becomes ideal when we ‘substitute for the real individuals shadowy figures who behave according to our wishes’ (Merkies, 1997, pp. 8-9) (Morgan 2012, 101).

production, whereas national culture can be such things as placing the U.S. Constitution in the National Museum of American History in Washington, DC (and making entrance free⁹⁴) and placing the Magna Carta in the British Library.⁹⁵ National culture production does not necessarily require art-statism. But art-statism is always nationalism, where state power is salutary. The relationship between national culture and art-statism is shown below in Exhibit 5.

⁹⁴ As noted earlier we found that the U.S. Constitution was a centralizing power grab in trade and monetary policy as opposed to the previous Articles of Confederation. Therefore whether housing the Constitution in the museum is art-statism is perhaps available to subjective judgment and interpretation.

⁹⁵ Below is the consecration of Janis Joplin as national culture as appropriated by the U.S. Postal Service (art-statism with the intended audience the baby-boomers in the United States seeking the “good old days”?). The Post Office lost around \$16 billion in 2012 and has around \$100 billion in liabilities (US GAO 2013).



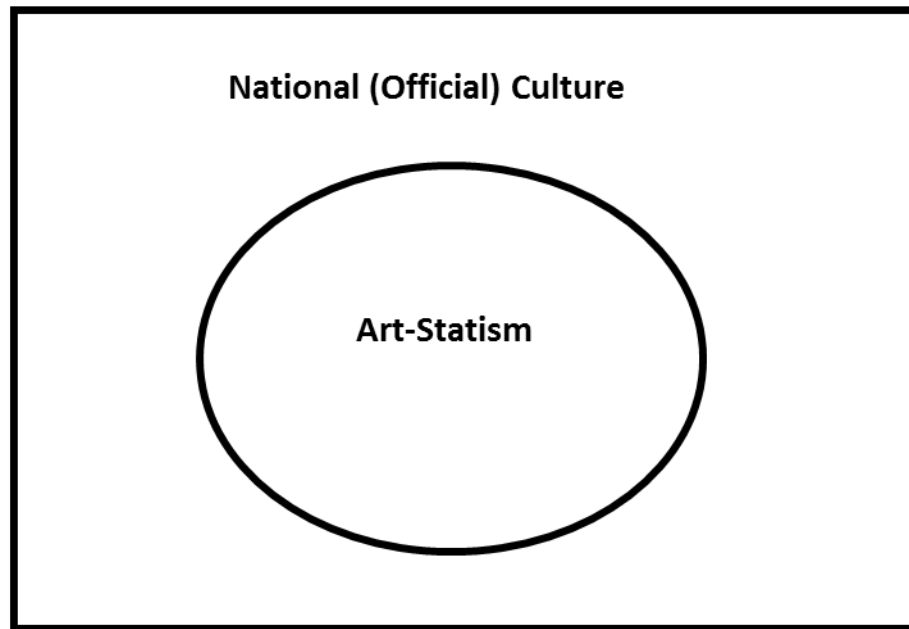


Exhibit 5: Venn Diagram on National Culture and Art-statism. Author's diagram based on discussion in the dissertation text.

We also found in the archives that not all of the art produced under the New Deal is art-statism. “The strength and vitality of a *national culture* would be found, Federal Art Project administrators believed, in exactly the diversity of roles and identities unified by a common bond of citizenship” (Harris 1995, 9, *italics in original*). Thus here we have a good example of an attempt to build a national culture, not all of it directly art-statism.⁹⁶ It is national culture and not art-statism

⁹⁶ Later in the dissertation we borrow Thaddeus Russell's phrase “obedient citizen soldier” when describing the militaristic back-to-the-land programs for young men occurring concurrently in Italy, Germany and the United States. These programs are an example of national culture building.

when in it is deemed (consecrated as) a national treasure created without an overt attempt to enlarge the discretionary power of the state.⁹⁷

Cultural nationalism emerged later in the 20th century, a *Zeitgeist* of Individualism, as a reaction against the dominance of the culture created by the state (and as oftentimes against the nation-state itself), as a method of self- and group-identification.⁹⁸ This from the *New Dictionary of the History of Ideas* entry on “cultural nationalism,”

Literary critics and historians use *cultural nationalism* to refer to collective practices that form modern political communities within, unsanctioned by, or even undercutting state authority. Such collective practices include the “high” culture disseminated through via public media, established in publicly funded institutions such as universities and museums; as well as the “low” culture of popular performance and markets. Cultural nationalism, then, is distinct from patriotism, national literatures, or similar state-referenced collective identities (Bishop 2005, 1586, *italics in original*).⁹⁹

⁹⁷ Stott (1973) calls any form of “social documentary” with a “public education” intent a form of *propaganda*. (We make a discussion of what this word means in more detail and how used operationally in the 4th chapter of the dissertation.) Stott declares then definitively that the Farm Security Administration photography during the 1930s was propaganda.

⁹⁸ McCaughan (2012) is a study in cultural nationalism, in the search for power and identity by people from Mexico, both in the United States (California which is called *Aztlán*) and in Mexico, in the mid-to-late 20th century where art production reacts against both the authoritarian Mexican state and the dominant culture (stereotypes) in the United States through the Chicano movement. We can view as well the mods, rockers, beatniks, hippies and punks as discussed earlier as cultural nationalism, though it may be more accurate to call these categories as *subcultural* nationalism.

⁹⁹ Note that a mixture of high and low artforms connotes the “omnivore” cultural taste (Peterson and Kern 1996), where distinction is no longer defined by rejecting low forms of art. And conversely, those with low cultural and education capital can access forms of collective identity through museum visits to gain empathy, especially local museums. This common cultural consumption can aid towards establishing what Dunkelman (2014) calls “middle ring” relationships, those that are not as close as intimate family and friends, but not distant acquaintances.

We find a shift in the ideologies (“values”) of American artists from the *national culture* period of the world war Zeitgeist to the post-war [sic] individualism Zeitgeist and *cultural nationalism*.¹⁰⁰

One doesn’t have to dig very deeply into Francis V. O’Connor’s *The New Deal Arts Projects: An Anthology of Memoirs* [1972] to realize that the 1930s were pivotal exactly because many post-1945 artists and modernist writers seemingly had come to define themselves [through cultural nationalism] and their values in opposition to the statist, socialist or communist principles held by those active in art politics and art administration during the Depression (Harris 1995, 3).

We can contrast this view of art in service of politics with that of art for art’s sake, where we learn of another category of inquiry within the field of a political economy of art, cosmopolitanism. Within the Romantic tradition of the 19th century, and concurrent with birth of psychology, there was a counter-movement against the dominant paradigm of science, rationality and nationalism.

It was in Symbolism that the criticism of nationalist trends dominating the Czech culture in the 19th century appeared for the first time and most clearly. The artists regarded themselves as part of a spiritual community regardless of national or social class. Much was said on this topic by one of the principal Czech decadents, the poet, critic and designer Karel Hlavacek, in a text entitled *Nacionalismus a internacionalismus* (1896, *Nationalism and Internationalism*). Hlavacek and his associates were fascinated when they became familiar with the work of their ‘kindred spirits’ in Paris, London, Berlin, Vienna, Brussels,

¹⁰⁰ Nonetheless, later we discover the use of American abstract expressionism in a “cultural cold war” funded by the U.S. Central Intelligence Agency.

Krakow and Rome; this was work that they found not alien, but rather close and similar.

In addition to original work, translations became important (Urban 2014, 15).¹⁰¹

In contrast to cosmopolitan art for art's sake and self-referential cultural communities, American artist Stuart Davis speaks of the circular and cumulative causation between art and social change, in this case the national culture production occurring in the New Deal period in the United States. (At the time Davis gave this speech in 1940 he was National Chairman of the American Artists' Congress, then part of the Popular Front.)

Now most people agree that art is one of the necessary forms of social expression, but they do not all agree on the way it functions socially. The person who said that art holds up a mirror to nature [Plato] provided a monkey wrench which has been long used by provincialism to mangle the wheels of progress. Art does not hold a mirror up to nature and it does not reflect the social struggle, because a reflection is simply a copy. Art is conditioned by both, but it conditions both.

And,

Social change can spring from a work of art as well as art from social change. It predicts as well as records (Davis 1971, 121)¹⁰²

¹⁰¹ The Romantic era introduced melancholia and the "aesthetics of the ugly" into the arts concurrent with Freudian psychology. "Siedlecki interpreted those images, following the aesthetics of ugliness, as projection of the states of unconsciousness" (Kossowska 2014, 57). Edvard Munch's *The Scream* (1895) sold for around US\$120 million in May 2012, and it was mostly pastels on cardboard.

¹⁰² I have excerpted and uploaded from the radio broadcast series, *America's Town Meeting of the Air*, the show entitled "Is There a Revolution in the Arts?" with Dr. William "Billy" Lyon Phelps, Albert Sterner, Walter Damrosch, Clifton Fadiman, Stuart Davis and Aaron Copeland, and moderated by Dr. Arthur E. Bestir (1940). From the National Archives (NAIL control number: NWDNM-200-ATMA-113). Davis' speech is transcribed in Davis (1971). The first part of Davis' speech is here, <https://www.youtube.com/watch?v=cCjn54RqXHs&feature=youtu.be>. The second

1.10 On the Precognitive Aesthetic, Shock and Subtlety in Social Change

We know from the next chapter of the dissertation that art economists believe that art has intrinsic value (see Throsby 2003a, 28-29 for a list), making art different from other economic goods and leaving art economists with a *value paradox*. Later I argue that one of the values of high art as consecrated in museums is that this art contains “novelty value¹⁰³” as opposed to habitual consumption, and earlier we found how the contents of a museum help to form our collective consciousness¹⁰⁴ (in the form of memory) and sense of community when shared. Later we also find that art may have instrumental value in that it can activate precognitive tastes, which then become preferences acted-upon in social interaction, either in mutualism or conflict (the latter, for Stuart Davis, the “social struggle”). Also in this present chapter we have used periodization to illustrate how social, cultural and economic institutions, art theory and practice, and aesthetic philosophy have co-emerged and have been transformed over history in the West, with specific categories tying together the dissertation chapters.

half, <https://www.youtube.com/watch?v=6TN9NjGuY9g&feature=youtu.be>. Davis finds that New Deal support of art “places art in the category of essential federal social services....aside from its economic aspect.”

¹⁰³ I thank my dissertation committee for coining this phrase.

¹⁰⁴ Or collective unconscious.

I believe that there are two ways that art can change our social consciousness and action. The first is what we will call the “aesthetic shock,”¹⁰⁵ and is related to Kant’s aesthetic idea. If an artwork is so radically different and new it might cause even rioting¹⁰⁶ as at the debut of Igor Stravinsky’s *Rite of Spring* produced by Serge Diaghilov in 1913 Paris (perhaps the beginning of “modernism” in the performing arts), or, attempts at banishment, like William Faulkner’s *As I Lay Dying* (1930) and *Sanctuary* (1931) in the United States.¹⁰⁷ (It is only after the radical is digested through discussion that it becomes part of the aesthetic fabric of society.)

Two of my favorite examples of aesthetic shock concern two stories about the 1960s New York rock band the Velvet Underground¹⁰⁸ who practiced the aesthetics of the ugly to such an extent that they sometimes had difficulty getting shows in their own hometown and often played residencies in Boston.¹⁰⁹ Today there is an

¹⁰⁵ I borrow this two-gram from Manohla Dargis (2014), who when reviewing a film by Lars von Trier wrote, “The problem with aesthetic shocks is that their power can drain off and their original effects become harder to replicate, so we’ll just have to see what happens next.”

¹⁰⁶ Or, jumps for joy.

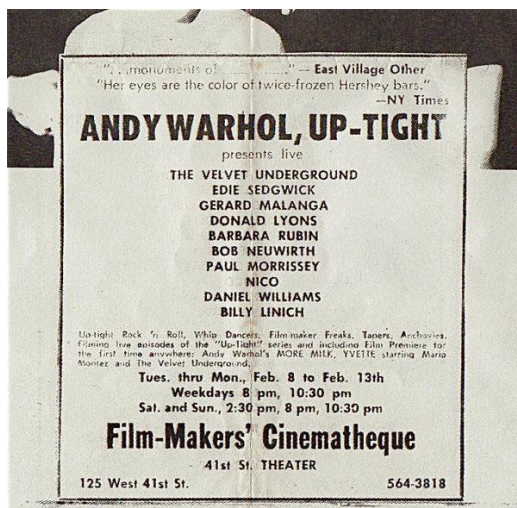
¹⁰⁷ Obviously, political shocks can effect art, as our periodization has shown social institutions are co-emergent. For example Ludwig von Beethoven wrote his third symphony in honor of Napoleon Bonaparte for furthering the ideals of the French Revolution. Beethoven then changed his mind and the name of his symphony when Napoleon declared himself Emperor.

¹⁰⁸ This is the VU live in Prague during their sometimes derided reunion (“sellout”) tour in 1993, <https://www.youtube.com/watch?v=3g2eEwKb7XU>. The Velvets first (1967) long-player (LP) was produced by Andy Warhol, which is appropriate as the Warhola family was Rusynian (from the then Czechoslovakia).

¹⁰⁹ The Velvets purposefully intended to make people “uptight” in Bourdieuan competition with the West Coast bands who wanted everything to be “groovy.”

oft-told story (myth, legend, consecration) amongst musicians and VU fans that only 100 people saw the Velvet Underground in the 1960s but all of them formed their own bands the next day.¹¹⁰

The second story about the Velvet Underground and aesthetical reaction is nicely captured by an *Economist* magazine (2013) article, the article in-full below in Exhibit 6, “From Velvet Underground to Velvet Revolution.” We can’t say for certain that the Velvet Underground led to the fall of the authoritarian regimes under the umbrella of the Soviet Union but perhaps their influence was not negligible. An aesthetic shock is only internalized in society after rational discourse, for example *Rite of Spring*, symphonically at least, is performed often in the spring by arts organizations large and small.



¹¹⁰ Here is a song (artworld as self-referential) about the Velvet Underground by the Bostonian Jonathon Richman, who practices the aesthetics of naiveté:
http://www.youtube.com/watch?v=iw4w-kdu_34. Perhaps the Velvets were too difficult to decode in their time.

Lou Reed and Václav Havel

From Velvet Underground to Velvet Revolution

Oct 30th 2013, 11:30 by E.L.



JOYLESSNESS was an Achilles heel of Communist rule in Europe. The portly grey men who ran the show wanted tightly scripted and uplifting culture, not the subversive improvisation of the 1960s. After Soviet tanks crushed Czechoslovakia's Prague Spring in 1968, all performing musicians were vetted for loyalty to the new regime. The criteria included: no English lyric or band names, and no long hair. "Plastic People of the Universe" failed on all counts.

Their inspiration was America's "Velvet Underground," a band managed by Andy Warhol which had been a spectacular commercial failure, but a cultural landmark. Until the mid-1970s, the Plastic People performed semi-legally, ostensibly illustrating (rather brief) lectures on music by their Svengali, the poet Ivan Jirous. But the Czechs came for the music. Even second-hand, the mordant, irreverent lyrics of Lou Reed brought comfort and hope.

Life inside Czechoslovakia of the “normalisation” era might seem frozen, impossibly isolated from the cultural mainstream of the West. But the same anti-authoritarian music, aching with alienation and angst, echoed on both sides of the Iron Curtain. In 1976 Mr Jirous befriended an unemployed theatre technician called Václav Havel (pictured on the left). The two men sat up all night playing and listening to music, including the Plastic People's covers of Lou Reed (pictured, right), which Mr Havel had first heard during a brief visit to America in 1967. Two weeks later, the Plastic People were arrested. Mr Havel led the protests, which shamed the authorities into giving the illegal music-makers lighter sentences. That lit a fuse of rebellion which sputtered through the 1970s and flared in the 1980s, culminating in the glorious fireworks of the Velvet Revolution.

Mr Havel, once installed as president in Prague Castle, agreed to be interviewed by Mr Reed. Then he took him to a smoky bar, where the American visitor was impressed to find the Plastic People playing the earliest versions of Velvet Underground songs. They asked Mr Reed to join them: only if they changed the key to something he knew, he said. He was impressed by that, and still more when Mr Havel presented him with a handmade book of Velvet Underground lyrics. “If the police caught you with that, you went to jail,” he explained. Mr Reed, not easily impressed, was awestruck by Mr Havel: a “heroic, intellectual, music-loving amazing person”.

They shared not only a taste in music, but a sardonic humour and detestation of shallowness, pomposity and conformity. Both found journalists tiresome. Both shared vices: smoking, drinking, and late nights. When the Czech president was invited to the White House in 1998, he demanded that his friend Lou be invited too. It was the height of the Monica Lewinsky scandal. A singer whose lyrics featured oral sex, drug use and mental illness made the officials nervous. Mr Havel was firm; a carefully vetted performance ensued, to the delight of the beleaguered Clintons.

Exhibit 6: Screenprint of *Economist* Article on Lou Reed and Vaclav Havel (2013).

The second way that aesthetics can influence thought and action is more subtle. We find in archival work on the New Deal that the US federal government adjusted the content of the public art specifically to prevent the aesthetic shock of questioning, discussing, the content of the works which through the creation of fear tacitly, or through sins of omission explicitly, call for a larger role for the state in society. And after our discussion of Bourdieu's aesthetic theory in this present chapter we know that the Social Realism content of some of the New Deal art is easily digestible by the popular taste (median voter), which is most everybody, and might help explain in some small way why Franklin Delano Roosevelt was elected as President of the United States four times in a row despite, or because of, the Great Depression, and was able to lead a reticent United States into World War Two.¹¹¹

¹¹¹ Evan Thomas (2010) finds that FDR's cousin Teddy Roosevelt helped the United States into the Spanish-American War in 1898.

Chapter 2

The “Value Paradox” in Art

Economics: Discourse on a

Research Program

2.1 Introduction

This methodological chapter addresses the research question: what are the value theories used by cultural economists which can help define the field as one with a shared vision of art as also containing non-exchange value, as opposed to the orthodox assumptions in economics that value is only realized through market exchange. We then categorize the research program in art economics and find that the program does not adequately address the potentiality of the state using art as instrumental value and introduce political economy to factor in a self-interest state.

The motivation for this research is found in Mark Blaug (2007, 125), “Where Are We Now in Cultural Economics?,” who writes that “cultural economics lacks a

single dominant paradigm or overarching intellectual theme that binds all of its elements together.” I find that Professor Blaug’s thesis does not fully capture the pre-analytical visions (later we call this the “precognitive aesthetic”) of those researching and writing on the economics of the arts. My claim, fortified with examples in this chapter, is that indeed cultural economics does share a common ‘bond’. This common bond is the belief that art is *different* than other economic goods in society.¹¹² Art contains properties that give value beyond exchange value, I call this shared pre-analytical vision the “value paradox” in art economics (more on which below). It is important that we highlight these intrinsic values, which also go beyond individual use-value, in order to fully capture the importance of cultural goods in human flourishing.

2.2 Methodology of the Discourse

Following Victoria Chick (1998, 1867) who finds that “economics is defined by its subject matter,”¹¹³ I conduct a literature review in the field of cultural economics and outline the common research themes as published by the practitioners of

¹¹² See for example Throsby (2003, 28-29) for a list of *non-exchange* values in art, and, Varian (1987) for a canonical representation of mainstream economics with value being realized in market *exchange* with given and unchanging individual preferences.

¹¹³ Robbins’ (1932) definition of economics as the study of scarce resources I argue does not apply to art because the supply of art is greater than the demand for art, as witnessed by the phrase “starving artist.” Throsby (1994) finds that 75% of those who consider themselves “fine” artists must sell their labor to the commercial sector in order to make ends meet. This behavior, which doesn’t fit the orthodox model of income maximization, is an example of the value paradox found in cultural economics.

cultural economics. In presenting the literature review I attempt a systematic classification of the categories in the art economics research program.

I find that there is in general a pre-analytical vision shared by the cultural economist. It appears that both orthodox cultural economists (those using the tools of neo-classical economics) and heterodox cultural economists (those using more sociological, philosophical and political economy approaches) share a belief that art as an object of study has value which makes art different from other commodities; art is different from other economic ‘goods’ (scarce resources) because art and other cultural heritage has value beyond exchange. I therefore devote the main section of the chapter to value theory and how art economics as a field reintroduces non-exchange value to economic analysis. The search for value beyond exchange by art economists either implicitly or explicitly might be considered a *paradox* which shows the limits to orthodox economic science itself.

As a means of exposition it is helpful to classify the art economics research program in terms introduced by Imre Lakatos in *The Methodology of Scientific Research Programs* (1978). The metaphysical *hard core* of the cultural economics research program is the “value paradox” contained in art. The *protective belt* are the specific categories of applied and theoretical research against which the hard core is irrefutable. In this chapter I explore both orthodox and heterodox approaches to the *protective belt* research areas as found in published works in order to support the claim for the *value paradox* thesis of the dissertation.

I begin by describing and defining art economics as a sub-discipline of economics in order to specify the object of analysis. Next I introduce my typology of the research program categories in art economics in Lakatosian terms, followed by a discussion of economic value in the history of economic thought and how cultural economics is currently re-inventing this value theory. The main body of the chapter then follows where I discuss some foundational and contemporary writings in cultural economics in order to give specific examples of the implicit *value paradox* in order to support the claim that cultural economists in general share a common irrefutable pre-analytical vision. I conclude by summarizing the findings and introducing the political economy of a self-interested state in art production.

2.3 Introduction to Art Economics

2.3.1 History of Art Economics: Literature and Professional

Association

If economics is a relatively new science¹¹⁴ - most commonly recognized as beginning (in the English language) in 1776 with Adam Smith's *Wealth of Nations* - then the economics of art might be brand new. The first book on art economics

¹¹⁴ If economics is indeed a science; three leading economists have, true to form, given three different opinions on the matter. F.A. Hayek ([1942] 1979) has said that economics is not a science, Milton Friedman ([1952] 1953) has said that it is a science if its methodological approach is "positive economics," and Deirdre McCloskey (1998) has said that economics is "scientific rhetoric." For a discussion on the (short) history of economics relative to the (long) history of physics see Mirowski (1989).

was Carl Kindermann's *Volkswirtschaft und Kunst* (1903), the *Journal of Cultural Economics* has been published since 1973 and is now edited by the Association of Cultural Economics International (ACEI), which was chartered in 1993. Frey (2003, 3) states, "the birth of art economics as a discipline of its own within modern economic science can be dated exactly" with the 1966 publication of Baumol and Bowen's *Performing Arts – The Economic Dilemma*.¹¹⁵

The first compilation of collected readings in art economics was Blaug (1976) and the first textbook, devoted to the economics of the performing arts, was Throsby and Withers (1979).¹¹⁶ In 2003 *The Handbook of Cultural Economics* (Towse, ed.) was published.¹¹⁷ Art economics might now be considered to be an 'established' research program in that the literature now has at least two stock-taking articles, "Where Are We Now in Cultural Economics?" (Blaug 2001) and "Contingent Valuation and Cultural Resources: A Meta-Analytic Review of the Literature" (Noonan 2003).

In addition, Hutter (1996a) studies how cultural economics impacts on economic theory itself, and, the first comprehensive textbook on cultural economics from a

¹¹⁵ Milestones in modern cultural economics through 2000 given in Frey (2003, 1-8).

¹¹⁶ My used library copy of this book shows that it was classified as "theatre arts" not "economics."

¹¹⁷ Note that I am using "art economics" and "cultural economics" interchangeably. This might offend some as art could be rightly considered a subset of culture. Towse (2003) in her Introduction to the *Handbook of Cultural Economics* states that the field was originally called "economics of the arts" (mostly the not-for-profit sector) and notes that this terminology has been changed to "cultural economics" to broaden the scope to include the economics of not just *high art*, but to include commercial sectors which use creativity as input. More on this later.

mainstream perspective was published in 2010 by Ruth Towse, a former president of the ACEI and a member of the United Kingdom's advisory board on intellectual property policy. Despite the growth of interest in art economics, it is a relatively unknown field, "There is a surprisingly large number of professional economists who never heard that there is such a thing as the economics of art" (Frey 2003, 8).

2.3.2 What is Art Economics?

In order to answer this question we first need to define economics. The most commonly accepted definition of modern economics is that it is a science which studies "human behavior as a relationship between given ends and scarce means which have alternative uses" (Robbins 1932, 5). However I believe that this definition may not be appropriate for art economics in that it is well-known that the supply of art is greater than the demand for art and thus art is not a scarce good (as witnessed by the folk-wisdom "the starving artist").¹¹⁸ As stated I prefer Chick's (1998, 1867) proposed definition which is that "economics is defined by its subject matter." Therefore, by Chick's definition, art economics is the economic study of art.

In addition here I should describe how the object of study in "art economics" has itself expanded. "Art economics" is now considered "cultural economics"; the application of economic reasoning has been expanded from the 'fine art', mostly

¹¹⁸ Many visual artists, actors and musicians try to "make it" or to become "discovered" and never do. "Who is, and who is not, an artist is, however, of crucial relevance to empirical studies on the share of artists in the population, and more importantly, on artist's incomes" (Frey 2003, 28). Eventually, the economist's 'assumptions' come in to play.

not-for-profit, sector to the “cultural industries” or the “creative industries,” whose production occurs in the commercial or for-profit sector. Towse (2010, 376) states that the reason for this expansion is that UNESCO (cf. UNESCO 2005) created the ‘cultural industries’ classification to include measurement of such industries as multi-media, internet, print and music publishing, sports, musical instruments, advertising, architecture, crafts, design and cultural tourism.¹¹⁹

A public choice explanation for this expansion of Chick’s “subject matter” could be an attempt by UNESCO to gain more funding for its programming, or indeed to prevent a decrease in funding. In addition it should be noted that including for-profit industries into the art economics subfield is not universally accepted. For example Throsby (2010) has a disparaging discussion on the “commodification” of culture and Frey (2003) virtually ignores the for-profit sectors in his discussion of cultural policy.¹²⁰

2.3.3 On Definitions of Culture Used in Art Economics

Culture is a very general term that means many things to many people,¹²¹ therefore a precise and complete definition of culture is beyond the scope of this paper.

¹¹⁹ Throsby (1994) delineates the microeconomics of industrial organization between the profit and not-for-profit arts sectors. Towse (2010) divides her textbook between the “traditional” (not-for-profit) sectors and the newer “creative industries.”

¹²⁰ Frey (2003) highlights the *value paradox*. If we hold the object of analysis to the not-for-profit sector then there is an explicit role for government intervention, if we expand analysis to include the for-profit sector then government patronage is less implicitly credible.

¹²¹ The first two definitions of culture in the *Random House College Dictionary, Revised Edition* (1982, 325) state culture is, “1. The quality in a person or society that arises from an interest in and acquaintance with what is generally regarded as excellence in arts, letters, manners, scholarly pursuits, etc. 2. A particular form or stage of civilization: *Greek culture*.” These conform roughly with, 1. Leo Straus’ definition, and, 2. Glifford Geertz’ definition.

However we do need to understand what we mean by culture in order to understand how it relates to cultural economics. Leo Strauss (1959) states, “‘Culture’ means derivatively and today chiefly the cultivation of the mind, the taking care and improving of the native faculties of the mind in accordance with the nature of the mind.” Alternatively, anthropologist Clifford Geertz states,

Believing, with Max Weber, that man is an animal suspended in webs of significance he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law but an interpretative one in search of meaning. It is explication I am after, construing social expression on their surface enigmatical (Geertz 1973, 5).

Therefore, perhaps like art itself, culture has a different definition depending on whom you ask. For Strauss it is self-based learning, for Geertz it is the patterns in society derived from individual agency and societal interaction.¹²²

Two art economists have sought two different avenues towards limiting the definition of culture to make it operational within the field of economics. Arjo Klammer sets as his goal as an art economist to broaden the theory of choice and value within the economic mainstream to include choice behavior that factors in the cultural. In his edited volume *The Value of Culture* (1996, 46-47) Klammer

¹²² See Sewell (2005, 175-196) for a rewarding critique of the work of Clifford Geertz. Sewell describes Geertz as the ‘Ambassador’ of anthropology to scholars in the other social sciences.

conducts an interview with the semiotician Barend van Heudson which is telling for our purposes here.

Klamer What about the value of culture?

Van Heudson [...] The function of culture, as many anthropologists have said, is to structure reality, to make coordinated action possible – we need culture in order to know what we do and how to relate with others. [...]

Klamer What I am particularly concerned with is the absence of any sense of culture in current economic theory. Culture does not play a role in economic analysis. [...]

Van Heudson I would go further than that. Listen, economists study human behavior and human behavior is in a large part cultural, that is, semiotic behavior. So if economists leave out culture from their theories of economic behavior, they have at least the duty to explain how this human being, cultural from head to toe, suddenly leaps out of culture when s/he is being “economic.”

Klamer [...] My proposal is to shift attention away from the moment of choice to the evaluation of the values inherent in economic behavior. This would direct our thinking to people actively valuating things and events of the world as they present themselves to them. Such activity is fundamentally social and cultural I would say. Our starting point then must be value.

Van Heudson [...] As such cultural behavior is definitely rational, although the rationality is semiotic, rather than logical.

Klamer proposes that economics is indeed the study of rational choice based on a notion of value, however he proposes that this concept of rational choice in economics needs to be expanded to include cultural and societal variables, not solely the utility (value) maximization of individually-predetermined consumption bundles. Value is also determined in society and through cultural norms, a prerequisite for preference creation in the choice framework.¹²³

Throsby (2003, 111) solves any culture/economics dualism in a different manner by defining the *cultural industries*. “The argument here is that if culture in general and the arts in particular are to be seen as important, especially in policy terms in a world where economists are kings, they need to establish their own economic credentials; what better way to do this than by cultivating the image of art as industry, bigger (in the Australian case anyway) than beer and footwear.”

Throsby defines the cultural industries, “cultural goods and services involve creativity in their production, embody some degree of intellectual property and

¹²³ Blaug (2001, 1) states that Klamer’s approach has “sought to widen to widen it [art economics] from a sub-discipline of economics into a sub-discipline of anthropology.” However, I believe that Klamer’s approach is a heterodox one within economics itself trying to advance mainstream economics into embracing endogenous (socially-constructed and changing) preferences. The concept of precognitive taste activation is further explored later in this dissertation. Gibbons (2005) credits economic sociology with introducing social variables, including social networks, into economic thought.

convey symbolic meaning.” (2003, 112). This definition of culture nicely embodies some of the specific categories of research in art economics.

Therefore in art economics the term culture has two general meanings; 1) in the anthropological sense where culture helps determine the rational choices of individuals, and 2) in the macroeconomic sense where cultural output can be measured. Both of these definitions of culture are found within in the art economics research program.

2.4 The Research Program in Art Economics

Imre Lakatos states, “The history of science is the history of research programs rather than of theories,” and, “all scientific research programs may be characterized by their ‘hard core [ideology]’ surrounded by a protective belt of auxiliary hypotheses which have to bear the brunt of the tests.”¹²⁴ Blaug (1980, 36) writes “the hard core is treated as irrefutable” by the research program. In our study of foundational and contemporary writings on art economics I form the conjecture that there is indeed a metaphysical ‘hard core’ belief by those working in the field of art economics, this belief is that art is ‘different’ from the other resources in society, a difference which becomes a paradox when applied to orthodox economic method. This *value paradox* manifests itself in various and sundry ways, the rest of this

¹²⁴ The discussion on Lakatos is from Blaug (1980, 36-37).

chapter is on this paradox in art as an economic good and how this paradox is approached in the art economics research program.¹²⁵ We also find a void in the research program, specifically the case of a self-interested state as patron, something this dissertation attempts to in some way correct.

Around the hard core of the value paradox we find the areas of research (the, in Lakatosian terms, ‘protective belt’ of the research program). In their more extended writings art economists explore philosophically, historically, sociologically and psychologically the value of art. This would seem to lend itself to art economists redefining the mainstream economic approach, with its assumptions of set preferences no matter how formed, when applied to art. However this is not always the case, some art economists argue strongly that the neo-classical approach is applicable and appropriate for the study of art¹²⁶ whereas of course others disagree

¹²⁵ This *value paradox* conjecture may be borne-out over time as noted by Mark Blaug himself, “Until recently, it would be true to say that economists only studied art markets because they provided ample data and the pork belly markets would have served just as well for the application of the latest fancy econometric techniques of time series analysis. But that glib accusation will not do for the recent literature on art markets, which has finally come so far to suggest some direct and indirect methods of measuring *psychic income* of art collections so as to explain the gap between the financial returns on art investment and those of other financial assets (Frey and Eichenberger 1995)” (Blaug 2001, 129, *emphasis added*). The lower returns to art relative to other asset classes over the long-term is made up by the “psychic income” of returns to owning and viewing art. This concept of “psychic income” bridging financial economics and the value of art, is an example of the value paradox at the core of art economics.

Blaug (Ibid.) states that “Baumol’s cost disease” may be a candidate for the tie that binds cultural economists, however this is easily refutable, see for example Cowen (1996), Currid (2006) and Cowen (2008) who argue against the “disease.”

¹²⁶ See Towse (2010) on the strength of the neo-classical approach to economics and the progress of the research program in art economics using this approach and Frey (2003) on the use of methodological individualism in art economics. Blaug (2007), following Tyler Cowen, proposes that ‘loose neoclassicism’ preference formation *viz.* Mancur Olsen, Ronald Coase, Douglas North and Bruno Frey is the dominant rational choice paradigm in art economics as opposed to that of the ‘Chicago school’, *viz.*, George Stigler and Gary Becker (1977).

and say that heterodox approaches are necessary.¹²⁷ I will summarize what I have found to be the main research areas in art economics, see Exhibit 7 below.

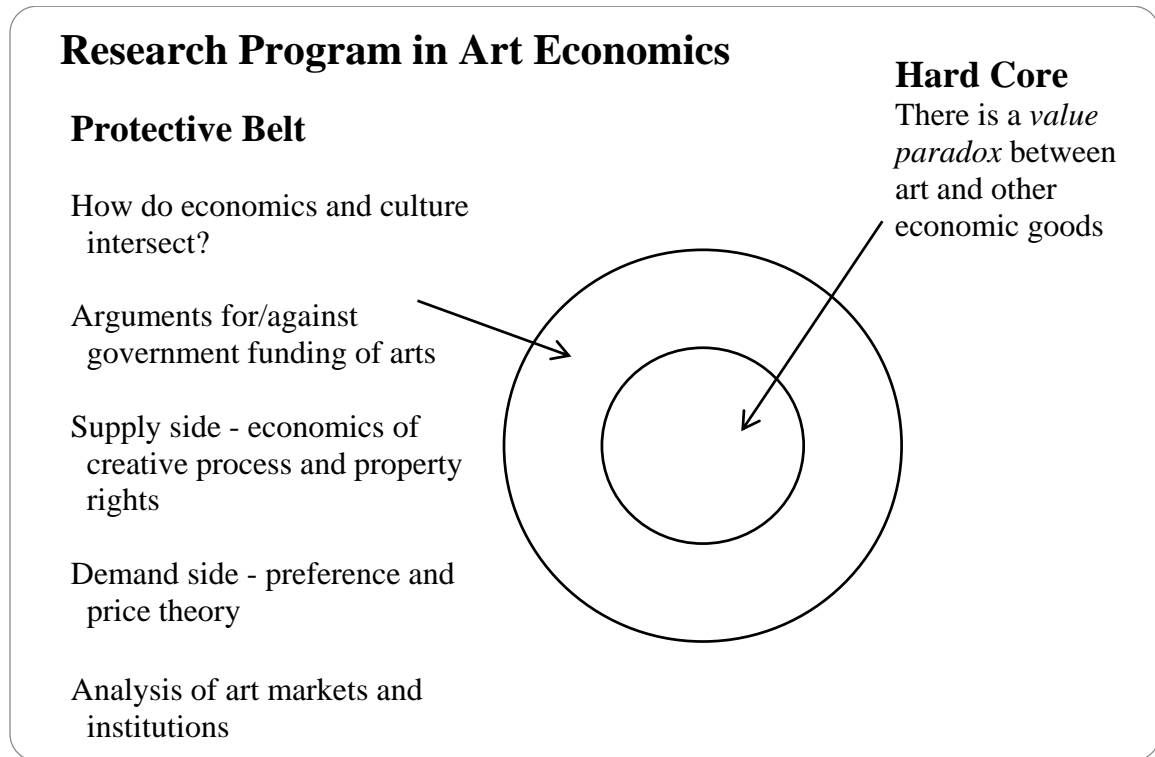


Exhibit 7: Heuristic on the Research Program in Art Economics. Author's diagram.

The first category in the protective belt is labeled, *How do economics and culture intersect?*. Art is seen as something different, something that encompasses the culture of a time and place and thus is not a commodity in the economic sense, this is the essence of the value paradox. Art economics explores this intersection,

¹²⁷ See Klammer, editor (1996) for a collection of writings from other disciplines on art and culture and Klammer's arguments for a heterodox art economics.

between art as an economic good and art as a cultural good, again with public policy implications, most specifically in terms of art as national heritage, merit goods or mixed goods.¹²⁸ These concepts are explored, in terms of public goods under welfare economics, later in this chapter. The intersection between culture and economics is also used to critique mainstream economic method itself, again discussed later in this chapter.

The second category in the research program is *Arguments for and against government funding of the arts*. The value paradox perceived by art economists then requires art economists to explore the public policy (state as patron, but not as a self-interested patron as introduced in this dissertation) connotations of this difference. In fact the first text on art economics (Throsby and Withers 1979) specifically contained economic rationale for public funding of the performing arts and was devoted to the management of arts institutions and related public resources. Cowen (2006) is a history of, and arguments for, arts funding in the United States and proposes that decentralized funding to artists (the supply-side) best achieves a

¹²⁸ A “mixed” good has characteristics of both public and private goods. For example a “free” concert in the park is a public good up to capacity at which point it becomes a private good.

richer supply and greater access.¹²⁹ Throsby (2010) is a full text about the economics of arts policy.¹³⁰

The next two categories of research are on the Supply and Demand-sides for art. The analyses of the supply (artists) and demand (individuals and institutions) are among the most studied areas in art economics.¹³¹ Demand-side research can range from labor supply analysis (entry, exit, incentives), to property rights¹³² effects on supply and pricing, and, theories on creativity and institutional effects on creativity. Attention on the supply-side is given to the value paradox and how consumer preferences may or may not capture the (social) value in art and the role of

¹²⁹ Tyler Cowen seems to be a little inconsistent here, when discussing the “over-supply” of New Deal publically-funded art of the 1930s (which was managed in a decentralized manner) he describes the over-supply. Cowen (2006, 69, referencing Naifeh and White 1998) states, “When the WPA [Works Progress Administration, 1933-1943] ended during the war, government warehouses had to auction off thousands of canvases by the pound. Other pictures were burnt, taken home by bureaucrats, or, in one case, sold to a plumber for insulation.” We explore the political economy of the WPA art later.

¹³⁰ In the spirit of reflexivity my position on public arts funding is that, if given (this is only determined through the public policy process), it should subsidize public access to art, including museum education (as presented in the next chapter), not the production of art, given that we have found an “over-supply” in the production of art.

¹³¹ Institutional analysis appears most often in the economic sociology literature (see e.g., Currid 2006, Aspers 2010, Kaprick 2010, Raustiala and Sprigman 2012), with the role of cultural gatekeepers and networks in bridging asymmetrical information during socially-constructed supply and demand.

During the research for this chapter the question was posed, to paraphrase, “why does a Picasso fetch tens of millions of dollars?,” if towards the end of his life he was painting several per day. The answer is that, historically, gatekeepers (curators, historians, gallery owners, cutting-edge collectors, critics and other “experts”) determined that Picassos had intrinsic value, this non-scarcity value then is carried over to retail and wholesale art-markets, with both economic and “psychic” returns.

¹³² Specific property rights issues of interest to cultural economists are copyrights and trademarks and in Europe also the right to proceeds from onward sales and performances, e.g., *droit de suite*.

government and not-for-profit organizations making the supply of art available to those less-educated in the arts.¹³³

The ‘market’ (where supply and demand meet) is also part of the research program, this analysis includes studies of specific cultural industries (like the theatre, opera, museums, arts festivals of various types including cultural tourism), comparisons of investments in art versus financial markets, cultural gatekeepers and public choice economics, optimal ticket pricing theory and empirics, and the analysis of transaction costs.¹³⁴ I capture these concepts in the *Analysis of art markets and institutions research program category*.

2.5 On Economic Value

2.5.1 A Brief History of Economic Value

Economists since the time of Adam Smith (and before) have looked for the meaning of value in economic life.¹³⁵ The mercantilists (ca. 1500 – 1750) believed that

¹³³ Dutton (2009), following Kant and Hume, writes that all of us have a (oftentimes latent) taste for art and beauty. As discussed in our dissertation education and/or aesthetic shock may be necessary to activate tastes into preferences, if the art does not decode for the viewer/listener.

¹³⁴ See Towse (2007) for a collection of papers on cultural economics which represent “some distinct trends in cultural economics over the last ten years.” I have tried to capture these and more recent trends in my summary of the research program in cultural economics.

¹³⁵ It is well-known by classically-trained economists that the search for an invariable measure of value occupied David Ricardo (1772-1823), however, “The fact is there is not any measure of absolute value which can any degree be deemed an accurate one” (Ricardo 1823 in Sraffa, ed. 2004, xlvi).

economic value arose from precious metals (usually gold) held by national governments and the French physiocrats (ca. mid-1700s) believed that value came from agriculture production.¹³⁶ The classical economists (ca. mid-1700s to late-1800s) wrote that value came from the inputs to (costs of) production. For example Adam Smith (1994, 36-37) writes that value came from productive labor.¹³⁷ “Labor alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities¹³⁸ can at all times and at all places be estimated and compared. It is their real price; money is their nominal price only.”

The ‘marginal revolution’ of 1871-3 changed the conception of value in economics, from one of objective value based on inputs (labor, land and commodities and a competitively- equalized profit rate in the long-term) to one of subjective value based on individual perceptions of economic “goods” and what has to be given-up (the opportunity cost) to obtain the good. The marginal revolution was in part based on utilitarian philosophy where “good” was measured in pleasure and “bad” was measured in pain. Of course, the idea was that people try to maximize the good and minimize the bad. This concept of subjective value

¹³⁶ See Marx (2000, 44-68) for a summary of the physiocratic theory of value and Marx (2000, 308-343) for a discussion on what is considered the first “model” of the economy, Quesnay’s “Tableau Economique” (1759) and which shows the source of value and wealth being based on recursive periods of agriculture production.

¹³⁷ Adam Smith found that the performing arts were unproductive labor. “Like the declamation of the actor, the harangue of the orator, or the tune of the musician, the work of all of them perishes in the very instant of its production” (1994, 361). Another example of the paradox of value in the arts.

¹³⁸ Every work of art is, by definition, unique and therefore not a commodity. If we include the ‘creative industries’ as object of analysis then reproduction does perhaps commodify creativity.

through the consumption of economic goods then became *utility* in economics, where utility is realized through market exchange.¹³⁹

2.5.2 Vulgar Economics

According to David Throsby (2003, 20) Adam Smith in *Wealth of Nations* was the first person to differentiate between what economists refer to as *use value* and *exchange value*, the former being “its power to satisfy human wants” and the latter “being the quantity of other goods and services that someone would be prepared to give up in order to acquire a unit of the commodity.” John Ruskin in 1872 used the term “vulgar”¹⁴⁰ political economy to criticize economists who believe that all value is exchange value.¹⁴¹

For Ruskin, following Carlyle, the idea that the value of a commodity¹⁴² can be determined by market process and measured in monetary terms was a violation of the principle of intrinsic value upon which the worth of objects, especially art objects, should be assessed. Instead he related value to the life-enhancing labour of the worker who made the commodity; the worker not only pleased himself by his efforts but also bestowed of this goodness upon the user of the product. Ruskin applied this theory to explaining why some

¹³⁹ See Little (1958) for a discussion and critique of welfare economics, which is based on a theory of the comparison and societal aggregation of individual utility, and which opens the door for central planners.

¹⁴⁰ At the time “vulgar” meant “common.”

¹⁴¹ See Throsby (2003a, 19-43) for a discussion on the history of value in economic thought including Ruskin’s critique of the marginalists.

¹⁴² I favor the term economic ‘good’ (following Menger 1950) rather than the term ‘commodity’ to describe the object of economic analysis as commodity implies homogeneity and this is I believe not indicative of most items bought and sold in the market except of course commodities themselves (agriculture products, metals, barrels of oils, etc.) which are by definition homogenous.

artworks were more valuable than others, arguing that the creative production process imparted value to a painting or a sculpture which became embedded or intrinsic to the work itself (Throsby 2003a, 22).¹⁴³

Modern economics has effectively collapsed use-value and exchange into one value, that of the market. It could be stated that the *value paradox* research program in art economics is an attempt to reevaluate this inherited unity.¹⁴⁴

Some economists (see most any undergraduate economics textbook) also have the belief that if the market is not providing enough of a good which is beneficial to society there is a role for government to provide this good, called a public good, through redistribution of assets or income or through other public policy. As stated the hard core of the art economics research program is that the value of art varies from the value of other economic goods in society presenting the art economist with a paradox of value. Next we explore this value paradox in art economics as applied to the Lakatosian research categories we have just defined. I focus most on the research program categories *How do economics and culture intersect?* and *Arguments for/against government funding of the arts* to provide additional evidence of the value paradox in the practice of art economics.

¹⁴³ See the discussion on Kant's category of genius creating fine and beautiful art in the previous chapter.

¹⁴⁴ Throsby (2001, 22) writes, "Despite the self-satisfaction that many economists feel at having arrived at a theory of value which they regard as complete in terms of its universality and elegance, marginal utility has been highly criticized. For our purposes the most important line of attack has been to argue that value is a socially-constructed phenomenon, and that the determination of value – and, hence of prices – cannot be isolated from the social context in which these processes occur," and, "Nevertheless, it can be argued that market prices are at best only an imperfect indicator of underlying value."

2.6 The “Value Paradox” in Art Economics

2.6.1 How Do Economics and Culture Intersect?

We addressed above the collapse of value in modern economics of ‘use’ (or ‘intrinsic’ or ‘embedded’ or ‘absolute’¹⁴⁵) value into exchange value. Throsby (2003, 28-29) lists six types of value which make art different than other economic goods, values which differ from values realized through exchange. I paraphrase these “use” values.

- 1) *Aesthetic value*: an artwork has the properties of beauty, harmony, and form; in addition aesthetic value is influenced by style, fashion and taste.
- 2) *Spiritual value*: an artwork can bring understanding, enlightenment and insight.
- 3) *Social value*: an artwork can bring a sense of connection with others and may contribute to the conception of a society’s identity and place.
- 4) *Historical value*: an artwork can offer insight into the time and place it was created and may illuminate the present in connection with the past.
- 5) *Symbolic value*: artworks are repositories and conveyors of meaning, an individual viewing an artwork extracts meaning from the artwork.¹⁴⁶

¹⁴⁵ These terms have precise and differing meanings in the history of economic thought, however it is not our purpose to discuss these definitions here exhaustively, only to differentiate use value as something intrinsic to the good and as different from the value at exchange. Missing from Throsby’s list are non-use intrinsic Option value and Bequest value, more on which later.

¹⁴⁶ Viewing an artwork does not necessarily mean “consuming” it as it may remain intact for others to view. Art is an experience good (like education and science), the more one “consumes” the good the more one “produces” the good. We discuss experience goods in more detail later in the dissertation.

- 6) *Authenticity value*: an artwork is real, original and unique. The authenticity and integrity of an artwork has value.¹⁴⁷

Although David Throsby provides a list of the non-exchange values in art it should be noted that perhaps a deep analysis of these values is not a primary point of interest to all art economists. Art economists recognize (or perhaps more economically, “assume”) that art is different from other goods in society and then move forward with the analysis of this value paradox as manifested in the supply and demand for art and implications for public policy. Another art economist of note, Bruno Frey describes the limitations of “use value” theory in art economics.

The concept of art, as understood by economists, starts with the preferences or values of the individual. This distinguishes the economic concept of art fundamentally from other definitions of art which derive from quite different principles, e.g. from a notion of aesthetic beauty based on deeper philosophical grounds. It also strongly differs from the concept of art defined by art experts (art historians, museum curators, conservationists, art critics and journalists, gallery owners and artists themselves), who have a superior professional knowledge of the various aspects of artistic activities and therefrom derive the authority to pass judgment on what art is. According to the economic approach, the individual preferences for art are recorded, but no normative judgment about it is given; art in this sense is what people think art is. Economists cannot, and do not want to, say what constitutes “good” or “bad” art; this is not within the realm of their professional competence, but should be left to those sciences (such as philosophy) which have a theory appropriate to dealing with the question of art quality (Frey 2003, 23).

¹⁴⁷ Van den Braembussche (1996, 40) calls the aesthetic and other intrinsic values the “old essentialist view.”

Thus art economists (with exceptions) do not explore the value of art in itself but the economic implications of art's intrinsic value. In fact the world of art and the world of the market can be viewed as inhabiting two different cultural realms, or *habitus*.

Klamer (1996, 13-27) describes the sociological differences between art and commerce. The art community is one built of on-going relationships and conversations (is discursive or continuous in time), whereas commerce is discrete in time. Once an economic transaction is complete, assuming all obligations are met, the relationship is over, "a strictly commercial transaction ends the relationship."¹⁴⁸ Klamer compares art culture similar to that of family, science and religion where the cultures "fight the encroachment of commercial and political values to sustain the conversation among each other and keep those values alive." "In accordance with philosophers of art like John Dewey and economists like Michael Hutter, my first step is to distinguish the *product of art* from *art as an activity* and *art as an experience*."

Michael Hutter builds upon Klamer's concept and looks at how the economy can help the arts and how the arts can help the economy. Specifically Hutter sees art (human creativity) as an inexhaustible resource which becomes value through 'source events' (plays, poems, paintings, films), this value then feeds itself back to the economy. "A world that is inevitably running out of natural resources cannot

¹⁴⁸ Note that Klamer's concept of economics here may ignore 'reputation capital' or the value of continual and personalized relations in a service economy. Discrete transactions are however how economists most often model the economy.

maintain or even increase the volume of material production at length.¹⁴⁹ Creative work, however, provides an inexhaustible stream of scarce items. The emphasis of economic evaluation is shifting from the transformation of wood and metal into payment, to the transformation of stories, tunes, images or performances into payment” (Hutter 1996b, 131).

Human ingenuity may be unlimited, a continuing source of value, but this creativity is limited by economic scarcity. “The economy is, then, a reservoir from which art plays draw money income as a context for the maintenance of the plays. Art participants treat income not as an objective but as a constraint” (Ibid., 132). The Hutter/Klamer concept of the exchange of value between art and the economy is shown heuristically in Exhibit 8.

¹⁴⁹ See Simon (1995) for a counter-argument to the vision of a world running out of resources.

Exchange of Value Between Art and the Economy

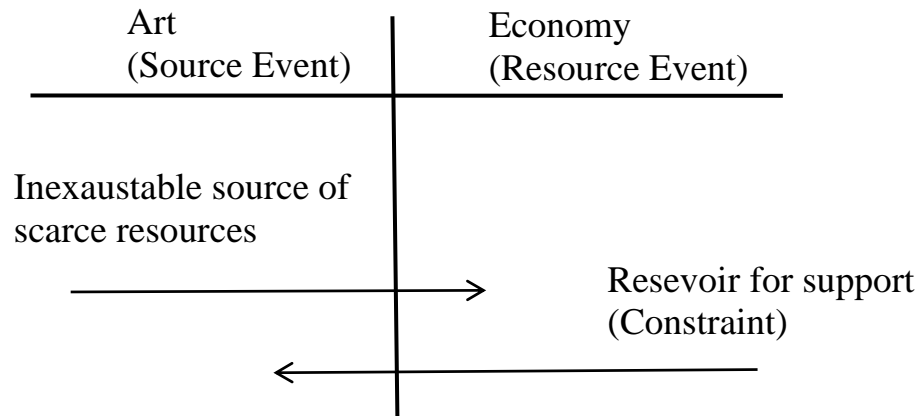


Exhibit 8: Heuristic on Exchange of Value between Art and the Economy.
Diagram by author, adapted by from ideas by Hutter 1996b.

The last theory of value we will demonstrate under *How do economics and culture intersect?* before moving on to the category of art as a public good is that of ‘radical commodification’. Antoon Van den Braembussche in a section of his chapter entitled “From Symbolic Value to Radical Commodification” has a different approach to the valuation of art in the market, whereby the mere process of art entering the market the aesthetic value of the art takes on economic value and losses its aesthetic value.

In the approach of Smith¹⁵⁰ any value-judgment becomes a commodity. This reminds us of the way Baudrillard criticized the concepts of use-value and sign-value. In his diagnosis of

¹⁵⁰ See Barbara Smith (1988).

contemporary cultural practices, Baudrillard confronts us with a radical instrumentalization of culture, which rests on a double and parallel reduction. The explosion of commodity circulation reduces any use-value into exchange-value. This goes hand-in-hand with an implosion of ‘meaning’, in which the signified is reduced altogether with the signifier. The signifier and exchange-value become omnipresent, equal and perfectly interchangeable, leading to a radical commodification of cultural practices (see Baudrillard, 1972) (van den Braembussche 1996, 39).

In this view the depth of the market in today’s society is inescapable, the “old notions” of aesthetic instrumentalism loses its essence through market-forces. Although defining away the value paradox through a dialectical synthesis, this work can still be considered part of the art economic research program as it acknowledges the value paradox at the hard core of the research program while at the same time negating it.

We can see similarities between van den Braembussche discussing the intersection between culture and economics, and that above with Throsby delineating the non-exchange values in cultural goods, Frey stating that art has aesthetic value but that economists are not concerned with these “deeper philosophical” concepts as orthodox economics takes preferences as given, Hutter on the relationship between the cultural and economic *habitus*, and Klammer’s attempt to broaden the rational choice framework in economics to include the cultural and social values which form preferences. Each of these writers have a different take on the relationship between art (the aesthetic) and economics. Yet, the point is that they all explicitly acknowledge this value paradox in art economics, and explore this paradox in their writings however uniquely.

2.6.2 Arguments For/Against Government Funding of the Arts

Tyler Cowen, one of the preeminent American cultural economists after William Baumol, uses the dialectic of aesthetics and economics to come to terms with the meaning of value in art and to apply the familiar trade-off between efficiency and (re)distribution in economics.¹⁵¹ For Cowen assuming that one has the right to art opens the door for the economic analyst to trade-off at the margin efficiency and redistribution in the supply and demand for art. Cowen states that art is beauty and that people in democracies have a right to beauty because of art's "elevating and developmental powers" (Cowen 2006, 5).¹⁵²

This notion of beauty as being a requirement for Aristotle's *human flourishing* is carried one step further by Herbert Marcuse who equates beauty with freedom and morality, "In Kant's system, morality is the realm of freedom, in which practical reason realizes itself under self-given laws. Beauty symbolizes this realm in so far as it demonstrates intuitively the reality of freedom" (Marcuse 1962, 159). For

¹⁵¹ The free market, the voluntary exchange of goods and services without harming anyone else in the process, is said to be *efficient*. When public policy distorts these market forces for equity reasons it is said that these policies have made the economy less efficient for *distribution* purposes.

¹⁵² Whether or not people have a "right" to anything in free societies is under debate by philosophers and is beyond the scope of most economics as we know it today. Followers of John Rawls (1971) usually tend to believe that people have the "right" to economic redistribution to account for differences in luck and talent and that this redistribution constitutes economic justice, whereas followers of Robert Nozick (1974) tend to consider redistribution unjust and that people have the "right" to be free from redistributive takings. Cowen is using the "merit good" argument for art subsidy although does not say so. More on merit goods later.

Marcuse, and implicitly for Cowen, art (beauty) is freedom and humans have an implicit or explicit right to freedom.¹⁵³

Regardless of the political philosophy arguments (resolvable only in the public process itself) for or against the right to art (or for that matter the right to anything else in the realm of public policy), let's assume that Cowen is correct in his statement that art is a public good and that we need to trade-off efficiency with (re)distribution. Distributive considerations mean that there are non-market (a role for the state) elements in the creation and distribution of art. This trade-off between the economic and the aesthetic can be visualized heuristically, see Exhibit 9 below.¹⁵⁴

¹⁵³ The introduction to this dissertation analyses the evolution of aesthetic philosophy in the West since the 18th century and finds that beauty as a necessary quality for fine art loses its primacy with the counter-Enlightenment Romantics and the rejection of the salon by the early modernists.

¹⁵⁴ Exhibit 9 shows the trade-off between value meanings of art in terms of the aesthetic and the economic. The Economic at Point A. means that society values art only for its economic value as manifested through the market. The Aesthetic at Point B. is the other extreme and means that society ignores economics (individual preferences and endowments) and makes all art available to everyone for "free" through government intervention. I have drawn this trade-off while assuming perfect substitution and abstracting from the form aesthetic subsidy is realized, obviously any redistribution policy is not in any way "free."

Aesthetic and Economic Value Trade-Offs in Arts Policy Analysis

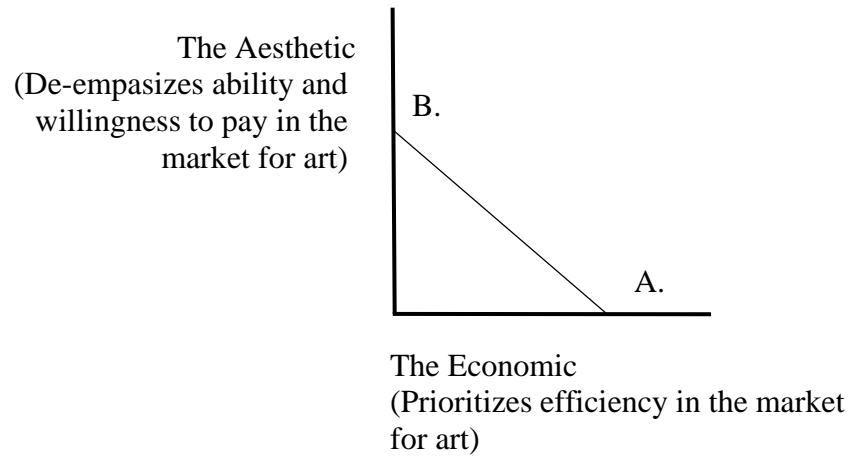


Exhibit 9: Illustration of Trade-Off between Aesthetic and Economic Value in Arts Policy. Author's model.

Cowen may take an idiosyncratic approach to arguing for arts funding in his “positive rights” approach, however his economic (efficiency) versus aesthetic (distribution) distinction is useful in framing the argument concerning arts public policy.

Many art economists use economic arguments for arts funding (state as disinterested patron) beginning with defining art as a public good.¹⁵⁵ There are two

¹⁵⁵ Cowen's approach may not be all that idiosyncratic. Blaug (2001, 12) writes, “Is it not time for cultural economists to abandon normative arguments for public subsidies of arts and instead to study the positive consequences of public subsidies, including the rhetoric of public bodies subsidizing the arts?”

main approaches to the value of art as a public good created from market failure (a public good requires government support due to positive externalities not realizable in market exchange, this argument would mean that not enough art is produced, exchanged and/or consumed to maximize social welfare).¹⁵⁶ One public good argument is that the arts are a *merit good* worthy of state support “because of the superiority of their inherent worthiness” (Baumol 2003, 21). The second is that arts are a *cultural good* containing “bequest value” and thus are part of a cultural heritage to be passed along to future generations. These two concepts are related and there is some overlap.¹⁵⁷

The term “merit good” was coined by Robert Musgrave (1959) and can be defined as “goods which are provided as a result of the imposition of the preferences or tastes of one group (e.g., the government) on others (e.g., the community), rather than in response to market or nonmarket demand” (Throsby and Withers 1979, 192). Throsby and Withers, who give a summary of the discussion around merit goods and their relation to welfare economics in their seminal text on art economics *The*

¹⁵⁶ In the next chapter we use both positive and normative rhetoric. Positive economics because we take the tax-subsidies to museums as given, and normative because we argue for redistribution of society’s resources *from* those whose preferences for art consumption are already formed *to* those less-educated whose preferences are yet cognitive, taking as given museum resources in the United States.

¹⁵⁷ Note that the ‘merit good’ and ‘cultural good’ concepts are similar to those non-exchange (non-economic) values defined by Throsby (2003) earlier in this chapter. It is not the classification schema of the value paradox which is important in establishing the metaphysical hard core in the art economics research program, only the realization that this paradox exists however disaggregated and recompiled.

Economics of the Performing Arts, emphasize the importance of merit goods in art economics.

[T]here is little doubt that that merit-good considerations have probably been the most significant single explanation of government involvement in the arts in all the countries we are dealing with. If the motivations of politicians can be inferred from their public pronouncements, it is clear that most of them believe that the existence of the arts is essential to civilized life.

Throsby and Wither's argument that (disinterested) government taste-makers have the right to provide these goods is based on the assumption that the democratic process will remove governments whose tastes and quantities of merit goods fall too far out of line with the public. However the authors do acknowledge that, "On the other hand, however, these effects tend to be offset to some extent by the growth of bureaucracies and lobbies which increase 'the intermediation' between voter preferences and public policy decisions." (Ibid., 197) This is a classic public choice theory criticism of the behavior of government bureaucracy¹⁵⁸, and something explicitly addressed later in our notion of art-statism and a self-interested state using art to increase the scope of its legal monopoly on coercion.

According to Throsby and Withers, Musgrave assumed that, "some goods (not all) are by common consent considered so meritorious that it is agreed they should be publically provided. The implication of this position is that there exists a distinct

¹⁵⁸ See Buchanan and Tullock (1960, especially 283-295), the founding text on public choice theory, on the motivation of bureaucracies to increase their power. Public choice theory applied to the arts is part of the *Arguments for/against public funding of the arts* and the *Analysis of art markets and institutions* research category in art economics.

class of such goods on which agreement can be reached....it is probably true that the arts in general, and the performing arts in particular could be regarded as paradigm examples of goods where widespread (though by no means universal) consent on 'merit' could be reached." (Throsby and Withers 1979, 197). Throsby and Withers also contrast art with "public parks, free school lunches, education and even public transport" because these latter public programs have overtly redistributive effects in addition to being merit goods.¹⁵⁹

Robert Musgrave and James Buchanan had a debate in 1998 over their two differing visions of public economics. In this debate Musgrave clarified his concept of merit goods as socially-constructed,

I like to think of them in relation to an individual's place in society, not as an isolated person but as a member of his community. As such he might support certain public services because they are seen as part of the community's cultural heritage, rather than in response to his personal tastes. Support of merit goods thus involves a form of social interaction that is not purely individualistic. I am well aware that once you get out of the safe haven of purely individualistic concerns, there are all sorts of dangers, but, as I said yesterday, I don't think you can reject the concept of community values on those grounds" (Buchanan and Musgrave 2001, 95).

For Musgrave cultural heritage goods (art) are merit goods. This argument is similar to the 'positive rights' argument in Cowen in that he is arguing from a normative (the way things ought to be) rather than a positive (the way things are) base point. Economists have difficulty with this approach due to the lack of empirical

¹⁵⁹ See the next chapter of the dissertation for a discussion on the debates surrounding the question, "Is art really for the rich and should we care?"

testability. William Grampp, an art economist who is known for advocating a free-market for the arts, writes the following about merit goods.

Art is a merit good. The argument has a forthright and ingenious quality that makes it attractive. It declares art is a good thing, that people do not want enough of it even if they can afford it, and that the state should see to it that they get more. This seems to take things out of economics and to relieve one of having to follow the ambages of the arguments that employ it. Tibor Scitovsky has said as much, and he is an economist. "None of the standard arguments in favor of financing is really applicable to the arts. The only valid argument for government aid to the arts is that it is a means of educating the public's taste and that the public would benefit from a more educated taste," he said. One is not permitted to object that if art is actually to the benefit of people they will themselves acquire a taste for it (Grampp 1989, 253-254).

The case for funding the arts because art has intrinsic value (are merit goods) upon further inspection does not seem to have much support, even by those who argue for arts funding for other reasons. "Hence, arguments for public support for the performing arts based on this view rest on matters of belief rather than of fact, and it would only become a ground for unequivocal government intervention if it could be shown that the belief enjoyed universal approval" (Throsby and Withers 1979, 195).

William Baumol gives perhaps the most succinct summary of the theory of art as a merit good, and of merit goods themselves. "The argument is that the arts deserve public funding because they are good. If asked why, or how one tests the proposition, the implied answer is that it is self-evident. Whether or not this is accepted as convincing, it must surely be recognized to be an honest reply"

(Baumol 2003, 23). The case of merit goods represents a good example of the paradox of value faced by art economists.¹⁶⁰

2.6.3 Cultural Goods

In modern society we are grouped in political bodies, in *polis*. Apart from our daily lives in which we interact and live voluntarily with those we like and love, our collective actions are guided by both local governments and national governments (the nation-state). We will find below that Frey (2003) believes that all states are involved in the ‘market’ for arts. Throsby and Withers (1979, 193) explain why this may be true, “Since governments derive pride in the thought that they preside over a cultured society, they are willing to provide funds to support the arts, even though they acknowledge that the resulting activity exceeds that which consumers would demand if left to their own devices.”¹⁶¹ Specifically, states have taken a role to ensure that cultural goods are preserved to symbolize the culture of a *polis*, be it for legitimate social or for nationalist reasons.

¹⁶⁰ Although merit goods seem to be discredited as a valuation method I have included the category here as it has been a fundamental part of art economics since its debut. Another valuation method, that of the return to public investment (“economic impact studies”) in the arts, is not included in our survey because it is not specific to art economics, “...using the same methods, we could easily show that even earthquakes generate an excess of economic benefits over costs” (Blaug 2007, 12).

Further Towse writes, “In fact, many economists think that the national multiplier is indeed close to one, and that claims for significant induced income are exaggerated” (2010, 285). See Rushton, ed. (2013) for a different view on the arts and economic development.

¹⁶¹ It should be noted that some public art can be perceived as a ‘public bad’, some people may not find aesthetically pleasing art that has been placed in public spaces, especially when they know that their taxes have been used to fund something they find displeasing. See Klamer, ed. (1996, 87-91) for a case study.

Throsby (2003a, 26) writes, “What is the nature of the value a community places upon the traditions which symbolize its cultural identity? What do we mean when we say that Monteverdi’s operas or Giotto’s frescoes are valuable in the history of art? In neither case does an appeal to individual utility or to price seem appropriate.” Throsby uses the argument that art has two values, the cultural (the aesthetic under Cowen’s dialectic) value and the economic value. By denoting the difference we then denote that the cultural is a public good and that there is a role for the state in supplying (or preserving) the cultural value. “Thus we continue to maintain the necessity of regarding economic and cultural value as distinct entities when defined for any cultural commodity, each telling us something different of importance to an understanding of the commodity’s worth” (Ibid., 33).

Throsby then uses the example of the art museum as the way in which the cultural (public good) value of art is brought to realization and lists many public good characteristics of the museum (I have included a sampling); “the contribution the museum makes to public debate about art, culture and society,” “the role the museum plays in helping to define cultural identity, either in specific terms or more generally in its representation of the human condition,” “the value to individuals of retaining the option of visiting the museum,”¹⁶² “the sense felt by people that the museum and its contents have value as a bequest to future generations,” and, “the

¹⁶² I personally like this approach as it may not be that as individuals we optimize our consumption but that we enjoy having options, these options can include potentials for consumption and for experiences. In art economics this is called “option value” by Frey (2003, 2). Public (or philanthropic) funding of art makes art available to ourselves and others and this gives value whether or not we avail ourselves of this option.

connection with other cultures which an art museum provides either for citizens within its own jurisdiction looking outwards, or for those from outside who wish to learn more of the culture they are visiting” (Ibid., 37).

It is the bequest value argument which is also relevant to our survey of the *value paradox* in art for this dissertation. The bequest value concept is not too different from the normative notion that one generation owes another generation some degree of preservation of nature. Art that is passed from generation-to-generation is called *built heritage*, whereas natural endowments are referred to, obviously enough as *natural heritage*. It is not clear that government, as opposed to private philanthropy, is required to provide for intergenerational equity in the arts (the J Paul Getty Foundation for example), however, history should not be removed from our analysis and the state and prior to that the church have funded cultural heritage so we have seen this valuation empirically over time. (The cumulative causation in the relationships between the institutions of patronage and art theory and practice over time is captured in the introductory chapter to this dissertation.)

Tibor Scitovsky in the *Joyless Economy: An Inquiry into Human Satisfaction and Consumer Dissatisfaction*¹⁶³ provides an argument for public funding (using ‘specialists’ picking what is valuable) in arts.

¹⁶³ Scitovsky’s book is seen by many as a classic diatribe against mainstream consumption theory. The thesis of *Joyless Economy* is that people consume too much for comfort and not enough for novelty (the thrill of the new as manifested in the sublime) reasons, this leads to the Socratic unexamined life. Further elucidation of consumer theory is beyond the scope of this chapter, however is very much part of the art economics research program under *Demand side - preference and price theory* and is revisited later in this dissertation.

Works of art are durable sources of stimulus enjoyment which can last for years, even centuries, and since the specialist's judgment is believed to be a better predictor than the general public's of what posterity's judgment is going to be, we attach to his judgment the weight of future generations, which outweighs of course, that of the single present generation (Scitovsky 1976, 278).

As stated throughout this chapter, it is inevitably the public policy process of each *polis* which determines how and to what extent built heritage (in our case, art) is funded and preserved (valued), however, skeptically, it is difficult to avoid the notion of the co-integration of publically-funded heritage and the use of public funds for the creation of political influence (we call this art-statism later).¹⁶⁴ It should also be noted as discussed in the previous chapter that there are 'nation-building', nationalism, or less euphemistically, 'national treasure' arguments put forth to support government funding of the arts or for protectionism against outside cultural influences.¹⁶⁵ Too comparative statistics are widely-used in art economics to measure differences in how various *polis* value their culture empirically by levels of public funding (see Frey 2003, Cowen 2006, Towse 2007, Zuidervaat 2011).

2.6.4 Note on the Contingent Valuation Method

With surveys and experimental settings, economics has used the contingent valuation method (CVM) to try place an economic value on non-tradable goods.¹⁶⁶

¹⁶⁴ See Welch 2013 for a history of art as political influence since the Greeks.

¹⁶⁵ The 1st chapter of the dissertation describes the relationship between cultural nationalism and national culture, specifically providing background for the art-statism as defined and analyzed in the 4th chapter.

¹⁶⁶ CVM has been used for approximately 50 years in the valuation of natural, environmental, heritage. In 1993 Kenneth Arrow, Robert Solow and others published "a qualified endorsement of

“Contingent valuation is a method of estimating the value that individuals attribute to non-tradable goods or some characteristics of tradable goods not revealed by the market mechanism” (Cuccia 2003, 119).¹⁶⁷

Frey (2003, 6) offers insight into how CVM may be used for valuing the psychic (or perhaps, intrinsic or aesthetic) value of a painting using what he calls the ‘endowment effect’, the difference between what someone paid for a painting and what they would sell it for. Experiments could be conducted to see what offer price could be made to the owner of a painting to see what could induce her or him to part with that painting. If a significant amount of these experiments/surveys were conducted, then a proportionality between buy and sell prices could be used to ‘value’ this ‘endowment effect’ and thus create an indicator for intrinsic or aesthetic value.

Importantly, given the previous discussion of public choice economics related to those involved in cultural institutions, art economics has used the CVM approach to remove decisions about public arts funding from that of experts (technocrats) to include the public at large. This may help government decision-makers to “not

CVM along with guidelines for quality research (Arrow et al. 1993) and this opened the door for its wide-spread use in cultural economics” (Noonan 2003, 171). Noonan (2003) conducted a meta-analysis of CVM in cultural economics, finding 61 applications of CVM to cultural heritage between 2000 and 2003.

¹⁶⁷ For example, a Willingness-to-Pay type CVM would survey huddled masses around the Mona Lisa and ask what they would pay to see it in an uncongested situation. This research of course while interesting shows some weaknesses to the CVM; 1) only those interested in attending the museum in the first place were surveyed, 2) only those who had the time and interest to be surveyed were, and 3) people were offering someone else’s theoretical money to visit the museum during uncongested times.

adopt a paternalistic approach but try to found their decisions on individual preferences” (Cuccia 2003, 120).

CVM marks a break with neo-classical preference theory, “the peculiar characteristics of CVM that differentiates it from the other classes of valuation methods (the direct and indirect revealed preferences methods and the direct stated preference methods) is that individuals directly state their preferences about a public good by answering a structured questionnaire specifically prepared by the analyst to reproduce a hypothetical market-situation where a non-marketed good is traded” (Ibid., 120). The robustness of this approach depends on your view of how realistic experimental economics is or how objective is the survey process.¹⁶⁸

2.7 Introducing Political Economy

Bruno Frey writes that all societies have a political economy of art which for Frey means that all societies operate somewhere along the continuum between market value and aesthetic value (as manifested with government patronage) in normative values for art as manifested by the state over time.¹⁶⁹ However he also believes that this political economy has been under-emphasized by cultural economists.

There is no sense in restricting the analysis to purely economic aspects of culture.

Obviously, the state plays a most important role in directly (via subsidies) and indirectly

¹⁶⁸ “The validity of CVM has been hotly contested” (Noonan 2003, 161). In the *Journal of Economic Perspectives* symposium on CVM in Fall 2012, Hausman writes, “But despite all the positive-sounding talk about how great progress has been made in contingent valuation methods, recent studies by top experts continue to fail basic tests of plausibility” (Hausman 2010, 54).

¹⁶⁹ Meaning that the *polis* policy environment for the state’s art patronage is somewhere between the trade-offs A and B in Exhibit 9 above.

(via regulations such as tax laws) supporting the arts. At the same time government may cripple arts, not only in dictatorships but also in democracies. In both cases the decisions made by the state are based on political (and bureaucratic) considerations. Political aspects are relevant in the arts beyond the state. Many more actors are involved in influencing the arts, and are in turn influenced by them (see e.g. Hutter 1986, 1987). Hence, there is no doubt for me that a political economy of the arts is needed (Frey 2003, 8-9).¹⁷⁰

We address Frey's insight directly in this dissertation. The concept of "art-statism," where we assign self-interest to the state's art production, can endogenize and make dynamic the state's role in society, furthering a response to the exploratory question, *what are the relationships among art, the individual, society and the state?*

2.8 Conclusion

We have proposed that the hard core of the research program in art economics is that of a difference in value between art and other economic goods, a difference which results in a *value paradox* when attempting to apply the strictly material economic measures found in orthodox economics as exchange-value. The study of culture and aesthetics may be more the purview of other disciplines (philosophy, anthropology, sociology, art history, semiotics) than that of economics.¹⁷¹ However, economics is the study of human behavior and human behavior is more than

¹⁷⁰ The present dissertation is an attempt in this direction, see the concluding chapter for a discussion on the term "political economy of art."

¹⁷¹ The values found in the "two worlds" of science and the humanities are discussed in the introductory chapter of this dissertation.

(different from) individuals acting under resource constraints. It is proposed, here and elsewhere, that this has been a weakness in mainstream economics.

We have attempted to show that culture and the economy are two different albeit mutually-dependent spheres that operate together to help define the human condition. The “value paradox” applied to art has been a framework to evaluate how the intersection between culture and economics is approached in the relatively new and growing field of art economics. Economics itself is limited to sets of assumptions which can only get us so far in defining how cultural resources are created and allocated (valued) in society. Political economy - where the study of public policy and institutional processes are combined with economic analysis - may perhaps be more relevant in the study of art as an economic good. This is borne out in the field of art economics where debates and analysis around the public funding of the arts is of a primary interest in the research program.

Earlier we introduced the debate over whether art museums perpetuate an elitist state-capitalist ruling class (in the West), or, can be sites of the subjective and collective sublime (or perhaps they can be both?). Next we look at the economics of museums in relationship to consumption theory and how they can create social value (without needing to resolve the aforementioned debate by using positive economics), with an applied and specific case study about the not-for-profit museums in the United States. Then we revisit a political economy of art and art-statism, our main contribution to cultural economics further in the dissertation.

Chapter 3

The Role of Museums in Utility-Enhancing Consumption

3.1 Introduction

3.1.1 Introduction to Research and Method

The theme of this chapter is the economics of museums in general and in the United States in particular. There are two main related research subthemes forming the chapter's research question. The first is consumer theory and human flourishing. Tibor Scitovsky (1976, 1988) writes that people consume too much for comfort, out of habituation, and not enough for novelty, by which he means novelty goods which allow for the Kantian sublime experience (and we take as an axiom that everyone can experience the sublime), because there is the risk of the unknown in consuming the new. Due to this risk aversion in consumption for the novel outside of an individual's 'comfort zone' many people are not realizing possible levels of life-time utility (flourishing).

The second subtheme is the fact that not-for-profit (NFP) museums in the United States receive tax-free status under the tax code. In order to be eligible for this tax-free status museums must meet certain criteria. I find that the provision of educational programs might be the criterion that museums best meet for this NFP status. Therefore museum programs which introduce the public to fine art, and therefore reduce the risk of “consuming” this fine art, address Scitovsky’s critique of consumption. The corollary research question is how well museums are fulfilling their educational purpose as mandated through their not-for-profit (NFP) status.

I review the literature on how cultural economists and museums professionals evaluate the economic performance of art museums and find that there is no common consensus on a *general* evaluation (earlier we discussed the *specific* practice evaluation). For example Paulus (2003, 51) states, “a museum cannot be reduced to one function; its three basic functions are research, preservation and communication.”¹⁷² In addition each US NFP organization has its own charter which defines goals locally. Given the competing goals NFP museums face for use of scarce resources, I focus on what they all share in common, which is the tax exemption, an indirect subsidy which is unique to the political economy of the arts in the United States. It is estimated that foregone real estate taxes due to the tax exemptions given to not-for-profit organizations (who own some of the most valuable parcels of real estate in US cities) amounts to between \$17 and \$32 billion,

¹⁷² Towse (2010, 248) posits that museums be viewed as a “multiple output firm.”

or between around 4% and 8% of all real estate taxes (Kenyon and Langley 2011).¹⁷³

This research is important because it addresses theoretical and empirical gaps related to the economics of museums in the United States:

- 1) The research finds a common shared measure of value-creation (education for novelty goods) for museums, social value which can add to human flourishing, both individual and collective, and;
- 2) The research examines what value individuals get from NFP museums in the United States for the extra real estate taxes they have to pay, either directly or indirectly, to make up for the fact that the museums do not have to pay these taxes.¹⁷⁴

The methodological approach is both theoretical and empirical. I begin with a discussion of Scitovsky's consumption theory delineating consumption categories as comfort goods (through habituation) and as opposed to novel or experience¹⁷⁵ goods, for which there is a risk hurdle to consumption. I then build a diagrammatic

¹⁷³ It might be that city revenue losses from foregone real estate taxes may be made-up by the increase in property values, and thus higher real estate taxes, for those properties adjacent to the high-end NFP museums. Nonetheless the NFP status does convey market power as witnessed by recent (Fall 2014) highly-publicized "land grabs" by New York University and the Museum of Modern Art, both NFPs in New York City. I thank Oz Frankel for this insight.

¹⁷⁴ This dissertation however does not address the foregone income taxes due to the NFP status, both at the state and federal level in the United States.

¹⁷⁵ In Industrial Economics "experience goods" are those (usually newly introduced) which require education (advertising) to realize consumption preferences. The big example is the introduction of yogurt to Americans. We can think the same about difficult to decode art.

model which illustrates how increased consumption of novel or experience goods relative to normal goods can increase utility over time.¹⁷⁶ I also show in this diagram the “experience (or price) gap” needed to be overcome to allow this utility-enhancing consumption. This experience gap can be overcome by education which at the margin equalizes the preferences for normal and experience goods for the “average” person (which we later classify as the median voter).

Next I conduct a bibliographical survey of the performance measures for museums as found in the literature and find that there are many competing ends for a given museum’s scarce resources, and that there is no apparent consensus amongst museum professionals, except an individual organization’s mission statement, for evaluating the economic performance of a NFP museum in the United States. By default I determine that one economic measure common to all NFP museums would be education as a percentage of a museum’s resources, given the public purpose of an educational mission for which the organizations are granted NFP tax status in the United States.

For the empirical portion of the chapter, unique to the literature, I create a list of the “top” museums in the United States based upon, 1) attendance and 2) the ability to attract foundation grants. We then isolate those who self-report educational expenditures and determine the percentage of revenues spent on educational

¹⁷⁶ Experience goods up to point have *increasing* marginal utilities in that the more one learns about jazz or classical music or modern art and literature the more one appreciates the “consumption” of these goods. Thus this is counter to most economic goods which have diminishing marginal utilities.

programs. I do this for a base year 2007 and find that, pre-financial crisis, the top NFP museums in the United States spend on average around 5.83% of revenues on education.

We then compare post-financial crisis 2010 data to the pre-crisis 2007 data and find that although museum revenues in aggregate were down by around 17%, expenditures on education actually increased to around 6.26% of aggregated revenues for 2010 (from 5.83% in 2007).¹⁷⁷ We can also observe that the amounts spent on education in 2007 (5.83% of revenues) and in 2010 (6.26%) exceeds the low estimate of real estate taxes foregone of 4% but not the high estimate of 8% (however this does not account for the loss in federal or state and local income taxes due to the federal NFP tax status).

3.1.2 Introduction to the Economics of Museums

There is no consensus agreement amongst cultural economists or museum professionals as to exactly what is a museum.¹⁷⁸ There is disagreement over what a museum's purpose should be, what the functions of a museum are and should be

¹⁷⁷ The National Bureau for Economic Research (NBER) declared that the most recent recession in the United States occurred from December 2007 to June 2009, <http://www.nber.org/cycles/cyclesmain.html>.

¹⁷⁸ Elizabeth Merritt states in American Association of Museums (2006, 1), "In the grand American tradition of self-determination, pretty much anyone who wants to call his establishment a museum can do so. And often does." Further, "First, you can't really define museums; at least, there is no definition that can be used consistently to include or exclude organizations from the ranks....The definitions agree on a few key points: museums are educational in nature, they are open to the public at least part of the year. But consensus quickly breaks down" (AAM 2009, 1). The American Association of Museums, founded in 1906, changed its name to the American Alliance of Museums in 2012 for perhaps rent-seeking reasons.

and how each of these functions should be prioritized and actualized, and how therefore one can accurately measure the performance (both socially and economically) of a museum.¹⁷⁹ For example, do museums exist to preserve built culture for future generations? To collect and exhibit works of art to connect current generations with the past? To attract visitors and economic growth? To fulfill a “public good” role by stepping-in where the market can’t to make fine art (that which creates the sublime experience) available to everyone?¹⁸⁰

In a world of limited resources (time of course is the scarcest resource of all) it is obvious that these goals for a museum can be in conflict. For example, there is a trade-off of spending priorities for current programs versus the preservation of culture for the future. If a museum’s limited resources are used for preservation then, one of the opportunity costs is expenditure for exhibitions.

This chapter is an exercise in, for a lack of a better word, “positive,” economics where we evaluate the spending priorities as they currently exist for the top museums in the United States. Our concern is to what degree a museum prioritizes education given a museum’s existing constraints and competing priorities. We do

¹⁷⁹ See Grampp (1989) for a discussion on the competing priorities and functions that a museum faces. Some of these competing priorities within individual museums are resolved by an institution’s articles of incorporation and mission statement, as then interpreted by a board of directors, or, by political representatives if it is a public institution. Nonetheless, museums as living entities need to change with demand, just as any institution must to remain socially relevant.

Johnson and Thomas (1998, 78) write, “Museums are not immune from the forces of market competition....Fashions and tastes change, unless a museum adapts through time it is unlikely to maintain its visitor attractiveness.” Practice evaluations as discussed earlier can help to capture changing institutional values.

¹⁸⁰ See the previous chapter of the dissertation for a discussion on cultural goods as a category of public good, and as museums providing access to these public goods.

not delve into “normative” economics by adding more to the discourse on whether the arts *ought* to be publically-funded and how and by whom, but explore empirically how museums view themselves *as is* in the provision of their services, given the codified educational purpose in US tax law. We will find however that there is an implicit normative, redistributional, argument in that we find, *given* a museums resources, these resources should be placed towards those yet-to-be-educated in art rather than towards those with preferences for art already formed or for overly prioritizing future generations, as is the curator’s craft.

3.1.3 Consumption and “Novelty Value”

Tibor Scitovsky in his classic *The Joyless Economy: An Inquiry into Human Satisfaction and Consumer Dissatisfaction* (1976) wrote that individuals do not consume enough “novelty” goods in their consumption bundles and instead prioritize less risk-averse consumption for comfort.¹⁸¹ This leads to in the long-run an under-consumption of the finer things in life such as art, music and literature. Scitovsky (1976, 4) asks, “Could it not be that we seek our satisfaction in the wrong things, or in the wrong way, and are then dissatisfied with the outcome?”

Beauty is in the eye of the beholder and is subjective by nature.¹⁸² Throsby and Withers write that the value of art and what constitutes art is ultimately one of

¹⁸¹ Scitovsky believed we need three things to lead a life well-lived, *novelty*, *flow* and *destiny*. New things for the sublime, things we enjoy doing so much we lose ourselves in them and a sense of control over our futures.

¹⁸² See the introduction about Kant’s view regarding beauty in art as a transcendental category which is both subjective and communal.

subjective judgment. Some appreciation of the arts can only come through experience, “it can be claimed that what constitutes a demand for aesthetic quality *in this area* as opposed to others is aesthetic judgment based on acquired taste and not simple opinion” (Throsby and Withers 1979, 6). For these cultural economists, and there are others with the same view, the reason for the under-consumption of art is due to the lack of adequate preference formation for art consumption by the ‘average’ person who is under-educated (under-experienced) in the arts.¹⁸³

If we view art as an experience good, which carries a risk-premium or risk-hurdle in preference formation, then museums might play a role in reducing this risk, the opportunity cost of consumption, by making current expenditures on educational programs for those whose preferences for art are incompletely-formed. Thus education expenditures as opposed to exhibition expenditures by museums might be viewed as a transfer of equity¹⁸⁴ to those whose preferences for art are not yet formed *from* those whom are already consuming art. This notion of equity-transfer is relevant for museums in the United States because the museums receive tax-benefits relative to other institutions. The next sections of this chapter survey and place in context for our research the idea of generational equity for museums, followed by a discussion specifically on current-generation equity. After this

¹⁸³ See the previous chapter on the *value paradox* in the economics of the arts concerning the arguments for government funding of the arts relative to funding other economic goods, especially art as a merit and public good.

¹⁸⁴ We are using the term “equity” in this paper as an ideal-type of fairness in the interpersonal distribution of economic resources in society, what Rawls (1971) would call *distributive justice*.

theoretical context we introduce our empirical methodology and present the results along with opportunities for further research.

3.2 Relevant Issues for a Political Economy of Art

Museums in the United States

3.2.1 Tax Exemptions for Not-for-Profit Organizations

In this dissertation we focus on specifically the top not-for-profit art museums in the United States (see the later section on empirical methodology, including what constitutes a “top” museum). The reason for choosing this subset of museums for analysis is that not-for-profit museums in the United States are explicitly chartered for a public purpose and therefore, one might assume, need adapt their spending priorities for this purpose. The Internal Revenue Service (US IRS) of the United States spells-out the requirements for an organization to be registered as a not-for-profit organization.

The exempt purposes set forth in section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. The term *charitable* is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination;

defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.¹⁸⁵

Art museums might be said to fulfill the “educational” requirements for tax-exempt status, and, tangentially perhaps, the scientific and literary purposes. However it is clear that education is the most applicable category for art museums to be granted the tax-exemption.¹⁸⁶

It is well-known that not-for-profit organizations in the United States receive many indirect subsidies due to their tax-exempt status. O’Hagan states that the deduction for charitable contributions is the most pronounced tax benefit given to not-for-profits in the United States, followed by the property tax exemption and the capital gains benefits for donations. “Most of the tax measures in the United States have particular relevance for art museums and as a result they appear to be the most favoured arts institutions in this regard” (O’Hagan 2003, 452). This benefit can of course can be witnessed on Museum Mile on 5th Avenue in New York City along Central Park (prime real estate indeed) where one can find the Museum of Modern Art, the Metropolitan Museum of Art, the Jewish Museum, the Guggenheim Museum, the Museum of the City of New York, the Museum of Arts and Design and the Frick Collection, amongst others, all not-for-profits and all but the Met and

¹⁸⁵ Taken from, [http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501\(c\)\(3\)-Organizations](http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501(c)(3)-Organizations).

¹⁸⁶ In their 2008 survey and statistical reporting exercise the American Association of Museums reports that there are 17,744 museums in the USA (2009, 9), approximately 16% of these are art museums (2754 art museums/17,744 total museums), of which 76% are not-for-profits (2009, 30).

the Jewish Museum founded after the permanent introduction of the income tax in the United States in 1914. Kenyon and Langley (2011) find the NFP tax exemption on real estate was worth between \$17 and \$32 billion, or between around 4% and 8% of all real estate taxes in 2009 (Kenyon and Langley 2011, 2).¹⁸⁷

3.2.2 Museums and the Market

There is a common thread in the economics of art museums which is that these institutions tend to consider themselves immune to market forces. William Grampp (1989, 189), who introduced this insight into the literature, makes the case that museums are by their nature opposed to market forces, “the aversion of museum people to the market shows itself in various ways,” including that the people who staff and run museums are scholars and art experts and wish to pursue their craft as opposed to run programs for the public.

Ruth Towse uses Grampp to show that museum boards in the United States also have a tendency to block market demands on museums, “Moreover, he [Grampp] also points out that the prominent business people who act as museum trustees on the boards of museums, who are often major donors to the museums and stand ready to assist it in time of need, also fail to ‘direct their museum along the path of efficiency’” (Towse 2010, 249). A main reason for this immunity to market competition is that the value of museum collections are not accounted for in a museum’s Balance Sheet, something which prevents the honest discounting of a

¹⁸⁷ Relatedly we often find that NFP universities and religious orders own some very nice real estate in the United States.

museum's capital in relation to its sources and uses of funds (a topic we revisit about the difficulties of measuring a museum's performance).

Moving forward then we find that museums have an innate tendency to prioritize future generations over current generations, in that the curator's craft is in general scholarly and not service-oriented. We would expect this anti-market bias to be less so in not-for-profit as opposed to government-owned museums, as the former after all depend on direct private voluntary support and thus are more likely to be influenced by decentralized demand at the local level (and thus can create more social value), not least due to their need for new private donations for continued operations as opposed to an on-going line-item in a centralized appropriations process (see the previous chapter for additional discussion on public choice economics and the arts).

The political pressure to resist change for government-owned, as opposed to not-for-profit, museums is expressed by Towse.

This [direct government subsidy of arts organizations] can easily mitigate against artistic [or in our case bureaucratic] innovation, especially when the organization is publically owned and staffed by state employees who favour old routines. The durability and size of an organization also determine the amount of attention it receives and the political pressure it can deploy when threatened with a reduction in public subsidy (Towse 2003b, 6).¹⁸⁸

It should be noted that this bureaucratic inertia for government-owned and operated museums has been recognized and is being addressed. David Throsby notes that

¹⁸⁸ Larger publically-owned museums may be seen as "too big to fail," as happened with the Asian Art Museum in San Francisco in 2011 as we find later.

museums in the Netherlands have been increasingly turned into “hybrid” institutions where the state retains ownership but, “the programme of re-establishing national museums and galleries as autonomous and independent business units is well underway....the institutions are freed up to be more flexible, responsive, dynamic and entrepreneurial in the operation of facilities and in the delivery of services to the public” (Throsby 2010, 73).

3.2.3 Is Art Really for the Rich and Should We Care?

We have already found that Bourdieu believes that art consecration at museums perpetuates the elitist state-capitalist ruling class through the distinction created by cultural capital, but we have also shown that it is a matter of (unresolved) debate in the current artworld if museums can also (or instead of) provide subjective and communal social value creation (including the Kantian aesthetic idea). In the next chapter we build our state theory and evaluate the art *production* and *display* funded by the US Government in 1930s, where we can explicitly evaluate intent (self-interest and more power for the federal, central, government) through archival documents. In this chapter we are assuming institutions as given.

A common thread in art economics canon is that the consumption of fine art tends toward those better-off and towards those whose preferences for art are already formed (the latter finding of course arguing for the importance of education in preference formation not least to reduce elitism through the creation of more

egalitarian cultural capital)¹⁸⁹ Johnson (2003, 316) has found that people who visit museums “tend to be drawn disproportionately from higher-income and better educated groups” with his data source being for the United States and further that many museums rely on 80 to 90 per cent of their visits as repeat visits.

Goetzmann, Renneboog and Spaenjers (2010, 25) make the case that historical increases in inequality are correlated with increases in at-market prices for museum-quality art, that “indeed it is the wealth of the wealthy that drive art prices.”¹⁹⁰ This implies that the tax exemptions for not-for-profit museums in the United States are a transfer to the wealthy, and that therefore any educational programs a museum sponsors which reduces this reverse-subsidy is clearly an increase in current-generation equity.¹⁹¹

However, the belief that art is for the wealthy is not a universal consensus. This result has been disputed by Halle (1993) who finds, for the United States, that both the “rich” and the not “rich” consume abstract art at home, and, by Luksetich and Partridge (1997), again for the United States, who fail to find a correlation between

¹⁸⁹ Bourdieu (1984), for France, finds that it is not those with the most economic capital who most often frequent museums, rather those with the most cultural capital, see the introduction for more on Bourdieu’s capital schema.

¹⁹⁰ See the introduction to the dissertation, especially the “Passions and Politics” section, for a discussion on the relationship between money supply changes and asset (art) price (market value) changes.

¹⁹¹ The Eurobarometer 2007 survey finds that “managers” attend museums more often than do “manual workers,” 68 percent versus 38 percent (Towse 2010, 240). In addition see the finding in what follows that five of the ‘top’ museums in the USA, including the Metropolitan Museum of Art, had revenue *increases* in 2010 after the 2008 financial crisis.

income levels and art museum visits, stating that the opportunity cost of a wealthy person's time can crowd-out his or her preference for art consumption.

We avoid the debate as to whether or not museums are (only) for the rich and view art as an experience good, with the preference for art consumption being a good into itself, following Scitovsky (1988, 5), "Culture comprises some of the best, most valuable things life has to offer." Therefore museum expenditures for preference formation (education) versus those for the exercising of already-existing preferences (exhibitions) increase equity when we view art consumption as a good, whether or not these preferences are held by any member of any socio-economic category.¹⁹² This method of analysis might be one of 'methodological individualism' but not one of consumer sovereignty in that we are arguing for preference creation, *given the existing tax-subsidization* of not-for-profit museums in the United States. Whatever its methodological limitations this positive approach allows us to give some measure of how well not-for-profit museums are fulfilling their educational purpose in return for the tax advantages received.

¹⁹² The implicit assumption here is that the welfare gain of higher utility consumption of those receiving education at a museum more than outweighs the welfare loss of reduced current exhibitions at the museum to be enjoyed by those whose preferences for art are already formed. Corollaries to this assumption are; 1) there exists viable almost perfectly substitutable art enjoyment opportunities besides the museum for those whose preference for art is already formed, and 2) that there may be positive social spillover effects of *additional* people enjoying art for those who *already* enjoy art, implying "overlapping utility functions" for art consumption.

3.3 The Difficulty in Measuring Museum Performance

Many cultural economists have written on the competing demands on art museums and therefore the difficulty in measuring performance. Paulus (2003, 51) states, “a museum cannot be reduced to one function; its three basic functions are research, preservation and communication.” There are choices to be made between these competing goals. Expenditures for each could be reported, expenditure relative to revenue giving a measure of performance, but what is to determine the right trade-off between them?

Grampp (1989, 1996) is known for lamenting that museums in the United States are not required under generally-accepted accounting principles (US GAAP) to report on the value of their collections, and thus do not report the capital costs related to these collections. After all, if it is not measured it cannot be reported let alone be evaluated.¹⁹³ A corollary to this then is that this value, this opportunity cost, of a museum’s collection, is understated in a museum’s decision-making, and therefore a collection is not displayed to the public as much as it would be if its economic value was internalized by museums. This is the well-known Prado Effect

¹⁹³ Museum economic mismanagement of collections should not be overstated. Many museums do sell (economically value) their artworks, especially during the Great Recession (see Pogrebin 2010), and report these sales in their financial statements as current revenues. In addition prominent new acquisitions are more often than not highlighted in museum annual reports and websites and listserves, albeit not necessarily with the purchase price. However Prommerehne and Feld (1997) find that public museums pay more for paintings at auction than do private individuals.

as originally articulated by Alan Peacock. Grampp (1989, 202) writes that “more than half” of museum collections in the United States are in storage.¹⁹⁴

This phenomenon of collection “hoarding,” like the public choice ‘anti-market’ tendency for museum personnel discussed above, shows the inherent tendency for art museums to prioritize the conservation of (or in this case collection of) built heritage relative to expenditures for current generations. These endogenous incentives themselves create spending priorities prioritizing future generations over current generations but do not in themselves determine if it is “the right thing to do.”

Most if not all museums report attendance figures in their annual reports so attendance has become *de facto* a positive measure of museum performance, however as discussed above, much (most) of this attendance is repeat attendance. Thus how well does attendance measure an educational purpose and justify tax-subsidy? And as has been well-documented (see, i.e., Bailey and Falconer 1998) there is a trade-off between charging for admission, using a cost-recovery basis or not, and reduced or free admission for special socio-economic categories, itself an equity trade-off.¹⁹⁵ Some of this is site-specific, for example, the Brooklyn Museum,

¹⁹⁴ A visit by the present author to the Man Ray retrospective at the Jewish Museum in New York City in March 2010 revealed that the museum was displaying none of its paintings, despite selling a book of its fine painting collection in the gift shop.

¹⁹⁵ Darnell (1998), for example, analyzes the difficulty, and cost, associated with attempting to use price elasticity of demand market segmentation-type strategies for the pricing of museum visits. Luksetich and Partridge (1997, 1557) in their econometrics work find that the demand for museums is price inelastic (revenues increase instead of decrease with ticket price increases) and believe that “doubling the price increases admission revenue by 50%.” AAM (2009, 67) reports that 48% of art museums charge a general admission. Some museums have a “Tuesday Free” day

a not-for-profit, requests a “recommended” admission fee, because it is located on city-owned land and therefore is not allowed under law to require admission.¹⁹⁶ If the idea is to maximize attendance then of course free admission is the answer, but if the goal is to measure consumer demand by willingness-to-pay and earn revenue then it is best to charge an admission and report these proceeds as revenues. Again competing priorities mean competing and conflicting performance measurements.

The American Association of Museums (AAM 2009) in their periodic surveys of museums report 39 financial ratios to evaluate museum financial performance. These range from “museum-related activities as percent of total operating expense,” “\$ spent per museum visitor,” “\$ raised per visitor,” “income from private sources as percent of total operating income,” and “building operations cost per sq. ft. of interior space.” Again given the heterogeneity of the missions and geographical locations of museums in the United States it is hard to see what makes for a ‘general theory’ for measuring performance. (For example, is it reducing costs? Not if our donors have given money specifically to support certain costs. How do you compare relative building or labor costs between Omaha and San Francisco?)

The AAM financial ratios are reported per museum type (art museums, botanical gardens, children’s museums, general museums, historical sites, historical museums, natural history/anthropology museums, science museums, specialized

or the like where “free” means the cost of congestion, a movement Towse (2010, 242) likens to market segmentation based on ‘willingness-to-pay’.

¹⁹⁶ Schuster (1998) states that perhaps it is best to view (some) museums as “hybrid” institutions, without a neatly-defined public or private governance structure.

museums and zoos) as well as in aggregate so no doubt the per-type reporting is helpful for museums to compare their ratios with colleagues, but this still does not give prioritization for competing expenditure categories, and this is, no doubt, a good thing given even differing institutional mandates within like-types.

Pignataro (2003, 371) states the dilemma and the ‘problem’ with performance measurement, which includes problems of both comprehensiveness and the distortion of governance incentives.

There is no such thing as ‘the performance’ of cultural institutions, or of the whole sector.

There are different aspects of performance that can be evaluated also with the help of numerical indicators, but none that can provide an exhaustive representation of the functioning of arts organizations.

Performance indicators need to be used with great caution....Once used, indicators are not merely a computation exercise, since they tend to affect the behavior of institutions according to the incentives arising from the prediction about their possible utilization.¹⁹⁷

Finally, Towse (2010, 252) states that ultimately the measurement of performance is a cost unto itself, “Policies have to be costed directly by the responsible authority or, ultimately by their opportunity costs.” In this chapter we take these problems with performance measurement to heart. Not-for-profits in the United States ultimately have to conform to their charter under the tax code and our measure of current-generation equity (of reported ‘performance’ if you will) are stated *as is* in

¹⁹⁷ The stakeholder analysis method of evaluation discussed earlier in the dissertation is an effective response to the criticisms of measuring performance raised here by Pignataro in that performance values are not always proscriptive.

the audited Financial Statements for each museum studied. Audited statements of course being a requirement for the tax-exemption.

3.4 Generational Equity and Art Museums

One of the conclusions resulting from the above discussion is that museums make intergenerational equity decisions by trading-off spending on current generations for spending on future generations, and, that there are spending trade-offs within the current generation. We will define these “equity” decisions as follows:

- 1) Given a set of resources, museums can spend for current *or* for future generations. This spending decision can be seen as an **intergenerational** equity decision. Spending for future generations includes research and collections acquisition and preservation, while current-generation spending includes exhibitions and education.¹⁹⁸
- 2) Given a set of resources for current generation spending, museums can spend on programming for those whose preferences for art consumption are already formed, *or*, for those whose preferences for art have yet to be realized. This spending decision is a **current-generation** equity

¹⁹⁸ Throsby states, “His [John Ruskin’s] consideration of art as a long-lasting store of value was motivated by his concern to preserve the treasures of the past for the benefit of the future, what we now know – especially in the management of natural capital – as intergenerational equity” (2011, 279). For the purpose of our dissertation here we are defining the “current generation” as those living now whether they be children or adults. It would be more correct to separate-out children versus adult education expenses, with the former part of intergenerational equity, however, museums who do report educational expenditures in their audited financial statements do not go into this level of detail. AAM (2009, 83) reports that 93% of art museums have separate education budgets of which a median of 59% goes toward K-12 education.

decision. The trade-off for current-generation expenditures is *between* exhibitions and education.

Intergenerational equity is, of course, deemed by many cultural economists as an important goal for museums.¹⁹⁹ For example, Paulus (2003, 51) writes “a central function of a museum is the acquisition, preservation and restoration of objects for the benefit of future generations.” In fact the public choice reasons for museum personnel prioritizing the future over the present are justified by David Throsby (2003b, 184), “In quantitative terms, respect for intergenerational concerns might suggest adoption of a lower discount rate than might be otherwise accepted on time-preference or opportunity cost grounds in the process of reducing both economic and cultural benefit streams to present value terms for any project involving cultural investment.”²⁰⁰

However, Throsby further states that current-generation concerns need be balanced with intergenerational concerns, “This principle asserts the right of the present generation to fairness in access to cultural resources and to the benefits flowing from cultural capital, viewed across social classes, income groups, locational categories and so on” (2003b, 185). And, “most museums rank their educational mission amongst their highest priorities, whether it is pursued through

¹⁹⁹ The AAM (2009, 80) deems the preservation of collections as a measure of financial performance, with one of their 39 key ratios being “collection care expense as percent of total operating expenses” (Ibid., 19) with the median expense ratio being 6%, 86% of art museums own a collection (Ibid.). The greatest cost for art museums as reported in the AAM survey exercise is “personnel expenses” at 49% of operating expenses (Ibid., 78).

²⁰⁰ As noted previously the United States federal government uses its costs of borrowing on the national debt as the “social discount rate” for federally-funded projects.

general exhibits open to everyone or through specific programmes targeted at young people” (2010, 123). Again it is a question of decision-making within each museum on how these trade-offs are realized and if at all reported in the Financial Statements.

Next we explore the economics of current-generation spending where we find that museums face spending trade-offs between those whose preferences for art are already formed (exhibition expenditures) and those whose preferences for art are yet to be formed (education expenditures).

3.4.1 Current-Generation Equity and Preference Formation as Utility-Enhancing

In saying that art education can be utility-enhancing we are implicitly assuming that people are born with the ability to appreciate the aesthetic experience.²⁰¹ Education in this sense then is not so much taste creation but rather preference formation through taste activation. Denis Dutton in *The Art Instinct: Beauty, Pleasure & Human Evolution* (2009) uses the work of David Hume, in particular “Of the Standard of Taste” [1757], to propose that all humans have a predisposition towards

Our approach of assuming that people are born with innate tastes for art is not accepted by all cultural economists. For example McCain (2006, 161-162), “The domain-specific knowledge and skills necessary for creative consumption of art are together known as ‘taste’, and are something not given but acquired....We can accept the idea that artistic products are stimulus [novelty, *sic*] goods whether or not we endorse Scitovsky’s hypothesis of an innate need for stimulus.”

For our purposes here, we are defining “taste” for art as something belonging to the aesthetic nature in all of us as discussed earlier about Kant’s aesthetics, and where this taste is *realized* and/or *revealed* in the economic realm as part of a consumption preference bundle. The approach in this dissertation is also in alignment with Carl G. Jung who posits that certain signs and symbols (the basis for most art) are common to all humans. We build a model in the next chapter on the relationship between aesthetically-based tastes, the creation of preferences, and the realization of value in exchange with others as political economy.

art appreciation and it is only through error (and/or mistake in judgment) that tastes differ.²⁰² Dutton states,

Judgment can also fail because it is insufficiently practiced in actively experiencing and criticizing works of art....This fault goes along with unfamiliarity with a wide comparison base on which to make a judgment (the man who has only seen two operas in his life is not in a position to be an opera critic) and prejudice against an artist, or, perhaps, the work's cultural background (2009, 36).

Grampp further clarifies how consumption preferences for art are created, or, more specifically, how they are changed as price and income change. Our concern in this paper relates to the 'price' of this preference for art and how this price is reduced through education.

The preferences which people have among styles of art depend on what they bring to it: their sensibility, understanding, knowledge, what tolerance they have for the unusual and the novel, how willing they are to risk disappointment, etc. These properties come together to form taste [*sic*, for our purpose we are calling this 'preference' not 'taste'], and they are the product of intentional effort combined with the circumstances in which the effort is made. It is what I have called investment in taste. Taste governs the choices the individual makes, once prices and his income are given. But investment in taste is affected by income and prices, and taste changes when they change (Grampp 1989, 76).

We can view then the preferences for the consumption of art as something formed over time, or in economic jargon, as an experience good, which has a risk (a price, or even an investment hurdle) attached to its initial consumption. Scitovsky's theme

²⁰² How Hume's theory of the Test of Time for good art can be juxtaposed with the museum curator as expert has yet to be addressed (there must some good art that is off the map), at least as far as is known by the present author. Currid (2007) would call the museum curator a "cultural gatekeeper."

in *The Joyless Economy* is that there is an inherent discomfort level attached to consumption of the novel which can be alleviated by reducing the risk associated with this consumption. Fine art (however defined and consecrated) is a novel consumption good with a risk attached to its initial consumption by those who have yet to exercise an innate taste for art. People consume “art as experience” and the museum is a service-provider.

Exhibit 10 shows the relationship between normal goods (Scitovsky’s ‘comfort goods’) and experience goods (Scitovsky’s ‘novelty goods’). At one point (time = 0) an under-educated “average” potential consumer of art²⁰³ (and again according to Hume and Kant we are all art consumers, even those of us whose preferences for art are yet to be formed) has preferences for experience goods below his or her preferences for normal goods due to the subjective risk-aversion against the new.²⁰⁴ An under-educated person is not “maximizing consumption,” to borrow a phrase from Samuelsonian economics. Education can create preferences, which will allow an increase in utility due to reducing the initial costs of consuming the novel (the experience good).²⁰⁵

²⁰³ The “representative agent,” or, the “median voter” as applied in the next chapter when looking at the political economy of the art produced under the New Deal in the United States.

²⁰⁴ We can also, instead of viewing Exhibit 10 as an *individual’s* utility-map, consider the utility-map as one aggregated for a community assuming overlapping utility functions.

²⁰⁵ Smith [1776] also argues for education.

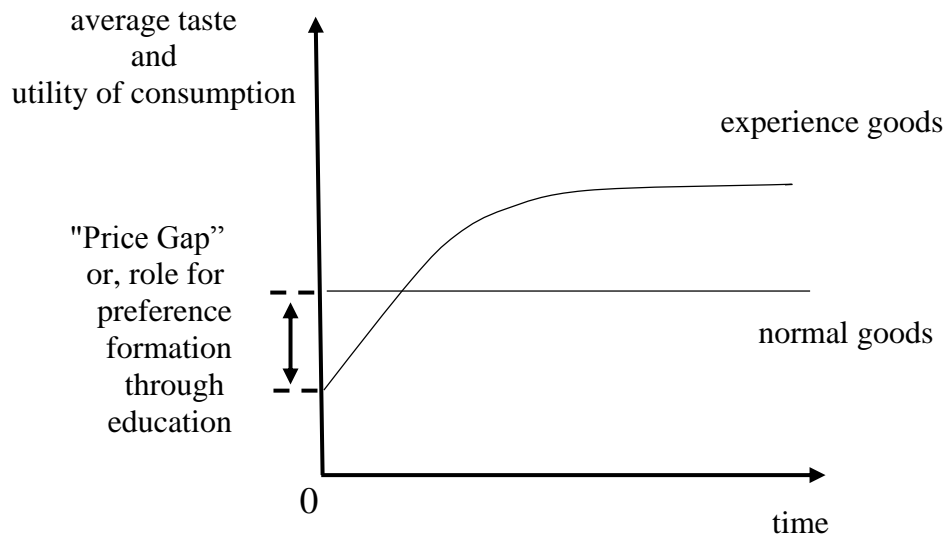


Exhibit 10: Comparison of Utilities in Consumption Over Time for Normal and Experience Goods. From Lévy-Garbona and Montmarquette (2003), with additions by author.

3.4.2 The “Price-Gap” for Art

It follows from the above discussion that there is a role for museums in preference formation through educational programs which reduce the risk associated with art consumption and which might improve consumption utility for the “average” person. Museum education programs it may be proposed move the average consumer upward along the vertical axis in Exhibit 10, allowing the consumption of art as a preference choice to equal that of the opportunity cost for the consumption of normal goods. In other words, museum educational programs can reduce the “price-gap” between normal and experience goods and set the consumer

along a path where art can form part of his or her consumption bundle and then increase life-time utility.

This new consumption path has the potential for bringing increasing returns to consumption utility relative to the constant returns for normal goods. There are increasing utility returns to consumption of experience goods over time, up to a certain point, at which point there are constant returns. However, following Scitovsky, we may find that the utility of consumption for these ‘finer things in life’ (novelty goods bringing novelty value) remain at a higher absolute level relative to the consumption of normal goods; consumption for (some) novelty goods has replaced consumption for (some) comfort goods.

As shown in Exhibit 10 it is this movement along the vertical axis for the average person (under-educated in terms of art) which creates an increase in current-generation equity. Those who already are consuming art already experience a higher level of utility than the average person. By shifting expenditure from exhibitions to education at the margin, museums increase equity through creating a preference for art consumption for those whose preferences for art are yet-formed nor of course yet-realized in the economic sphere. Next we apply this theoretical foundation to museum practice as it exists today in the United States.

3.5 Empirical Methodology and Results

3.5.1 The “Top” Museums in the United States

For our purpose we are evaluating the “top” museums in the United States, the determination of which is, of course, a subjective judgment. Is a “top” museum the big museums in the metropolitan centers, which attract the wealthy (and relatively, it is the wealthy who live in the major metropolitan areas where the cost of living is higher than average) and tourists living out of their day-to-day existence? Or is it indeed the local, smaller museums, who are more accessible to those living more ‘average’ lives and whose local museums may be more apt to cultivate a day-to-day appreciation for the arts and the cultivation of a shared sense of community as discussed in the first chapter of the dissertation?

For our empirics we have chosen to define a “top” museum by the museum’s attendance²⁰⁶ and its ability to attract foundational funding.²⁰⁷ The sample of museums for analysis has been chosen from two sources, “Exhibition Attendance Figures 2007” in *The Art Newspaper* (2008) and the Foundation Center’s 2008 report, “Top 50 Recipients of Foundation Grants for Museums, circa 2006.” “Top” attendance as reported by the *Art Newspaper* is for total attendances per year per

²⁰⁶ For an economic analysis of “superstar” museums see Frey and Meier (2006, 1037), “Superstar museums are able to exploit economies of scale by reaching out to a large number of people.”

²⁰⁷ Paulus (2003) states that foundational funding is a measure of equity because the donor does not receive a direct benefit (unlike revenues from admissions and memberships, for example). Revenues representing direct benefit, on the other hand, are a measure of appealing to the market, showing again the competing and oftentimes conflicting opinions on how to measure performance and the *value paradox* when trying to apply economic thinking to art.

museum as well as for the largest attendance for specific exhibits compared across, and as reported by, the museums themselves.²⁰⁸

We are focused specifically on modern and contemporary “art museums,” excluding other types of museums such as museums of history, science museums, children’s museums and collections of antiquity or libraries. Of course many museums feature not just modern or contemporary art in their collections or for specific exhibits but it is a requirement that modern and/or contemporary art be included in a museum’s focus to be a part of the sample. This follows from whom some believe is the first cultural economist, John Ruskin, “First, he saw art (represented primarily in his mind as paintings) as long-lasting stores of value that need to be preserved and accumulated, whether by individuals or by society at large” (Throsby 2011, 275).²⁰⁹ We are using modern art, as opposed to pre-modern art, in that pre-modern art might be seen as historical in nature, and therefore less a measure of *novelty* for the “average” person of today.

We are interested in those museums which are more “market-oriented,” and therefore more likely to be influenced by, and able to adapt to, changing public demand in the communities in which they serve. Therefore we have excluded

²⁰⁸ It is debatable whether top per show attendance might represent exogenously a measure of preference formulation, education, itself. A ‘blockbuster’ show reduces the risk and increases the demand for an otherwise marginal consumption of art. Not all blockbusters have positive spillovers however, for example, the Matisse Cut-Outs exhibit at the Museum of Modern Art in New York (October 12, 2014 to February 10, 2015) had a dedicated express elevator to the top floor for Matisse. For an economic analysis of “special exhibits” see Frey and Meier (Ibid.).

²⁰⁹ If we remember we found earlier on Kant’s aesthetics that Kant too believed that of the plastic arts painting has the means to realize the highest aesthetic idea.

museums which are government-owned, be that at the local, state or national level.²¹⁰

For our sample museums we begin with all museums which are on both the top attendance and top foundation grant lists (see Table 1). There were 12 museums found on both lists.²¹¹ In order to ensure that there are enough museums in the research to make a reasonably accurate conjecture on measurement we then expanded the sample to include museums that were on one list or the other as long as they feature modern or contemporary art in their exhibitions.

Therefore, any US museum appearing on either list is included in the sample, with twelve of the twenty-seven appearing on both lists.²¹² This methodology of course is skewed towards the larger museums in the United States so obviously it is not an accurate measure of the current-generation spending priorities of all museums in the United States, and, it may be that the smaller museums are more community-oriented than the “top” museums and thus hypothetically may be more education-oriented, however this analysis will have to wait until another day.

²¹⁰ This means that three of the most popular museums in the United States by total attendance, all in Washington, DC and ‘owned’ by the US Government, are excluded from this analysis; the National Gallery of Art, the Freer and Sackler Galleries, and the Hirshorn Museum. These are hybrid institutions as have considerable private for-profit activity in auxiliary services, perhaps more than allowed NFP museums.

²¹¹ The only museum which appeared on both the top attendance and foundation grant lists from which we were unable to obtain financial information is the Museum of Fine Arts in Boston.

²¹² The exception here is the Georgia O’Keefe Museum in Santa Fe, NM, appearing on the foundation grant list, from whom we were not able to obtain the necessary financial information.

3.5.2 The “Investment Rate” for Improved Current-Generation

Equity through Education

We use annual education expenditures as a percentage of *total annual revenues* for our analysis, accumulating this data from each museum’s audited financial statement for Fiscal Year 2007. This is in accordance with Paulus (2003, 53) who uses the concept of a “collectiveness index” for not-for-profit organizations, which is an organization’s “ability to attract public and private funding.” Paulus uses donations, grants and appropriations as a museum performance measure, with the concept being that these funds, as opposed to admissions and membership revenues, are given without any direct benefit received by the donor, and thus are an indicator of the museums ability to provide public goods.²¹³ “Essentially, it [the measure of public good “performance”] is the gifts and subsidies portion of total revenues” (Ibid.). For our analysis here we are concerned with educational expenditures portion of total revenues.

Ideally of course spending priorities based on organizational assets would be the most precise measure of equity transfer but given the fact that museums are not required to report the value of their collection holdings this measure is not possible (see Appendix B for a further discussion on the data method). Our revenue base includes all revenue, from all sources, and is not confined to Paulus’

²¹³ Note that this chapter does not review the “public goods” nature of museums, where it is seen that the mere existence of a museum in a community brings value to the community, even to those who do not visit the museum. This public good characteristic is known as “option value” and is discussed earlier.

“collective index” revenues as we are in fact interested in market flexibility (self-interested funding) as well as public good disinterested funding.

The fact that we are using expenditures for education as a percentage of revenues implies that our measure of current-generation equity is a type of investment percentage of revenues, or perhaps, an “investment rate” or a “equity transfer rate,” as opposed to a discount rate-like measure, which would be based on educational expenditure current period as a percentage of total assets held for the period. As stated however this asset-based discount measure is not possible given US GAAP for museum financial reporting in the United States.

		Revenues (\$ '000s)	Gov % of Rev.	Educ % of Rev.	Source
1	Met, New York	290,648	9.37%	4.82%	Both attendance and grant lists
2	Getty Museum, LA	258,346	0.00%	3.58%	Top attendance list only
3	MFA, Houston, TX	228,379	0.43%	4.22%	Both attendance and grant lists
4	Art Institute Chicago	215,817	3.15%	-5.30%	Both attendance and grant lists
5	MoMA, New York	147,651	0.17%	0.00%	Both attendance and grant lists
6	Carnegie Museum, Pittsburg	76,248	11.67%	0.81%	Both attendance and grant lists
7	Cleveland Museum of Art	72,216	0.00%	6.19%	Both attendance and grant lists
8	Guggenheim (NY, LA, Venice, LV)	67,266	0.00%	4.02%	Top attendance list only
9	LA County Museum of Arts	66,956	28.65%	5.41%	Both attendance and grant lists
10	Philadelphia MA	53,031	4.24%	8.88%	Both attendance and grant lists
11	Detroit Inst. of Arts	52,681	12.19%	0.00%	Both attendance and grant lists
12	Fine Arts Museums, SF	50,262	19.53%	0.00%	Top attendance list only
13	Indianapolis Museum of Art	44,306	0.72%	23.00%	Foundation grant list only
14	Asian Art Museum, SF	39,834	16.89%	3.29%	Top attendance list only
15	SF Museum of Modern Art	38,062	0.00%	0.00%	Both attendance and grant lists
16	Denver Art Museum	30,917	7.15%	4.74%	Foundation grant list only
17	High, Atlanta	30,903	0.00%	2.28%	Top attendance list only
18	Brooklyn Museum	30,387	30.18%	0.00%	Top attendance list only
19	Walker Art Center, MN	19,539	0.00%	8.06%	Top attendance list only
20	MCA Chicago	18,894	4.96%	0.00%	Both attendance and grant lists
21	Seattle Art Museum	18,651	0.00%	5.47%	Foundation grant list only
22	Joslyn, Omaha, NE	17,329	0.00%	4.70%	Top attendance list only
23	Frist Center, TN	13,413	0.00%	14.52%	Foundation grant list only
24	Phillips Collection DC	13,406	0.00%	0.00%	Both attendance and grant lists
25	Amon Carter, Ft. Worth	11,010	2.89%	7.27%	Foundation grant list only
26	St. Louis AM	4,495	0.00%	56.15%	Top attendance list only
27	Barnes Foundation, PA	4,439	0.00%	0.00%	Foundation grant list only

Table 1: “Top” Museums in the United States (2007 base year). Calculations by author, see text for method.

Table 1 shows that nineteen of the top twenty-seven museums (around 70%) report education expenditures (shown as a percentage of revenues). Two museums (the

Los Angeles County Museum of Art and the Brooklyn Museum) receive more than 20% of their revenues from government sources, although incorporated as not-for-profit organizations rather than government entities. Of the two only the LACMA reports a separate education expense category, nonetheless it should be excluded from our analysis as appears to be an outlier in terms of government support relative to the other museums in our sample. In addition we find that the Art Institute of Chicago's art education program is a net revenue generator, so therefore for our analysis the Institute should be excluded from our measure of current-generation equity (utility) improvement.²¹⁴ We now have seventeen museums from which to make our analysis.

Table 2 contains the results of our analysis given the seventeen museums as described above. The museums report almost \$1.3 billion in annual revenues for 2007 and almost \$68 million in expenditures for educational activities. This gives an "investment rate" of 5.31%.²¹⁵ In other words on average more than 5% of 2007 annual revenues for the museums reporting expenses for education went toward "preference creation" as defined in the dissertation.²¹⁶

²¹⁴ This is even more true for 2010 where the Art Institute of Chicago's art education programs realize a profit of \$77 million dollars, or, around 33% of that year's revenues.

²¹⁵ $\$67,735 / \$1,276,531 = 5.31\%$

²¹⁶ It could be proposed that a more accurate pay-out percentage would be one based on total current-year programmatic expenditures (education expenditures as a percentage of combined yearly expenditures for both education and exhibition), however, the only proxy for current year programmatic spending reported by most museums is curatorial expenditures. Curators spend their time and budgets on both future- and current-generation activities (and as we learned from the theoretical discussion above, tend to prioritize future generation activities for public choice reasons) so our current methodology is more appropriate. Some museums do report a separate line item for 'exhibitions' however these museums are in the minority. Most, but not all, museums report a curatorial expense line-item.

		Revenues (\$ '000s)	Education Exp. (\$ '000s)	Educ % of Rev.
1	Met, New York	290,648	13,998	4.82%
2	Getty Museum, LA	258,346	9,246	3.58%
3	MFA, Houston, TX	228,379	9,635	4.22%
4	Carnegie Museum, Pittsburg	76,248	617	0.81%
5	Cleveland Museum of Art	72,216	4,472	6.19%
6	Guggenheim (NY, LA, Venice, LV)	67,266	2,705	4.02%
7	Philadelphia MA	53,031	4,709	8.88%
8	Indianapolis Museum of Art	44,306	10,190	23.00%
9	Asian Art Museum, SF	39,834	1,312	3.29%
10	Denver Art Museum	30,917	1,466	4.74%
11	High, Atlanta	30,903	705	2.28%
12	Walker Art Center, MN	19,539	1,574	8.06%
13	Seattle Art Museum	18,651	1,021	5.47%
14	Joslyn, Omaha, NE	17,329	814	4.70%
15	Frist Center, TN	13,413	1,947	14.52%
16	Amon Carter, Ft. Worth	11,010	800	7.27%
17	St. Louis AM	<u>4,495</u>	<u>2,524</u>	56.15%
	Totals	<u>1,276,531</u>	<u>67,735</u>	
Education Investment Rate (total education expenses / total revenue)				<u>5.31%</u>

Table 2: Self-Reported Educational Expenditures by Top Museums (2007).
Calculations by author, see text for method.

3.5.3 On Museum Finance and the Great Recession

It might be argued that the 2007 result of a greater than 5% education “investment rate” represents pre-financial crisis economic behavior, whereas a post-crash Great Recession investment rate in education may be lower due to a more difficult

economic climate.²¹⁷ To test this hypothesis, in Table 3 below we have compared 2007 and 2010 revenue and education spending for the sample museums used in Table 2.

Unfortunately it is not possible to make a direct comparison between 2007 and 2010 for the following reasons:

- 1) The Getty Museum is no longer reporting education expenses on its financial statement, and, the Getty was around 20% of the sample revenues for 2007,
- 2) The Asian Art Museum in San Francisco can no longer be considered a private not-for-profit institution in that it received a city-supported bond restructuring to prevent bankruptcy,²¹⁸ and
- 3) The Amon Carter Museum is no longer reporting education expenses in the data they make available to the public.

Table 3 shows adjusted figures for 2007, removing the Getty, the Asian, and the Carter, and compares these figures with 2010 for the same museums. We find that although aggregate revenues for the museums decreased from around \$967 million to around \$800 million (a 17% decrease) the investment rate in education *increased* from 5.83% in 2007 to 6.26% in 2010. On the one hand, it appears that in times of economic difficulty museums still prioritize education, but on the other hand the

²¹⁷ It should be noted that 2007 does not represent a period of “easy money” as the Fed started to reduce the rate of monetary growth in the spring of 2004. See the introduction on the regressive distributional effects of activist monetary policy.

²¹⁸ See Taylor (2011) for information on the Asian Art Museum “bail-out.”

Getty Museum, the second largest in the United States in terms of attendance after the Met, is no longer reporting a separate line-item for education. An additional point of note is we find that in their financial survey of museums made in 2008 (AAM 2009), the American Association of Museums added a new financial measure of performance, “Education expenses as a percent of total operating expense,” a measure not surveyed in 2005 (AAM 2006).²¹⁹

Last of note is that five of the 14 museums reporting educational expenditures for 2010 actually received *more* revenues post-crash than during the end of the boom (2007), including the Metropolitan Museum of Art in New York, the “top” museum in the United States. This may or may not be indicative that (some) museum patrons (and board members) are not overly sensitive to economic business cycles due to significant personal wealth.²²⁰

²¹⁹ Note that despite the AAM data-call for educational expenditures in 2008, both the Met and Amon Carter do not report education expenditures for 2010 operations in their audited statements.

²²⁰ See the section “Is Art Really for the Rich and Should We Care?” for a discussion on the debates over art ‘consumption’ and wealth and income distribution.

		2007 (adjusted)			2010		
		Revenues	Education Exp.	Educ %	Revenues	Education Exp.	Educ %
		(\$ '000s)	(\$ 000s)	of Rev.	(\$ '000s)	(\$ 000s)	of Rev.
1	Met, New York	290,648	13,998	4.82%	294,109	13,422	4.56%
2	Getty Museum, LA				n/a		
3	MFA, Houston, TX	228,379	9,635	4.22%	104,842	8,177	7.80%
4	Carnegie Museum, Pittsburg	76,248	617	0.81%	49,247	441	0.90%
5	Cleveland Museum of Art	72,216	4,472	6.19%	55,301	4,214	7.62%
6	Guggenheim (NY, LA, Venice, LV)	67,266	2,705	4.02%	82,622	4,165	5.04%
7	Philadelphia MA	53,031	4,709	8.88%	51,521	5,310	10.31%
8	Indianapolis Museum of Art	44,306	10,190	23.00%	27,388	5,303	19.36%
9	Asian Art Museum, SF				n/a		
10	Denver Art Museum	30,917	1,466	4.74%	23,715	1,170	4.93%
11	High, Atlanta	30,903	705	2.28%	38,840	550	1.42%
12	Walker Art Center, MN	19,539	1,574	8.06%	18,634	1,727	9.27%
13	Seattle Art Museum	18,651	1,021	5.47%	25,860	1,226	4.74%
14	Joslyn, Omaha, NE	17,329	814	4.70%	7,758	519	6.69%
15	Frist Center, TN	13,413	1,947	14.52%	13,423	2,138	15.93%
16	Amon Carter, Ft. Worth				n/a		
17	St. Louis AM	<u>4,495</u>	<u>2,524</u>	56.15%	<u>5,302</u>	<u>1,658</u>	31.27%
	Totals	<u>967,341</u>	<u>56,377</u>		<u>798,562</u>	<u>50,020</u>	
Education Investment Rate (total education expenses / total revenue)				<u>5.83%</u>	<u>6.26%</u>		

Table 3: Comparison of Educational Expenditures Pre- and Post-Financial Crisis (2007 and 2010).²²¹ Calculations by author, see text for method.

3.6 Summary of Results

In this chapter we have tried to make the case that trading-off some consumption of normal goods for the consumption of art as one of Tibor Scitovsky's "the finer things in life" (a novel experience good) can bring a greater utility of consumption

²²¹ Note that the 2007 "Education Investment Rates" differ in Tables 2 (5.31%) and 3 (5.83%), this is due to the exclusion of the Getty, the Asian Art Museum and Amon Carter from Table 3 due to data incompatibility as explained in the body of the paper.

to an individual over his or her life-time. Following Hume and Kant we have assumed that people have an innate taste for art in our psychological make-up, however, the exercising of these tastes in the economic sphere requires the creation of preferences. We examined the role for the art museum in preference creation in light of the educational charter for not-for-profit organizations under the United States tax code and have proposed that art education can fulfill this purpose by reducing the risk of consuming the novel. Educational spending, as opposed to exhibition spending, we have also proposed, increases current-generation equity in that it allows more people in the current generation to experience art.

However reviewing the literature on the economics of museums we find that there are institutional and public choice reasons for museums to prioritize spending for future generations as opposed to spending for the current generation, not least of which is collection “hoarding” and preservation due to economic incentives created by generally-accepted accounting principles which don’t require reporting and discounting the financial values of museum collections.²²² The curator’s craft as well is future-oriented and not service-oriented.

We also find varying opinions as to what exactly should be the goals of a museum. Paulus (2003, 51) believes that the goals of a museum are “preservation, research and communication,” yet there is no universal agreement as to how scarce resources

²²² In practice “marking to market” museum collections would be very difficult without market prices, see the critique of the contingent valuation method in the previous chapter of our dissertation.

should be divided between these competing ends.²²³ Therefore a “general theory” of performance measurement for museums is difficult if not impossible. We take this problem into account for the case of the United States and use the audited financial statements of the “top” 27 museums in the United States, those in 2007 with the largest attendance and the largest grants from foundations, to determine how these museums in the United States prioritize and self-report spending on education, with education being a proxy measure for current-generation equity creation. This approach is unique to the literature.

We found that approximately 70% of the “top” not-for-profit museums in the United States report expenditures for educational programs in their audited financial statements in 2007. This is perhaps underwhelming given that their tax-exempt charters are based mostly on the provision of education services to the public. We have also found that those museums who do report education expenditures spent on average more than 5% of their revenues on education. Given the aforementioned institutional, public choice and otherwise, incentives for spending on collections and research versus for current programs let alone preference creation through education, this again is maybe not an insignificant “investment rate.”

We also found that in aggregate, although revenues of those museums reporting educational expenses decreased by 17% from 2007, prior to, and 2010, after, the

²²³ One of the themes in the documentary *National Gallery* directed by Frederick Wiseman (2014) about the London museum is how younger curators are more visitor-oriented than are older curators.

Great Recession, average expenditures for education as a percentage of revenues actually increased with the economic downturn from a little greater than 5% to a little greater than 6%. This 6% figure for current generation “equity-creation” is somewhere between the 4% low-end and 8% high-end estimates for local real estate taxes foregone due to the preferential treatment of not-for-profits in the tax code, tax forgiveness which has to be borne by local populations much as the federal income tax payer has to bear the income and capital gain taxes foregone.

3.6.1 Further Research

This chapter of the dissertation has introduced three avenues for further research into equity measures for not-for-profit museums in the United States.

- 1) The first would be to evaluate smaller, more local museums²²⁴ to determine their spending priorities in preference creation, these museums, after all, may be more indicative of art consumption in the day-to-day lives of most Americans.
- 2) A second avenue might be to evaluate new art acquisitions as reported by museums in their annual reports and compare the expenditures for these acquisitions relative to expenditures on educational and/or other current year expenditures. This might give one positive indicator of museum priorities for intergenerational versus current-generation equity.

²²⁴ The New Deal created more than 100 Federal Art Centers in the 48 states. I am most interested in the one repurposed into the Roswell Museum and Art Center today, in New Mexico.

- 3) Lastly a more detailed study of museum revenues in relation to business cycles may shed some light on if indeed art is for the “rich.”

Chapter 4

Political Economy of New Deal Art (1933-1943) as Seen Through the Lens of State Theory

4.1 Introduction

Beito (2000) and Cohen (1990) contend that the New Deal-period in US history was a time of unprecedented change in the role of the federal government in the lives of people in the United States. Both writers claim that the social welfare programs offered by the state²²⁵ in effect “crowded-out” the previously existing decentralized mutual aid. Smith (2006, 2008) proposes that the massive public

²²⁵ For our purposes in this dissertation, following Wagner (2007), we are defining the “state” as that entity which has the monopoly power to tax (and thus on coercion and violence) and “government” is the form that represents this state, be it constitutional democracy, absolute monarchy, theocracy, dictatorship, etc. See the next chapter for an example of art-statism and the divine right to rule.

works projects of the Works Progress Administration (WPA) in all 48 states as well helped to acculturate a larger presence for the federal state into the daily lives of Americans. And, the U.S. President's Office of Management and Budget (US OMB 2013) reports that federal revenues as a percentage of the economy almost doubled between 1933 (the first year of the New Deal) and 1940 (the last pre-WWII year of the New Deal).²²⁶ The increased role of the federal government in American federalism here noted is because the New Deal introduced numerous interventions to address the prolonged and deep unemployment during the Great Depression, the worst period of unemployment in US history.²²⁷

What is also unique during this period is that almost 25% of US families at one time or another received their wage-income from the US federal government through the WPA (U.S. Federal Works Agency 1947, iii). Thus by the end of the New Deal many Americans had expectations that the federal government would or should use relief funding to act as an “employer-of-last resort,” again something unprecedented until that time (Howard 1943, 25-50 and Foster and McChesney 2009, 2).²²⁸

²²⁶ US OMB 2013, Table 1.2. Also, see the introduction on how the growth of the size of the federal, central, state in the US economy has been aided by modern monetary policy and fiat money.

²²⁷ For example William Barber writes that in 1936 only 30% of the labor force was employed with private entities, the rest were in “public works and government service, the Works Progress Administration and relief” (Barber 1996, 99).

²²⁸ That the federal government had developed a primary role in employment ultimately resulted in the Employment Act of 1946 and as amended with the Full Employment and Balanced Growth Act of 1978. David M. Kennedy in *Freedom from Fear* (1999, 170) states that President Roosevelt early on in the New Deal was concerned that “working for the government might become a habit

It is estimated that around 2% of those receiving income from the WPA were artists, the first time that the federal government had such a large-scale publically-funded art program (Park and Markowitz 1977, 5). This chapter explores the political economy of this state (*employer*) – artist (*employee*) relationship with textual analysis, using state theory as a lens, of the art produced in relation to the rise of the state during the 1930s. The claim is that this public art production may have helped to create preferences for the rise of the federal state during the New Deal period.

The New Deal provides a natural experiment in state-funded art production in a modern democracy (this is to say interested rather than disinterested art production), something which has not occurred to such a scale before or since. This natural experiment in political economy, with the concomitant growth of the state in the economy and the massive production of state-art, allows for an in-depth analysis of the research question: can indeed art be used as state propaganda in a democracy?²²⁹ It is well known that *totalitarian* states attempt to use propaganda and censorship in the arts (Shostakovich 1979, Schivelbusch 2008,²³⁰ Matynia 2009, Welch 2013,

for the country.” However by the end of the New Deal the President attempted, unsuccessfully, to create a permanent cabinet-level public works agency.

²²⁹ “Propaganda is the means by which charismatic leadership, circumventing intermediary social and political institutions like parliaments, parties and interest groups, gains direct hold upon the masses” (Schivelbusch 2006, 73). More on this later.

We should note that not all art-statism is propaganda or functionalism for an increase in discretionary power for the state, some propagates an ideology, however the end result is the same: a larger state as a percentage of the economy, crowding-out of local voluntary cooperation, and more coercion over individuals. Italian Futurism and Russian Constructivism are examples.

²³⁰ Schivelbusch (2008, 79-80) does point-out that the Roosevelt Administration may have attempted censorship of the radio airwaves. The U.S. Communications Act of 1934 reduced the

Peters, ed. 2014), here, however, we study state propaganda in a *democracy* where the state must maintain its perceived legitimacy.²³¹

4.1.1 Literature Review

There have been many studies of the New Deal visual art production, the canon includes McDonald (1969), O'Connor (1972, 1973), McKinzie (1973), Park and Markowitz (1977), Bustard (1997) and Kennedy and Larkin (2009).²³² There have also been attempts to evaluate the culture production under the New Deal using political economy. I present this literature next and at the end describe how the present chapter builds upon these works, while at the same time taking a different theoretical approach in attempt to provide additional insight into this culture production.

Langa (2008) proposes that state financed art production creates “cultural democracy” as a public good and in the same volume, “The political economy of art assumes that such art [art paid for by the state] produces a public good, as well

time that broadcasters were allocated licenses from three years down to six months, at which time the licenses were up for review, and, broadcasters were required to submit transcripts of all programs on “public affairs” in advance of broadcast for Federal Communications Commission (FCC) approval.

²³¹ The necessity for state legitimacy in a democracy was introduced by Max Weber in *Politics as a Vocation* (1919). We use this finding as part of our state theory onward.

²³² The Smithsonian American Art Museum exhibit on the first New Deal arts program, *1934: A New Deal for Artists*, is available, <http://americanart.si.edu/exhibitions/archive/2009/1934/>. The director of the museum, Elizabeth Broun, explains that this exhibit from works already owned by the museum was chosen to reduce costs after the financial crisis of 2007-2008 (Broun 2009).

as public goods, in the expression of civic and national values over individual desires” (Codell 2008, 15).²³³

Russell (2010) writes that the New Deal created obedient citizen-soldiers, especially related to President Roosevelt’s “favorite New Deal initiative,” the Civilian Conservation Corps. The CCC was patterned after the German National Socialist (Nazi) military-run work camps and the participating boys had to stand at attention, call their supervisors “sir” and attend morning and evening flag ceremonies. The boys were being “transformed into war-hungry soldiers” (Suzik 1999, 161).

Exhibit 11 shows the similarity between the German National Socialist and US New Deal poster iconography (a predominant means of mass communication in the 1930s) promoting strong citizens and national(ist) culture with the use of military jingoism.

²³³ See the introduction for definitions of, and differences between, cultural nationalism and national culture, and as related to the art-statism as defined in this chapter.



Exhibit 11: Comparison of Poster Iconography between the Works Progress Administration (WPA) in the United States and National Socialism in Germany (1930s). From Russell 2010, used with permission.

Schivelbusch in *Three New Deals* (2006) comparing Italy, Germany and the United States evaluates the monumental architecture and back-to-the-land programs of the 1930s as allowing an association of the nation-state with social welfare. Schivelbusch also argues that public works programs were used by the three

national governments as means to build nationalism and in competition with the Soviet Union.

We find similar symbolism in Mussolini's and Roosevelt's back-to-the-land state photography, Exhibit 12. Cowen (2006, 72) writes, "The USDA photography program in particular produced propaganda for the New Deal programs."²³⁴

²³⁴ Cowen does not define his use of the word "propaganda" in this context. Welch gives a history of this "much maligned and misunderstood word" (2013, 1-40). See below for our working definition of propaganda and a sidebar specifically on the FSA photography.



Figure 1. Shirtless Boy with Hammer
Source: Federal Security Agency (1941, 41).

Mussolini
inspiring the
troops as he
inaugurates the
wheat harvest
in the Pontine
Marshes



Exhibit 11: Comparison of “Back to the Land” Photography between the Farm Security Administration (FSA) in the United States and the National Fascist Party in Italy (1930s). Mussolini photo from Schivelbusch (2008, 151) and the Farm Security Agency photo from Suzik (1999, 169).

Jonathon Harris in *Federal Art and National Culture: the Politics of Identity in New Deal America* (1995, 7) comes the closest to a comprehensive evaluation of New Deal art as serving the state in its attempts to gain power (both the art and FDR's speeches were "rhetoric supporting Roosevelt's reformist policies"). However in the final analysis Harris finds that the New Deal served the interests of monopoly capitalism as opposed to serving the state itself, something I find inconsistent in explaining the growth of the state in the economy as previously described.

This dissertation takes a different approach than the authors mentioned above. We use state theory to describe how a democratic state might *act in its own best interest*, defined in what follows as an increase in discretionary power.²³⁵ I then examine the New Deal art production to see if it conforms to a claim that the art serves the state's interest. Under a claim that the art might serve the interest of a state's self-interested quest for enlarged discretionary power, we would expect that the state financed art would walk a fine-line between the art's message for an increased role for the state in social life, while simultaneously observing that this reach is not beyond what might be seen as a legitimate message for state-funded art in a democracy. The counter-factual to this claim would be to observe no political content in the state financed art.

²³⁵ *Ex post* as mentioned we know that the US federal state's percentage of the economy measured by federal revenues *doubled* during the New Deal, showing indeed a historical record of an increased reach of the federal state in the economy.

4.2 Methodological Approach

This chapter uses historiographical, theoretical and empirical methods, with archival research from several sources. In the next section I review relevant theories of the state and introduce the specific theory derived to test the claim that some of the New Deal art supports a self-interested state. I then examine the word “propaganda” specifically in context to show that state-produced art might be used to create citizen preferences for a larger role for the state in a democratic society.

Next I present an encapsulated historiography of the New Deal to justify the assertion that there were significant structural changes in American political economy during the New Deal (as opposed to Harris 1995’s proposed “reform”²³⁶) and to set up the context for analysis. I then apply the state theory to records contained in the archives to test the claim that the state is acting in its best interest during some of the art production.

The largest art production of the New Deal is the Works Progress Administration/Federal Art Project (WPA/FAP). However the art under examination in this chapter, and as found in the archives, goes beyond just that created under the FAP. For example the Treasury Department’s Public Works of

²³⁶ I agree with Harris that there was “reform” of elitist state-capitalism during the 1930s in the United States, though I focus as the change agent on a self-interest state because only the state has a monopoly on legal coercion.

Art Project (PWAP) created more than 1,500 murals²³⁷ in public spaces while the FAP created more than 2 million posters (thousands of runs of thousands of lithographs) “supporting New Deal programs.”²³⁸ I examine both the WPA/FAP and non-FAP art production using the case study approach, with archives on American artist Ben Shahn and the National Archives in Washington, DC, to test the claim that some New Deal art may be self-interested.

4.3 State Theory

This section is not intended to be a comprehensive survey of all the state theory literature extant, only those theories directly relevant to the agency we are assigning to the state in order to evaluate in our case-study the art of the New Deal. We begin our presentation of state theory with the work of Max Weber whose writings underpin our notion of the democratic state. In *Politics as a Vocation* [1919] we learn of the state’s monopoly on violence, that in a democracy the state must maintain a sense of legitimacy, and that those active in politics seek power and prestige.

²³⁷ The New Deal art projects in total created more than 4,000 murals for public buildings including Post Offices and other federal and local public buildings, libraries, schools and hospitals (Park and Markowitz 1977).

²³⁸ <http://www.indiana.edu/~libsalc/newdeal/WPA.html>.

Nowadays, in contrast, we must say that the state is the form of human community that (successfully) lays claim to the *monopoly of legitimate physical violence* within a particular territory – and this idea of “territory” is an essential defining feature (33, *emphasis in original*).²³⁹

[T]he state represents a relationship in which people *rule over* other people. This relationship is based on the legitimate use of force (that is to say force that is perceived as legitimate)” (34, *emphasis in original*).

Whoever is active in politics strives for power, either power as a means in the service of other goals, whether idealistic or selfish, or power “for its own sake,” in other words so as to enjoy the feeling of prestige that it confers (33-34).

4.3.1 An Adaptation from Fiscal Sociology

Next we visit the state-theoretical approach used by Richard Wagner (2007) and see how he builds upon Max Weber to develop a sociology of the state. Wagner uses an ideal-type dichotomy to describe two forms of government, the “organization” and the “order,” which I attempt to illustrate in Exhibit 13 below. We find that state organizations have goals and the discretionary power to realize these goals, with the pole of an absolute monarchy on the left-hand side of the continuum. In the ideal-type an absolute monarchy does not have to negotiate its actions with the citizenry through catallactics. Juxtaposed with an organization we have the order occupying the right half of the continuum, with the most democratic

²³⁹ For example the United States has more than 1,000 military troops in 10 countries and more than 100 troops in 27 countries, <http://www.theguardian.com/news/datablog/interactive/2012/oct/23/us-military-deployments-overseas>.

organization). However for both writers the democratic state, following Weber, requires legitimacy.

Jasay begins analysis by stating that there are two first principle ways to evaluate the state. The first is to ascribe the state as being an “inanimate tool, a machine” without ends, as only individuals have aspirational ends. In this view for de Jasay the state is a tool manipulated by others for their own ends. The second way to view the state, and that preferred by de Jasay, is to “merge the state and the people who run it, and consider the state as a live institution which behaves as if it has a will of its own and a single hierarchy of ends....” Jasay chooses this latter analytical lens “because it looks the most fertile in plausible deductive consequences.” This is not to propose that the state and its representatives do not engage in what we might conceive as benevolence, only that it is not scientific to hypothesize that this is the state’s only motive.²⁴¹

The state seeks power of will, discretionary power. “Instead of saying, tautologically, that the rational state pursues its interests and maximizes its ends, whatever they are, I propose to adopt, as a criterion of rationality, that it seeks to maximize its discretionary power.” The state pursues power beyond reproduction of its power as the state realizes it must gain in power in order to continue its

²⁴¹ Further de Jasay writes that even if the state was a benevolent dictator it could not pursue the general will and “the interests of its subjects unless they were homogenous.” The reason for this is because the state’s “adversarial relationship to them [its *subjects*, *sic*] is inherent in its having to take one side or another between conflicting interests,” for example consumers (most everyone) versus exporters (certain people) in any industrial policy action preventing free-trade.

privilege, it's monopoly on legal coercion, on legal violence.²⁴² However in doing so the state must “implant in the public consciousness a certain sense of the state's legitimacy”; note that this follows the findings of Weber (1919) shown above. Jasay also believes that the state may seek increased power for *existential* reasons alone, “It would be rational for a state pursuing its own ends to escape from the treadmill where its power is used up in its own reproduction.”

Revisiting Exhibit 13 we find that a self-interested state can be seen as attempting to move leftward along the organization – order continuum, balancing the seeking of an increase in power with the necessity of maintaining legitimacy. Jasay finds then that as the state transitions from a process-oriented government representing the people in a *polis* (Wagner's “order”), it metamorphosizes into something else (Wagner's “organization”), something self-interested, which might be of alarm to some citizens (or at the least to de Jasay). It is seen by de Jasay that a state which has increased its power is not degenerative for the state itself, but is negative only over whom the state rules.

Making itself *less dependent on subject's consent*, and making it harder for rivals to *compete*, would amount to improving the environment instead of adjusting to it.... I would not accept that, like Plato's Republic on its way from democracy to despotism, the state ‘degenerates’ in the process. If it has improved its ability to fulfill its ends, it has not degenerated, though it may well have become less apt to serve the ends of the observer,

²⁴² We explore this concept of needed growth by the state, beyond reproduction of the state, for existential reasons in more detail below when we present an encapsulated historiography of the New Deal.

who would then have every reason to be alarmed by the change (de Jasay 1998, 272-273, *emphasis in original*).

4.3.2 Historical “Progress” and the State

In addition for the necessary theoretical foundation to evaluate the New Deal art, I adapt the dialectical approach formed from the Fichte Triads as described in for example *Rules for Radicals* (1971) by Saul Alinsky. At a given moment the state-art is used as “propaganda” to create *fear* (the thesis) as manifested in a social problem, the state then proposes/promotes its state solution to the problem (the anti-thesis, which offers *hope*), with the succeeding moment in time being an increase in the legitimate power of the state as it creates or enlarges monopolistic government programs to address the problem (the synthesis, which results in *progress*).²⁴³ This dialectic is shown in Exhibit 14 below.

²⁴³ “It is quite obvious that in reality this compliance [with a legitimate state] is the product of interests of the most varied kinds, but chiefly hope and fear” (Weber 2004, 34).

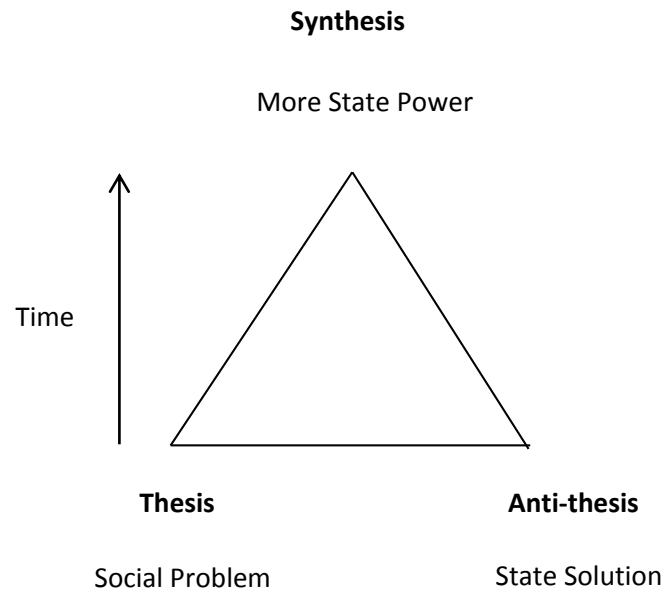


Exhibit 14: Fichte Triangle Illustrating Historical “Progress” and State Power. Author’s diagram.

4.4 Propaganda Theory

In tandem with Jason Scott Smith (2008)’s notion of a “new order” of the federal state into American lives through the everyday habituation of WPA public works projects (as discussed later in this chapter), I employ as a basis for further analysis Anthony de Jasay’s theory of the self-interested state. However instead of

habituation through public works I propose a theory of preference creation for the state through the use of federally-supported public art.²⁴⁴

Whether or not the claim I am attempting in this chapter depends on “government propaganda” is debatable depending of course on how we define “propaganda.” As noted by Welch in *Propaganda: Power and Persuasion*’s introductory chapter propaganda is, “A much maligned and misunderstood word” (2013, 1). “Throughout history, those who govern have attempted to influence the way in which the governed viewed the world. In 4th century BC Greece, historians and philosophers were the first people to describe the use of propaganda in service of the state” (Ibid., 4).

The definition I find most useful, and which draws upon the state theory presented above, is found in Schivelbusch’s *Three New Deals*.

Propaganda is the means by which charismatic leadership, circumventing intermediary social and political institutions like parliaments, parties and interest groups, gains direct hold upon the masses” (Schivelbusch 2006, 73).

We can see that this working definition fits in with the notion of a self-interested state seeking more discretionary power while at the same time needing to maintain legitimacy in a democracy. I apply this definition to the New Deal art creation found in the archives to see if indeed the art production attempts to “gain direct hold upon

²⁴⁴ Public art (in our case mostly murals, posters and artshows) is displayed in publically-accessible locations. The WPA/FAP had a unit specifically to organize displays of New Deal art. The use of the term “public art” in our dissertation means that the art is, 1) for display in public, and; 2) paid for with public funds.

the masses” and create preferences in these “masses” for an enlarged role for the state in the lives of these same “masses.”

However in order to make Schivelbusch’s definition functional for our purposes here we need to clarify what propaganda *is not*, “...the line between education and propaganda was essentially a matter of perspective...It is proper to speak of communism as propaganda in Chicago and as education in Moscow” (Schivelbusch 2006, 74). Additionally as noted by Welch, “In the minds of most, the word continues to imply something sinister, at the very least dubious – synonyms frequently include ‘lies’, ‘deceit’ and ‘brainwashing’” (Welch 2013, 3). I believe that it is not necessary to infer *willful dishonesty* in any self-interested public art production during the New Deal in order to make the case that self-interest (an enlargement of discretionary power for the state) was at hand. In this I follow Welch, “It is the contention here that such assumptions should be challenged and that propaganda is not necessarily – and was often not historically – a practice motivated by evil intent” (Welch 2013, 4).

4.4.1 Rationality and Emotion

Stuart Ewen in *PR!: A Social History of Spin* (1996) depicts the state-of-play of the public relations industry in the early 20th century.

From 1900 on, public relations thinking had vacillated between two poles of epistemological understanding. At one end there was the Progressive democratic faith, which assumed that people were essentially rational beings, that they could be most effectively persuaded by a publicity of factual, logically framed argument. At the other end

was the perspective that had gained a legion of converts during the Great War. This view held that human nature was essentially irrational and maintained that “opinion” was most effectively shaped by scientifically informed subliminal appeals to unconscious urges and instinctual drives. This outlook embraced a rhetoric of symbols, and under its influence the *image* had begun to displace the word as the favorite language of public address (Ewen 1996, 240, *emphasis added*).

We can understand then how visual art production might be seen as useful for a self-interested state. Immediately understood and emotion-creating symbols were seen to transcend human rationality. The power of emotion is also consistent with Rauth et al. (1940, 204-207) who survey studies on the “acceptance value of a belief” and find that messages appealing to emotion are more successful in creating acceptance than those appealing to rationality.²⁴⁵ I next apply this reasoning to a social theory of the mind and explain how symbolic rhetoric (or symbolic “forms,” Rauth et al. 1940, 205) may help to activate precognitive aesthetic *tastes* manifested socially as *preferences* in the social economy.²⁴⁶

4.4.2 Aesthetic Precognition and Experiential Cognition

Wagner (2007) uses a binary structure of mind theory to discuss the relationship between the individual and society. Man’s nature,²⁴⁷ according to Wagner, is a

²⁴⁵ In the introduction to the dissertation, using Bourdieu’s sociology of cultural taste disposition, we find that the Social Realism art discussed in the present chapter is immediately accessible (“decoded”) by the median voter of the 1930s in the United States.

²⁴⁶ Both Barthes (1972, 114) and Welch (2013, 42) describe how symbolic forms and contents born of crisis (in our case the financial crash of 1929 and the continued depression) can gain meaning historically.

²⁴⁷ Some may prefer the terminology “man’s instincts” as opposed to “man’s nature.”

duality between self-interest and socialization (or between man and society). “I work with a bi-directional relationship between mind and society. From one direction, the interaction among minds generates and transforms societal formations; from the other direction, those formations channel and shape both the ends people choose to pursue and the means they employ in doing so” (Wagner 2007, 21). Wagner’s fiscal sociology differs from mainstream economics in that Wagner can account for taste activation and preference creation whereas mainstream economics assume preferences are given.²⁴⁸ I have tried to capture Wagner’s political economy in Exhibit 15 below.

²⁴⁸ Wagner’s fiscal sociology may be considered heterodox cultural economics as it helps to define preference creation. Note that Wagner uses sociology rather than economics to describe his political economy. This is an example of the *value paradox* in art economics because Wagner resorts to sociology rather than economics to explain his ideas.

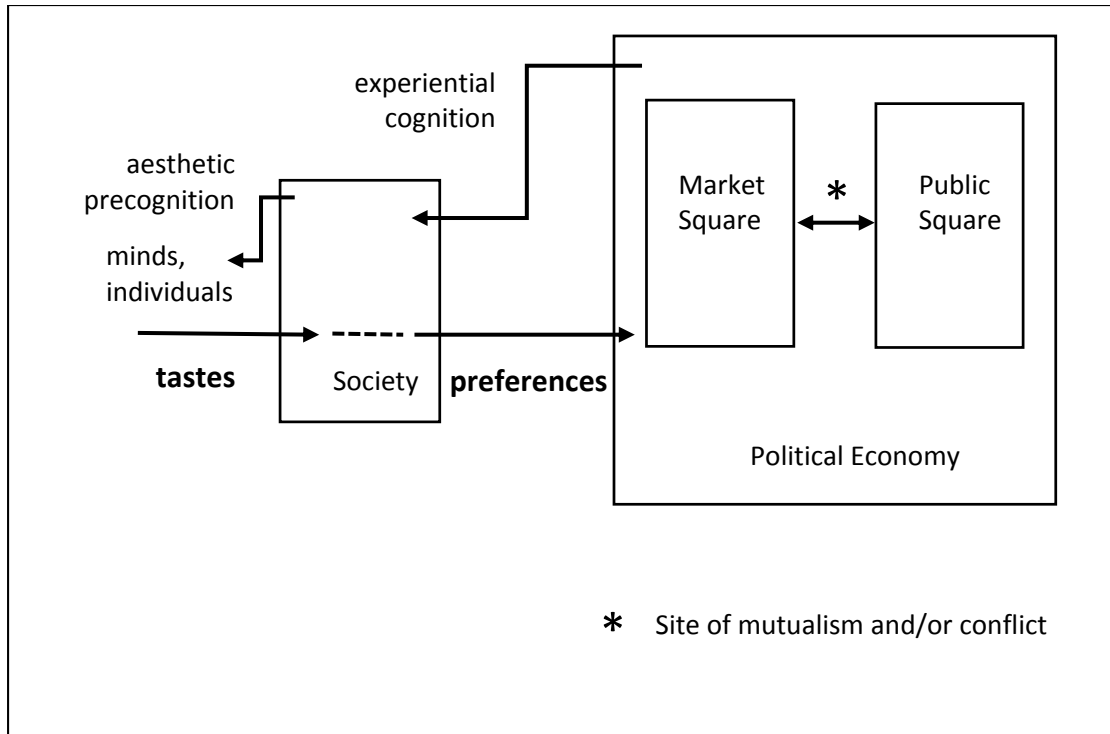


Exhibit 15: Precognitive Taste Activation and Preference Revelation in Exchange. Diagram by author based on ideas in Wagner (2007).

Individuals are born with pre-rational “tastes” (see further Hume 1757, Dutton 2009 and as discussed in the dissertation’s first chapter on Kant) have tastes activated in society through aesthetic precognition feedback loops (these can be trend following, peer-pressure, emotional propaganda, conspicuous consumption, etc.).²⁴⁹ These tastes then become “preferences” as reinforced in society which are then manifested in market exchange (the market square) and/or in collective action (the public

²⁴⁹ One example of “society” here might be the museum as a site of consecration of a work of art, as earlier on Bourdieu. The gatekeepers and experts who determine the value of art in the political economy (museum curators in this instance), results in a work being placed in a museum. A new visitor enters the museum with precognitive aesthetic tastes, experiencing the art then turns these tastes into preferences, which are revealed in political economy in a new condition of exchange.

square). The interaction between the market and public squares can be mutualism (forbearance) and/or conflict (solipsistic behavior). (A self-interested state would of course seek to tip the scale towards forbearance in collective action.)

Preferences are brought to bear rationally in the social economy *ex ante* and then these preferences are rationally adjusted through *ex post* experiential cognition in relations with others in society.²⁵⁰ The rational adjustment of preferences through action (or inaction) removes cognitive dissonance between “an experienced past and a conjectured future” (Wagner 2007, 81) whereas precognitive tastes may be activated not out of (conscious) dissonance.

The feedback loops found in Exhibit 15 are also consistent with de Jasay on a robust social theory.

Our theory would not be a social theory if it had no sting in its tail, no indirect, roundabout secondary effects and no “feedback loops.” Thus, it is entirely likely that once the state has made people observe the cult of Bach, *and* they have in due course taught themselves to like it, they will “identify” better with the state which gave them their tastes [preferences, *sic*]. Likewise, the splendor of the presidential palace, the achievement of national greatness and “being first on the moon” may in the end implant in the public consciousness a certain sense of the state’s legitimacy, a perhaps growing willingness to obey it regardless of hope of gain and fear of loss. Hence, they may serve as a cunning and slow-acting substitute for buying consent (de Jasay 1989, 270, *emphasis in original*).

²⁵⁰ The introduction to this dissertation also describes how “aesthetic shocks” are rationalized and internalized in society *ex post* after public discussion which addresses cognitive dissonance, another form of preference creation.

In the next section I introduce the concept of “art-statism.” If we find that the state in its public art production adjusts content of the art to make an emotional appeal towards an enlarged role for the state in society while at the same realizes the need to maintain legitimacy in the message portrayed in the art, then this might be termed as art in service to the state, or art statism.

4.4.3 Art Statism

Oz Frankel (2006) uses the term “print statism” to describe the US and British government publications of the 19th century. These publications were used to help define, enlarge and legitimize the state in society, helping to build the nascent nation-state, these states being what Benedict Anderson (1991) calls “imagined communities.” “Beyond declared goals and the façade of ‘information’, legislatures and governments sought to represent their citizens and the national (or, sometimes, imperial) sphere in ways that exceeded conventional modes of political representation, namely, electoral politics” (Frankel 2006, 1). We note that Frankel defines this statism as something which attempts to ‘exceed’ electoral politics, a message congruent with our (Schivelbusch’s) definition of propaganda.

We also find a form of statism in Liz Cohen’s *Making a New Deal* (2006), something described as “worker statism.” As noted Cohen claims that the New Deal social programs replaced the voluntary mutualism which preceded the Roosevelt Administration. “Workers’ faith in the state grew out of old as well as new expectations. On the one hand, they wanted government to take care of them in

much the same paternalistic way as they previously had hoped their welfare capitalist employers and their ethnic communities would do” (2006, 283).²⁵¹ The promises of the New Deal formed within workers (the median voter) a consciousness of expectations. “Apparently, American workers were dreaming neither of a dictatorship of the proletariat nor a world where everyone was a successful capitalist. Rather, they wanted the government to police capitalism so that workers really got that ‘new deal’ they deserved” (Cohen 2006, 286).

Welch (2013, 42) believes “building and sustaining a sense of national identity is an important goal for most states” and describes the birth and development of the state (in the West) as an Enlightenment project beginning in the 18th century (as noted in the periodization contained in the dissertation’s first chapter). “The nation has been defined as an ‘imagined political community’....this sense of imagined community differs from an actual community, because it is not based on everyday, face-to-face interaction among its members” (Ibid.). We find as well, following Max Weber [1919], that the state needs to build towards its monopoly on coercion.²⁵²

²⁵¹ Further, “This dependence on a paternalistic state is most clearly seen in the way workers viewed President Roosevelt. For many workers, FDR was the federal government” (Cohen 2006, 283). This finding ties in with the “charismatic leadership” axiom found in Schivelbusch’s definition of propaganda.

²⁵² We call this *national culture* building in our political economy of art.

Creating the sense of nationhood, of belonging, is imperative for any state in order to justify political and economic policies to its citizens – especially when it comes to the collecting of taxes and other unpalatable activities (Welch 2013, 42).²⁵³

Following these writers if we find in our analysis of the New Deal art production that this art propagates discretionary state action in society, a state it should be noted represented by a charismatic leader, then we might call this “art-statism.” If not a call for more state power, then statism is not present. Next we take a sidebar visit to the Farm Security Administration’s photography during the 1930s to witness the concepts so far outlined encapsulated in certain secondary literature, this prior to our overview historiography of the New Deal and related case studies from primary sources in the archives.

4.4.4 Sidebar on the Farm Security Administration Photography

In the chapter of *When Art Worked* (2009) entitled “Rexford Tugwell, Roy Stryker, Photographers, Folk Music and Films,” Roger Kennedy, who wrote the text for *When Art Worked* to accompany the New Deal art curated for the book by David Larkin, describes the relationship between Rex Tugwell and Roy Striker when in May 1935 Tugwell established an Information Division within the Farm Security Administration. The FSA’s most predominant activity was the resettlement of

²⁵³ Anderson writes that these relatively new nation-states “imagine themselves antique” (1991, xiv). “All profound changes in consciousness, by their very nature, bring with them characteristic amnesias” (Ibid., 204).

“sweatshop” workers from the cities and farmers from the dustbowl.²⁵⁴ Kennedy states that the Information Division culture production (we will discuss the photographs here) was “for the purpose of building public support” for the resettlement projects (Kennedy and Larkin 2009, 246). This is consistent with the findings in Stott’s *Documentary Expression and Thirties America* (1971), specifically regarding the FSA photography

Kennedy ties the activities of the FSA to the Social Gospel philosophy espoused by Tugwell and Stryker.²⁵⁵ “Their actions were professions of faith,” they were “willing to do professionally whatever was necessary to promote the Golden Rule” and “the rest was implementation and technique.” “Among the things that were necessary to support the Golden Rule was to gain public assent for doing more” (Kennedy and Larkin 2009, 256). Kennedy quotes from the Stryker oral history interview at the Archives of American Art (AAA).²⁵⁶ “Walker Evans would do it one way, Ben Shahn had a quite different way....sometimes you look at Ben’s pictures and you think you see the consternation, the irritation, the frustration of these men; but Ben stirred up some of that” (Ibid., 260).

²⁵⁴ See the “Findings” section later for Ben Shahn’s mural work as part of the New Jersey Homesteads project for resettlement of “sweatshop” workers. And by the end of 1936 nearly 10 million “substandard” acres were purchased by the US Government with emergency relief funds and the previous inhabitants resettled (Barber 1996, 77).

²⁵⁵ Ben Shahn worked mostly for the U.S. Treasury Department but was seconded to the FSA (part of the U.S. Department of Agriculture where Tugwell was a deputy administrator) and where Shahn was active in photography of the “bottom third” during the Great Depression.

²⁵⁶ Available, <http://www.aaa.si.edu/collections/oralhistories/transcripts/strike63>.

We also learn that the FSA was aware of the importance of emotion towards furthering its message and mission. Dorothea Lange, known for her agitational photography of striking workers, was one of the first photographers hired by the FSA because “words alone could not convey the conditions” (Ibid.). In the AAA interview of Rexford and Grace Tugwell²⁵⁷ quoted in *When Art Worked*, Grace Tugwell describes the situation later in the New Deal when Congress was opposed to “all this fancy propaganda....Which was exactly what we trying to do – propaganda...tell the story, so that we would get more cooperation and help” (Ibid., 293). With the United States entering World War II, Kennedy writes, “the onus of propaganda had been erased by patriotic art” (Ibid.).

Thus the FSA photography can be seen as art-statism. We find that those involved explicitly worked towards increasing the state’s involvement in people’s lives (resettling people from their homes is by definition discretionary) knowing that they had to get democratic consent to do so. The case had to be made that the state’s resettlement programs could be used to improve the lives of those on the bottom of the economic ladder, and photography of these poor was put into service to do so.²⁵⁸

²⁵⁷ Grace Falke was hired as a FSA photographer in 1935 and soon afterword married Rex Tugwell. Interview available, <http://www.aaa.si.edu/collections/oralhistories/transcripts/tugwel6>.

²⁵⁸ Not all resettlement was necessarily voluntary, this dramatized in the Elia Kazan film *Wild River* (1960) about forced resettlement under the Tennessee Valley Authority (TVA).

Stuart Ewen notes that the Tugwell and Stryker relationship preceded the New Deal when Tugwell asked Stryker to provide photographs for *American Economic Life and the Means of its Improvement* (1925).

In *American Economic Life*, Stryker carried the social pen picture, as an instrument of persuasion, to an unprecedented – often thoroughly manipulative – level. Pictures that, without words, might have been open to a wide range of interpretations were marshaled for singularly didactic and frequently melodramatic purposes.

A picture of children picking cotton in Texas is punctuated by the words “The sun is hot, hours are long, bags are heavy” and by the sardonic observation that some cold-hearted people actually see the “discipline of work like this” as just “what children need!” (Ewen 1996, 268).

We can see that rural poverty was not unique to the 1930s nor was Tugwell’s social activism. However the photographic message in *American Economic Life* is not art-statism in that it is not public art. In addition there was not the profound sense of crisis as was realized in the Great Depression, the sense of crises as noted above in our discussion of propaganda which may be needed for the democratic acceptance of profound social transformation.

4.5 The Franklin Delano Roosevelt Administration (1933-1945)

4.5.1 The New Deal(s)

Historiographical consensus (see for example Kennedy 1999 and Goldberg 2005) is that there were in fact two separate New Deals. The first New Deal in 1933, FDR's famous "first 100 days," can be considered an attempt at *economic recovery* and consisted of efforts to control agricultural and industrial output and prices with the Agriculture Adjustment Act (AAA) and the National Industrial Recovery Act (NIRA),²⁵⁹ with the intent that such control could revive industrial output and increase agriculture prices (Barber 1996, 23-52).

The NIRA created the National Recovery Agency to coordinate industry-wide agreements to keep wages and prices high. Those companies which were party to these NRA agreements in attempt at economic recovery were able to display the "NRA Blue Eagle." Exhibit 16 shows Paramount Pictures using the "NRA Blue Eagle" almost subliminally in its opening sequence for the pre-code 1933 *Torch Singer*.²⁶⁰

²⁵⁹ The NIRA was declared unconstitutional by the Supreme Court in 1935 and the AAA was declared unconstitutional in 1936. However, "major features [of both Acts] were revived in subsequent New Deal laws that were upheld" (Powell 2003, 3).

²⁶⁰ Schivelbusch (2006, 86-94) describes how the Blue Eagle was only used for a limited period of time in order for the program to maintain its legitimacy. Although participation in the Blue Eagle program was voluntary, Hugh Johnson, head of the NRA, stated, "Those who are not with us are against us" (Ibid., 88).

In August 1933 President Roosevelt declared that any company not signed to NRA agreements would not be eligible for US Government contracts (Barber 1997, 39). Henry Ford called the symbol the "Roosevelt Vulture" due to the wage and price controls placed on industry (Powell 2003, 120).



Exhibit 16: Screenshots of *Torch Singer* (1933) showing the U.S. National Recovery Agency's Blue Eagle Embedded in the Opening Credits. Screenshots by author.

The NIRA created the US federal government's first major public works program, the Public Works Administration, under which the Civilian Works Agency

employed 4 million people.²⁶¹ The first New Deal also included the Truth in Securities Act, which added federal oversight of the stock market to the already existing individual states oversight under American federalism.²⁶²

The second New Deal (1935-1936), which might be classified as one of *social reform*, created the WPA, the National Labor Relations Act (which encouraged collective bargaining and strike actions by removing redress from the civil to the administrative court systems, also known as the Wagner Act), the Social Security Act (which created old age pensions, unemployment insurance and Aid to Dependent Children), the Federal Deposit Insurance Corporation (which guarantees deposits at regulated banks), the Federal Housing Administration (which guarantees housing finance) and the Wealth Tax Act (known at the time as the “soak the rich” tax).²⁶³

²⁶¹ The CWA was discontinued by the Roosevelt Administration as it was seen as too expensive (Kennedy 1999, 176-177) because it offered “regular hours of work” and “going wages” (Trattner 1999, 285). In other words the CWA was a non-relief federal government works program, something that the New Deal was not again to achieve. A revisionist take on why the Roosevelt Administration preferred relief monies over regular appropriations is that federal relief monies required local sponsorships and thus local patronage and political support (McKinzie 1973, 40, Kennedy and Larkin 2009, 357fn7). Neumann, Fishback and Kantor (2011, 195) find that “the timing of relief spending is consistent with claims that the Roosevelt Administration used relief spending to sway elections.”

²⁶² The Securities Exchange Commission (SEC) was created in 1934 to oversee the Truth in Securities Act of 1933.

²⁶³ Other writers believe that there was a third New Deal (cf. Flanagan 1999) which might be considered an effort at *consolidation of power*. Roosevelt won a landslide election in 1936 and attempted to re-organize the Supreme Court by adding more justices (to “stack the court” with judges who supported the New Deal) and to create a cabinet level public works program, both unsuccessfully. However, the National Labor Relations Board was deemed constitutional during this “third” New Deal and Congress passed the Fair Labor Standards Act which created a federal minimum wage and a federally-mandated limit to the work week. Hiltzick (2011, 199) states, “It is

All but the WPA have been the lasting legacies of the Roosevelt era, and represent the transition to the modern American welfare-state.²⁶⁴ Major New Deal legislation (and thus perhaps the New Deal broadly conceived) ended with the Congressional elections of 1938 (“the pro-spending contingent” became a minority for the first time since 1934) and the 1942 elections “were disastrous to social policy advocates” (Amenta and Halfmann 2001, 263-265). Therefore it might be safely assumed that it was political opposition which ended the New Deal, perhaps even prior to United States involvement in World War Two.

Special mention should be given the Works Progress Administration, which in 1935 was half the federal budget (Russell 2010, 254). As noted earlier during its eight years of operation “nearly one-fourth of all American families were dependent on WPA wages for their support” and at its peak (November 1938) there were 3.3 million employed by the WPA out of a total workforce of approximately 52 million. In total the WPA employed 8 million people who had 30 million dependents (US Federal Works Agency 1947, iii, 110, v) out of a US population of 130 million in 1938.

The initial appropriation for the WPA in 1935 was for \$4.9 billion, or, 6.7% of GDP (Smith 2008, 524) and total spending during its life-of-program was \$12.9

perhaps more useful to observe that the New Deal, like any presidential program, underwent a natural evolution,” as opposed to classifying New Deal epochs.

²⁶⁴ See Levine (1988) for a comparison of the growth of the welfare-state in the United States, Great Britain, Germany, and Denmark. See Trattner (1999) for a history of American government social programs beginning with colonial America.

billion.²⁶⁵ The WPA, which operated in all 48 states, built approximately 480 airports, 78,000 bridges 40,000 public buildings, 67,000 miles of city streets, 24,000 miles of sidewalks, 24,000 miles of sewer lines, 19,700 miles of water mains, 500 water treatment facilities and 572,000 miles of rural highways (U.S. Federal Works Agency 1947 and Smith 2006). In December 1942, with the United States engaged in World War Two, President Roosevelt declared that “a national work relief program is no longer necessary” and asked that the WPA be liquidated (U.S. Federal Works Project 1947, v).

Jason Scott Smith (2008, 521) states that the use of political economy as a tool in historical analysis, and “its application to United States history between the 1920s and 1940s helps to clarify the relationships between politics, the economy and liberalism.” Smith proposes that the WPA with its large public works programs allowed the federal government to become a greater part of most American’s lives through daily acculturation. Using the WPA as the unit of analysis, Smith shows how a “New Deal order” was created through “an impressive range of projects” built under the WPA.

By using the lens of political economy to focus on the New Deal’s public works spending, we can begin to see the outlines of a different interpretation. The huge amounts of funds devoted to public construction, the far-reaching federal efforts invested in directing this money, and the long-run impact of infrastructure itself form the components of the story

²⁶⁵ \$10.1 billion of WPA funding was from federal appropriations, \$2.8 billion from state and local WPA sponsors (U.S. Federal Works Agency 1947, 124).

of a public works revolution. This revolution helped justify the new role of the federal government in American life, legitimizing – intellectually and physically – what has come to be known as Keynesian management of the economy (Smith 2008, 524).

The federal state assumed, through the WPA, a much larger role in the economic life of the American people. Under Jason Scott Smith’s political economy this increased role was legitimized by the physical works created by the WPA.

4.5.2 The Welfare-Warfare State

The analysis conducted herewith will be focused on two extensions of the state: welfare and warfare. President Roosevelt’s first use of the relief funds appropriated to the Administration by Congress in 1933 was to create the Civilian Conservation Corps, the purpose of which became to create “citizen-soldiers,” upright New Deal citizens ready for war as needed and when needed by the state (Suzik 1999, 152). Almost 3 million boys went through the discipline-training of the CCC camps from 1933 to 1942 and which were run by the U.S. Military (Ibid., 159).

Also of the nascent welfare-warfare state (more on which below) under the New Deal was the Social Security Act of 1935. Part of this Act was Aid to Dependent Children (ADC) which provided relief to stay-at-home mothers.²⁶⁶ The idea was to keep mothers out of the labor force in order to raise “obedient citizens” (Russell

²⁶⁶ In 1962 ADC was changed to Aid to Families with Dependent Children. Under the Bill Clinton Administration in 1996 AFDC was replaced with Temporary Assistance for Needy Families.

2010, 256). The U.S. President's "Report of the Committee on Economic Security of 1935" states that the ADC was to,

[R]elease from the wage-earning role the person whose natural function is to give her children the physical and affectionate guardianship necessary not alone to keep them from falling into social misfortune, but more affirmatively to make them citizens capable of contributing to society (Spalter-Roth and Hartmann 1994, 190).

It might seem odd at first blush, this relationship between the welfare-state and the warfare-state. However Welch makes the connection between the two, showing how in the U.K. the propaganda for the first state health programs began in the Great War. "Public health and war have long been close companions, and perhaps strange bedfellows" (Welch 2013, 117). Further,

However, a state's desire for a healthy population is not purely an act of altruism: a healthy nation ensures the availability of labour for the economy and recruits for the armed services, as well as reducing the need for state expenditure on welfare and medical treatment (Welch 2013, 114).

According to Olson (2013) President Roosevelt as early as July 1939 wanted to amend the Neutrality Act to support US allies, however it was seen by the Administration that there was no popular support for America's involvement in any, as expected soon to be, war in Europe.²⁶⁷ Olson finds that after the failed Supreme Court "stacking" attempt in 1937 and the election of an opposition Republican

²⁶⁷ Note that this is *before* Germany's invasion of Poland on September 1, 1939 and before England and France declared war on Germany on September 3. It is however *after* Germany's March 16, 1939 occupation of Czechoslovakia.

Congress in 1938, Roosevelt believed that he could no longer legitimize the New Deal.

President Roosevelt pursued with his war efforts by conducting a “campaign” against the “isolationists” (Ibid.).²⁶⁸ Specifically Roosevelt (a *Democrat*) was aided in his attempt to get passage of the first peace-time conscription in US history by appointing a *Republican*, Henry Stimson, his Secretary of War in July 1940 prior to the conscription vote in September 1940.²⁶⁹ The conscription bill was passed by a majority of the Democrats and Republicans in Congress. William Barber writes,

In the summer of 1940, it came easily to contemporaries to compare their situation with the one the nation had faced in World War I. [However] By contrast with the earlier episode, expertise that economists could provide was readily at hand: The mushrooming of the New Deal agencies had already positioned them within the government (Barber 1996, 132).

This movement from the social New Deal (welfare) to preparation for war (warfare) is consistent with the Schivelbusch (2008, 186) thesis that the New Deal “had put itself in a position of needing a state of permanent crisis or, indeed permanent war to justify its social interventions.” Schivelbusch (2008, 186) quotes from the contemporary *As We Go Marching* by John T. Flynn (1944) to make his point,

It is born in crisis, lives on crises, and cannot survive the era of crisis. By the very law of its nature it must create for itself, if it is to continue, fresh crises from year to year. Mussolini came to power in the postwar crisis and became himself a crisis in Italian

²⁶⁸ We will find from the archives that the WPA/FAP in New York City was actively creating militarist public art prior to the attack on Pearl Harbor December 7, 1941.

²⁶⁹ The Department of War became the Department of Defense in 1947.

life...Hitler's story is the same. And our future is all charted out upon the same turbulent road of permanent crisis (Flynn 1944, 255-256).

4.6 Findings from the Archives

4.6.1 Social Security and Public Works

The first example of the New Deal art as art-statism is from the Ben Shahn archives at Harvard University. There is a letter (found in Appendix C.2) dated November 7, 1940 from Shahn to Mr. Edward B. Rowan at the Federal Works Agency, Washington, DC where we can read the Fichte Triad in Shahn's mural proposal for the Social Security Building.²⁷⁰ The social problems as outlined in "the three panels of the east wall" are "Child Labor," "Unemployment" and "Old Age." The state solutions to the social problems are found on the "west wall" where we find "Public Works" and "Social Security" both of which are major contemporary New Deal programs.

We can read this mural as being in service to the state in that the mural uses aesthetics and emotion to create preferences in the viewer of this public art (voter, citizen, government program recipient, taxpayer, bureaucrat). Preferences for an increase in state power as manifested with the New Deal programs are now part of

²⁷⁰ This case is from documents which are in possession of the Stephen Lee Taller Ben Shahn Archive, Harvard University, Cambridge, MA and are as of yet catalogued. They were sent to the present author by Robert Sennett, Harvard University Library Liaison for the archive, email dtd. May 2, 2013. Used with permission.

the aesthetic as opposed to rational realm, an increase in state power is legitimized *a priori*.²⁷¹

4.6.2 Resettlement and Unionization

The second case shows art production being adjusted when it may have been out of the bounds of legitimacy for a publically-funded art project.²⁷² Shahn was involved in the Jersey Homesteads Resettlement Project in Roosevelt, New Jersey, both as an artist and a resident. Appendix C.3 contains correspondence related to the mural Shahn was to do for the Community Center.

The first document is an “Inter-Office Communication” of the Resettlement Administration (part of the Farm Security Agency) from Alfred Kastner of the Construction Division to Mr. Adrian J. Dornbush, Director of the Special Skills Division, dated March 2, 1936. The memo states that Shahn is an employee of the Construction Division and introduces Mr. Dornbush to the mural project. The next document is a letter dated January 13, 1938 from Dornbush to Shahn requesting a list of “all the items as you are planning to use them in full text, including the names of firms printed on the buildings, the text of the sign behind the central labor leader, etc.”

²⁷¹ Shahn’s “The Meaning of Social Security” is in the building which now houses the Voice of America (VOA) in Washington, DC. I have included a photograph of a portion of the “east wall” in Appendix C.2, from <http://livingnewdeal.berkeley.edu/projects/department-of-health-and-human-services-murals-and-frescoes-washington-dc/>. This public art appeals to the fear emotion.

²⁷² This case is from the Smithsonian Archives of American Art, Ben Shahn papers, Box 25, Folder 41. The records are available, <http://www.aaa.si.edu/collections/ben-shahn-papers-6935>.

The next is a letter from Dornbush to Shahn dated January 17, 1938 requesting specific changes to the mural.²⁷³ It is this letter which concerns us here. The first intervention into Shahn's work is to request that he change "Re-elect Roosevelt" to "OUR GALLANT LEADER – FRANKLIN D. ROOSEVELT." It is hard to tell why exactly this change is requested. It could be that, 1) it is seen that a blatant electoral message pushes too far beyond what could be considered a legitimate message for public art, or, 2) it could be propaganda as defined by Schivelbusch (2006, 73) where propaganda is "the means by which charismatic leadership, circumventing intermediary social and political institutions like parliaments, parties and interest groups, gains direct hold upon the masses." Is the Administration trying to transcend electoral politics? Nonetheless in a democracy created with a constitution allegedly limiting the state, where the government is supposed to serve the people, "a gallant leader" may imply an increase in discretionary power for the state.²⁷⁴ A leader, of course, needs (obedient) followers.

The second and third changes requested relate to the labor movement in the United States. The mural depicts a time-line of unionization starting with the Mechanics Union in 1827. As discussed above the "pro-labor" NIRA and NLRB legislation passed by the New Deal encouraged unionization, which doubled as a

²⁷³ I was not able to find in the archives any correspondence relating to the Shahn Homesteads mural between March 2, 1936 and January 12, 1938.

²⁷⁴ Note "Gallant Leader" could also be military jingoism. This *prior* to Germany's invasion of Czechoslovakia. David Welch states that one of the most iconic and long-lasting Nazi posters was a photograph of Adolph Hitler, underneath which read "One People, One Nation, One Leader" (Welch 2013, 68-69).

percentage of the workforce between 1935 and 1940 and city-based labor unions were Roosevelt supporters. Shahn is requested to show the American Federation of Labor (AFL) and Congress of Industrial Organizations (CIO) as parallel contemporary movements, referred to in the document as the “AFofL and CIO question.” In fact in the mid-1930s there was a transition in the labor movement with the skilled-labor AFL in descent and the more inclusive CIO in the ascendancy under the leadership of John L. Lewis. Lewis split-off from the AFL and joined and built-up the CIO by rapidly organizing the previously excluded “unskilled.”

The AFL was known to be racist and to exclude minorities from membership (Targ 2010 and Zinn 2005, 328).²⁷⁵ However the New Deal electoral coalition included both black workers in the northern cities, and, white southerners, so the depiction of the relationship between the two unions must have been seen as sensitive to the Farm Security Administration in Washington, DC. So sensitive in fact that Shahn is requested in the third item of the Dornbush/Shahn letter dated January 17, 1938 to remove any similarities to the anti-racist Lewis from the mural. Also of note is that the radical Industrial Workers of the World, founded in 1905, is excluded from the history of unionization, given that many of Roosevelt’s supporters were “southern conservatives.”²⁷⁶ This finding differs from that of

²⁷⁵ Hapke (2008) calls the AFL “male and pale” and shows how the “pro-labor” Social Realism art movement began to depict black as well as white workers while the CIO was ascendant from the mid-1930s onward.

²⁷⁶ “Roosevelt, careful not to offend southern white politicians whose political support he needed, did not push a [federal] bill against lynching” (Zinn 2005, 404).

Higgs (2013) who writes that the second, social, New Deal was seen as so successful that Roosevelt continued to radicalize himself. The missing IWW “Wobblies” from the labor-movement timeline shows that there must have been a limit to this radicalization in order for the Administration to maintain legitimacy with the Roosevelt electoral coalition.

The last document related to the resettlement project used here to evaluate art-statism is the letter dated February 21, 1938, Washington, DC, from Dornbush to Shahn. Dornbush states, “I think it is important that no firms presently operating in the needle trades industry be used.” Appendix C.3 also contains the first page of the March 10, 1935 Press Release related to the Jersey Homesteads.²⁷⁷ Note that this publicity is from the Division of Subsistence Homesteads (also part of the U.S. Department of Agriculture) and the project is to,

[A]ccommodate 200 needle trade workers and their families, the Jersey Homesteads project is outstanding by reason of the fact that it will be the first subsistence homestead community in which the major activities of the homesteaders will be will be conducted on a cooperative basis (2nd para).

²⁷⁷ Appendix C.3 includes a photograph of the final mural, in the third panel on the far right one can see the labor movement timeline and the depiction of the labor-leader. Available, http://music.columbia.edu/roosevelt/pop_mural.html.

The website describes the mural, “The three panels of this 12 x 45 foot fresco mural depict the history of Roosevelt [the Jersey Homesteads resettlement project], from the eastern European origins of its Jewish residents and arrival at Ellis Island to the planning of their cooperative community. As the mural dramatizes, theirs was the story of escape from dark tenements and sweatshops in the city to simple but light-filled homes, and a cooperative garment-factory, store, and farm in the country. Early supporters of the community, Albert Einstein and the artist Raphael Soyer, are depicted in the mural along with many of the original residents of the town.”

It might be seen that the garment industry could be unsupportive of a federal government project which resettles 200 of its workers from the garment district in Manhattan into a back-to-the-land cooperative in New Jersey, essentially sending the message to the industry, and to a public viewing the public art, that subsistence living is better than working in garment factories.²⁷⁸

4.6.3 Public Relations

The third case is from the National Archives and focuses on the “display” of public art. The message in art-statism is of course not of any propaganda value unless it is seen. Posters and murals are by definition in public spaces, albeit the latter more limited in geographic dispersion. Fine art, such as the WPA/FAP, Fine Art Easel Project, by definition has a more limited public potential.²⁷⁹ However the WPA/FAP had a unit devoted to the display of New Deal art, this included over 100 federal art centers in the 48 states, which were used both for the display and

²⁷⁸ The Administration might have wanted to avoid another Coit Tower, San Francisco incident. The Tower was initiated in 1929 by a Coit family bequest to create a monument for San Francisco’s volunteer firemen. Bernhard Zakheim and Ralph Stackpole won the commission for the Tower murals from the U.S. Treasury’s Public Works of Art Project (PWAP). One month before the Tower was to open in 1933, newspaper editors toured the Tower and found that the local paper-of-record, *The San Francisco Chronicle*, was missing from Zakheim’s “Library” mural. Instead in the library was the *Western Worker*, a communist newspaper, Marx’s *Capital* and a depiction of Stackpole reading a paper with headlines about the destruction of Diego Riviera’s mural at Rockefeller Center due to contested political content, which occurred a few months before the Tower opening (McKinzie 1969, 24). Further Walter Heil, the regional administrator of the PWAP, stated that Clifford Wight, who painted three panels, one entitled *Communism*, had not submitted sketches prior to beginning work, and that Zakheim’s sketches had not contained the offending images (McKinzie 1969, 25). Inclusion of garment firms in Shahn’s resettlement mural might incite the same indignation as the missing *San Francisco Chronicle*.

²⁷⁹ Cowen (2006) relates that some WPA/FAP easel paintings were allocated by FAP administrators to the offices of politicians, some of these paintings later disappeared.

the production of New Deal art. The New Deal senior art administrators also staged high profile shows to attract the attention of the press, politicians and art industry professionals.

In Appendix C.4 there is a draft form-letter from Jacob Baker, the Assistant Administrator of the FAP, dated June 8, 1936 inviting the recipient to a Federal Art Project “national show of paintings, water colors and designs for murals at the Philips Memorial Gallery” in Washington, DC. Then we find an updated version one day later, June 9, 1936, this time from the Director of the FAP, Holger Cahill. We can see the mark-ups on the June 8 letter which were carried-over to the edited letter. We see that the letter was changed to perhaps be less “authoritarian” (e.g., having more legitimacy) with the removal of subjective valuations on behalf of the sender to eliciting more of a ‘buy-in’, or more opportunity for choice, on behalf of the recipient.

In the edited version of the letter, “It is my hope...” in the first paragraph, and “I believe...” and “It seems to me...” in the second paragraph have been replaced with a more objective wording. We also see that the exhibition is one which everyone “should” see is replaced with “will want to” see. The New Deal is not being forced down anyone’s throat, this in order to maintain its legitimacy. That the letter of invitation is now from the Director, instead of the Deputy Director, also gives the *exhibition* more legitimacy.

Also in Appendix C.4 is a letter dated September 9, 1936 from the WPA/FAP State Director for Southern California, Nelson H. Partridge, Jr., to Harry Chandler,

publisher of *The Los Angeles Times*. In this letter Partridge is thanking the *Times* for its support of the Federal Art Project,²⁸⁰ despite the fact that the Hearst Company “and other publications [are] opposed to the Administration.”²⁸¹ We find from this letter that the Federal Art Project understands that dissemination of its art-statism to the general public is necessary for the messages to come across.

4.6.4 Militarism

The fourth case is from the National Archives and relates to the public art produced by the WPA/FAP in New York City, the single largest source of art production in the New Deal (O’Connor 1973). The first document in Appendix C.5 is the October 14, 1935 letter from Holger Cahill, Director of the WPA/FAP, to Audrey McMahon, Director of the WPA/FAP, New York City. McMahon is given authority (the right to discretionary action) to judge potential FAP artists on their “artistic integrity and social desirability.” The next document is the first four pages of the New York City

²⁸⁰ Appendix C.4 includes a *Los Angeles Times* article dated August 16, 1936 entitled “Federal Project Opens Art Galleries in South.” This article is the closest in date to the Partridge/Chandler letter of September 9, 1936 discussed in the text above.

²⁸¹ Stuart Ewen writes that the New Deal’s antagonism to publishers, “the conventional commercial manufacturers of truth,” may have been a conscientious public relations strategy enabling the FDR administration to generate their “own communications channels” which “promoted and advanced an inclusive vision of America” using “a diversity of creative arts on behalf of New Deal programs.” “The range of these enterprises was enormous; together, they contributed to the way that people continue to envision the period of the Great Depression and the New Deal” (Ewen 1996, 263).

WPA Art Project “SPONSOR’S SEMI-ANNUAL NARRATIVE PROGRESS REPORT,” dated July 1, 1941.²⁸²

On page 4 of the progress report we find the project’s use in art production towards creating Suzik (1999) and Russell (2010) “obedient citizen-soldiers.” What concerns us here is the category labeled, “3. Work Proposed for the next period, b) New Phases: The proposed new phases of the Project’s work are as follows: 1. Civilian Morale.” We learn that the NYC art project is proposing for the next six-month period,

Design and execution of two and three-dimensional models for such uses as follows: *civilian behavior in war time; military insignia for civilian instruction; fire prevention and precaution; sanitation and disease prevention; home therapy and first aid (emphasis added by author).*²⁸³

What should be noted is that this public art might be viewed as creating a war-consciousness during peace-time. This art production is occurring six months prior to Japan’s attack on Pearl Harbor on December 7, 1941.²⁸⁴ We know as found above from Olsen (2013) that the Administration has been conducting a campaign

²⁸² Documents from the National Archives. Cahill/McMahon dtd. 10/14/35 from RG-69, FAP General Records, 1935-1940, Box 1. Progress Report dtd. 7/1/41 from RG-69, Records of the Federal Art Project New York, Box 65.

²⁸³ Additionally in the paragraph above that quoted here, as part of “Civilian Morale” the New York Art Project is proposing, “Production of photographs, slides and allied material for use in elementary schools...in the education of foreign born toward good citizenship; for use in vocational schools offering civilian training and vocational retraining.” Apparently the citizenship training for the “foreign born” was not soon enough as witnessed by the Japanese-American internment camps established by the US Government two months after the Pearl Harbor attack.

²⁸⁴ We also find consecration for “defense activities” toward the bottom of page 3 of this report.

against isolationists since July 1939.²⁸⁵ One might consider the federally-funded art production in New York City in 1940 part of this campaign. And we know from the Cahill/McMahon letter of October 14, 1935, that McMahon is authorized to hire those artists who agree (and therefore to not hire those who disagree) with the messages contained. We do not know if McMahon is in agreement with the messages contained, but we do know that in government funding proposals, it is important for political appointees to highlight Administrative priorities in order to gain funding for one's projects and therefore to garner continued employment, power and prestige (Wildavsky 1984).

4.6.5 War Finance

The fifth case is from the Harvard University Shahn archives, found in Appendix C.6. There is a January 27, 1944 letter to Shahn from Daniel Melcher, Acting Director of the Education Section, in the War Finance Division of the U.S. Treasury Department. Melcher is requesting Shahn's help in creating a poster which typifies, and extends, the art-statism as illustrated so far.

The poster under discussion is to entreaty those "boys and girls" who are living at home and working while attending high school to give more of their income to the purchase of war bonds than is expected of "the family man." Melcher believes that these dependents should be "investing" 90% of their income as opposed to the

²⁸⁵ Perhaps today we would call those opposed to foreign wars *non-interventionists* as opposed to *isolationists*.

10% that the family man is “touched for.” The boys and girls “owe it” to their older friends now in military service “to back them to the limit.”

The fear induced is two-fold. First once the student is out of high school and conscripted into the military to fight the war, “you’ll wish to God you had improved your chances by investing the limit when you had the money” and the suggested symbolism in the poster is “a young looking boy in uniform under extremely uncomfortable looking combat conditions...diving under a mud-filled slit fence to escape a strafing’s bullets...” The message of course is that if those in school buy more war bonds today (the state solution to the social problem of war) then the war might end in victory sooner so that the draftee might avoid this fate. The progress achieved for the state of course is that the child is now funding the state’s deficit war financing instead of contributing his or her earnings to their family. The state can raise (unpopular) taxes less than they might have to without the fear-induced financial contributions of the youth. The overtly fear-inducing message of this poster might seem incongruent with state legitimacy in a democracy, but, after-all, the nation is at war.²⁸⁶

²⁸⁶ Archival research for the final version of this poster was unsuccessful.

4.7 Summation

This dissertation has shown that some of the art production during the New Deal may have been propaganda in an attempt to grow the discretionary power of the state, something we have categorized as *art-statism*. We have also seen that some of the public art was altered during production, perhaps in order for the message propagated to remain legitimate in the eyes of the public in a democratic society. We have also proposed that the measure of state legitimacy in a democracy may be more elastic during war-time.

However methodologically as related to the case-study empirical methods used here,²⁸⁷ I would like to remark on the words of Carl Menger in *Investigations into the Method of the Social Sciences*.

But in this line of argument there are a number of fundamental errors. We admit quite unreservedly that *real* human phenomena are not strictly typical. We admit that just for this reason, and also as a result of the freedom of the human will – and we, of course, have no intention of denying this as a practical category – *empirical laws of absolute strictness* are out of the question in the realm of the phenomena of human activity (1985, 200, *emphasis in the original*).

To say that some of the art produced in the New Deal is art-statism is not to say that all art financed by a state is necessary propaganda. Nor can we even say that all art

²⁸⁷ In addition the use of Ben Shahn as a basis for analysis suffers from selection bias. It is well known that Shahn “espoused social causes,” both in his art and in his life. Appendix C.7 contains the Shahn obituary of March 15, 1969 in the *New York Times*. It is for this reason I have chosen additional records from the archives not related to Shahn’s employment with US Government.

produced under the New Deal is in service to the state. The management of the New Deal art projects, especially the largest, the Federal Art Project which produced more than 100,000 paintings, was highly-decentralized (O'Connor 1973, McKinzie 1973) and gave discretion to the project administrators in more than 100 locations in the 48 states. These administrators were given latitude to choose the artists, to decide what content was acceptable for art financed by the state, and to select artworks for temporary and permanent public display.²⁸⁸

The Administrator of the Federal Art Project Holger Cahill was a painter in the American Scene tradition and for example Kennedy and Larkin (2009) and Haskell (2012) write that American Scene was to be the predominant artistic style for Cahill's project. Yet we know that the public results of the project are not at all homogenous in content. The most prominent show of New Deal art took place at the Museum of Modern Art in New York in 1936.²⁸⁹ In the MoMA catalogue for

²⁸⁸ Phoebe Hoban in *Alice Neel: the Art of Not Sitting Pretty* writes that Neel was "one of the first artists on the WPA, and one of the very last to get off it." Hoban states that under the WPA, "For the first time on a national scale, and during a period of devastating hardship, American artists were government-funded, with little or no restriction, in terms of content, imposed on the art produced" (2010, 104-105). Neel is well-known today for her nude portraits, one of which was "destroyed by the WPA's office" as it was considered too "indecent for public display." "There was, however, a prohibition against nudes" (Ibid.).

We also note that the WPA was seen as relief, something to be "on." Ben Shahn states in his oral history interview on April 14, 1964 with the Smithsonian archives that he had to "take a poverty oath" to remain on the WPA rolls, available, <http://www.aaa.si.edu/collections/interviews/oral-history-interview-ben-shahn-12760>. Hoban relates that the Neel family would hide their television and telephone when visited by social workers ensuring that the "poverty oath" was adhered to. Neel also did not report her "summer house" (Ibid.).

²⁸⁹ The press release for this show is available, http://www.moma.org/pdfs/docs/press_archives/339/releases/MOMA_1936_0035_1936-09-02_9236-22.pdf. Most of the show then went to the Jeu de Paume museum in Paris in January 1937.

this show (MoMA 1938), in which Cahill wrote the 40-page introduction, there were 171 artists who produced 177 works listed as “murals, easels, graphic arts and sculpture.” We would expect that if the show was to be New Deal art-statism to see Social Realism art depicting economic hardship. In fact about only half of the works in the catalogue might be described as Social Realism.²⁹⁰

In addition *The WPA Era: Urban Views and Visions* published by the Michael Rosenfeld Gallery (1992) lists 24 painters whose art was shown at the gallery. These painters worked in the American Scene, Surrealism, Popular Realism, Social Realism, Abstract Expressionism and Cubist styles. Some of these styles might be viewed as apolitical (at least relative to the economic fear common in American Social Realism), if indeed there can be such a thing.²⁹¹

²⁹⁰ I went through the catalog, which contains photographs of all WPA works displayed at MoMA in 1936, and read the art looking for works which meet the definition of Social Realism in *The Oxford Dictionary of Art and Artists*, “A very broad term for painting (or literature or other art) that comments on contemporary social, political, or economic conditions.” Available, <http://www.oxfordreference.com/view/10.1093/acref/9780199532940.001.0001/acref-9780199532940-e-2321?rskey=cmYoQC&result=1>. Ben Shahn is not represented in this MoMA show of WPA/FAP art.

Appendix C.4 contains the *Time* magazine review of this show on September 21, 1936, where the reviewer does not comment on any over-riding content to the show besides, “As usual, the mass of the exhibits were exercises in mediocrity.” The copy of *Time* is from the library of the New-York Historical Society.

²⁹¹ Saunders (2000) describes the U.S. Central Intelligence Agency (CIA)’s 1950s funding of international exhibits of Abstract Expressionism by American painters as a “cultural cold war.” Abstract Expressionism is devoid of any social content and thus exemplary of American individualism contra socialist collectivism, which of course differs from the art-statism of the New Deal period as presented in this chapter. See the 1st chapter of the dissertation for clarification of the term “national culture” as well as a discussion on political content is art juxtaposed with as art for art’s sake.

5 Conclusion: Towards a Political Economy of Art

So far in this dissertation we have yet to define exactly what we mean by *political economy*.²⁹² Just like the term *culture*, as discussed and defined in our second chapter on the research program in art economics, the term political economy has many (often if not always value-laden) connotations depending on whom you ask, like a Rorschach test. It is agreed that political economy is multi-disciplinary. The editors of the *Oxford Handbook of Political Economy* (2006) describe political economy as follows,

Over its long lifetime, the phrase “political economy” has had many different meanings. For Adam Smith, political economy was the science of managing a nation’s resources so as to generate wealth. For Marx, it was how the ownership of the means of production influenced historical processes. For much of the twentieth century, the phrase political economy has had contradictory meanings. Sometimes it was viewed as an area of study (the interrelationship between economics and politics) while at other times it was viewed as a methodological approach. Even the methodological approach was divided into two parts – the economic approach (often called public choice) emphasizing individual

²⁹² We note earlier that cultural economist Bruno Frey requests that we develop a political economy of art.

rationality and the sociological approach where the level of analysis tended to be institutional (Weingast and Wittman 2006b, 3).²⁹³

In our view, political economy is the methodology of economics applied to the analysis of political behavior and institutions (Ibid.).

I believe that our dissertation is perhaps a successful attempt towards realizing a synthesis for what is described above as “contradictory meanings” in the way political economy has been practiced. We have used the method of economics, specifically the study of supply and demand in the market for art as played out over time in the West in our periodization, with a particular focus on the changing patron of the arts during the historical development of the West, from the *polis* of the Greeks through the divine right to rule of the Medieval period, the development of private art markets in early capitalism, the co-emergence of the nation-state and the nation-state as arts patron (concurrent with definitions of national culture and national culture in relation to art-statism), and then the current globalization of the arts markets in today’s modern capitalism.²⁹⁴ In this way the dissertation combines;

²⁹³ Marc Bloch (1953) finds that history is the study of society and that philosophy is the study of the individual.

²⁹⁴ In the dissertation we also explain why we are less interested in the valuation of art in the private markets, and more interested in how art is used / defined / valued as a public good and as public art, in that we treat art traded in the private markets similar to that of other asset classes (real estate, stock markets, commodities) which are affected by money supply changes, and which also have regressive distributional effects, as discussed in the introductory chapter. Art as an asset class has recently been discovered by economist Nouriel Rubini (2015), although he does not highlight the “Austrian” economics money supply connection to asset value over time. We are less interested in art as a (private) asset class, and more interested in art used as an intersection between (affected by and affecting) political behavior and economic and social institutions.

- 1) the “interrelationship between economics and politics” as an area of study and,
- 2) both varieties of method, the economic as well as the sociological.

In the third and fourth chapters of the dissertation, specifically on the United States, we also utilize both the economic, self-interest and public choice, method, as well as the institutional, sociological, method, applying both to publically-displayed art as the area of study. One of our primary foci in the third chapter is on the tax advantages (derived historically through the political process) given to not-for-profit museums in the United States and an exploration of what the “public” gets in return today for the tax benefits given these arts organizations.²⁹⁵ We have also applied the findings of public choice economics relative to the behavior of arts institutions themselves, and choose for our study of museums in the United States specifically private, not-for-profit, museums in that these organizations are less prone to public choice behavior as are required to gain market (private, voluntary) funding to ensure their onward existence unlike those museums which are primarily publically funded.

This dissertation is on the use of art in service to the state (or if you will in service to politics ²⁹⁶), based on assigning self-interest to the (the central, federal,

²⁹⁵ As stated in the chapter, this analysis of art museum performance as education service-provider to increase consumption utility in the United States is a unique contribution to the literature.

²⁹⁶ Carol Duncan finds that Jean-Auguste-Dominique Ingres’s painting *Vow of Louis XIII* (1824) was used as what we are calling “art-statism” in this dissertation in that one of the messages to be decoded by the viewer of the work was a fond memory of the divine right to rule prior to the 1789 French Revolution and subsequent turbulence. The painting depicted symbolism of the 1822 coronation of Charles X returning monarchy to France. The crowning was “controversial” and the painting “affirmed a definite ideology and reinforced one of the most contested doctrines on the Right: the alliance between the throne and the altar” (Duncan 1980, 80). Duncan cites archival

government when applied to the United States) state. The textual evaluation of the New Deal art of the 1930s is a case study (history as laboratory) specifically on political economy, as defined by Weingast and Wittman in the *Handbook* in that it combines all the elements described above, and in turn uses political economy applied to public art to help explain the rise of the American federal state in the economy of the United States.

The fourth chapter also compares what we are calling “art-statism” to other writers with the same family resemblance in their work (meaning evaluating the intersections of politics and social institutions to explain a changing role for the

documents to argue, contra most art historians, that Ingres was not motivated by aesthetic reasons alone when accepting the commission for this painting. If the reader remembers when we were defining “art-statism” we said the *state* is the category which has the legal monopoly on coercion, and *government* is the form in which that category is realized, be it constitutional democracy, autocracy, monarchy, etc.



Photo courtesy of the Louvre website. The (re-established) King is paying tribute to the Church who gives the King his divine right to a monopoly on coercion.

state in society and in the economy over time,²⁹⁷ although these writers do not necessarily use the self-interest axiom of economics – “rationality” however defined – as the analytical lens when applied to the growth of the state as we do in the dissertation, the fourth dissertation chapter describes the differences. In particular we assign self-interest to the state, unique to the literature) including Lizbeth Cohen’s “worker statism” (1990), Oz Frankel’s “print statism” (2006), Helen Langa’s “cultural democracy” (2008) and David Welsh’s “propaganda” (2013).

Our work here is most related to University of New Mexico historian Jason Scott Smith (2006, 2008) and his “public works revolution” of the New Deal. For Smith the hundreds of thousands of federally-funded public works projects throughout local communities in the United States in the 1930s (prior to the New Deal public works were mostly locally funded) acculturated a larger role for the federal government in the lives of those living in the United States.²⁹⁸ We find in the

²⁹⁷ “As political economy has matured, it has begun to tackle a wider range of topics. This work includes a series of larger questions, such as the origins of dictatorship and democracy. In this section, we consider one of these frontier topics – the size of nations.” And, “To summarize, political economy is making use of its basic tools to investigate an ever deepening set of questions. Ultimately, fewer institutions are being treated as being exogenously determined and more institutions, including the nation-state, are treated as variables to be explained. In this way, anthropology and history become part of political economy” (Weingast and Wittman 2006b, 20-22).

As explained earlier it is for this reason of a dynamic working definition of political economy that we are calling our work, “Dissertation Concerning *a* Political Economy of Art,” as opposed to “Dissertation Concerning *the* Political Economy of Art” (*emphases added*). This dissertation is a contribution and by no means the final word on the political economy of art.

²⁹⁸ Smith’s idea is backed by personal anecdotes. When I was in high school in a small town in southern New Mexico the cross-town football rivalries were played on a football field built by the WPA in the 1930s, which was located in the central park, also created / improved by the WPA. Across the street was the Federal Art Center, which is now the Roswell Museum and Art Center.

dissertation that some of the art produced in the New Deal may have also played the same role.²⁹⁹

Next we have a definition for *The Political Economy of Art* by Julie Codell (2008) which is useful for our purposes here,

Political economy is defined in this volume as collective (state or corporate) support for art and architecture in the public sphere intended to be accessible to the widest possible public. The study of political economy [of art, *sic*] raises questions about the relationship of the state to cultural production and consumption. While government support for the arts began in seventeenth-century absolute monarchies in Europe who centralized art production, it appeared as a discrete subject of inquiry in the eighteenth century in the burgeoning field of political economy in which, when economists even considered art, art was treated as a special economics case.³⁰⁰ Political economy became tremendously popular in the nineteenth century as it meshed with issues of national identity. In the twentieth century, cultural production has become a regular function of the state often seamlessly blending with a post-World War II corporate economics and blurring distinctions between private and public, corporations and government, and public good and advertising (e.g., the infomercial), as Jurgen Habermas noted over a decade ago (Codell 2008, 13).

Today where I live in Sunset Park, Brooklyn, across the street is the municipal “Play Center,” also created by the WPA and listed in the *American Institute of Architects’ Guide to New York City* as an example of excellent public Art Deco architecture.

²⁹⁹ In our dissertation we also engage in heterodox economics (or perhaps heterodox political economy) in that we build a model to explain how art can be used to create political preferences for a larger state to address social problems using visual art as precognitive taste activation (and in the case study particularly publically produced American Social Realism art during the Great Depression), again unique to the literature, based on fiscal sociology.

³⁰⁰ Note how this finding reiterates the *value paradox* claimed in the dissertation’s methodology section on the practice of art economics, where art is treated, either implicitly or explicitly, as having value beyond and different than economic exchange.

Codell describes the intermeshing of corporate and state interests in the period of what we call modern capitalism (and state-capitalism) in the introduction. In our discussions of national culture practice we also find that the nascent nation-states (and then later the fully-formed nation-states who engage in the Great War) use museums and other cultural production, especially prevalent in the interwar years after a crisis – WWI and economic depression - when the state retreats to nationalism, to build legitimate foundations for the state in the minds of its citizens, these nation-states realizing Benedict Anderson’s “imagined communities.”

It is only when we find that public art directly attempts to grow the discretionary power of the state in the economy and other social institutions (to press beyond previously limited powers) that we find “art-statism.” Jonathon Harris in his *Federal Art and National Culture* (1995) as discerned finds that the national culture production of the New Deal ultimately benefited monopoly capital (Codell’s “corporations”) over that of the public or the state. In the dissertation we explicitly counter Harris’s finding in that we know *ex post* that the federal state doubled its share of the economy during the New Deal.

Given the nature of the “welfare-warfare state” category as developed and defined in the dissertation, we know that corporate interests receive considerable public largesse created by permanent war(s), however a doubling of the state in the economy necessitates a decrease of corporate power in the economy as technocrats and politicians have more degrees of freedom to make more resource allocation

decisions and/or regulations, which may benefit themselves in addition to their campaign contributors (again Codell's corporations).

5.1 A Note on Corporate Welfare and Rent-Seeking in US Arts Policy

William Grampp in *Pricing the Priceless* (1989) uses the example of the U.S. National Endowment for the Arts as an example of rent-seeking (and thus corporate welfare) in arts policy in the United States. Ronald Reagan, a Republican and thus whose electoral coalition included cultural conservatives who were aghast at the types of radical post-modern art being funded by the US NEA, and to the whole idea of the US Government funding art in the first place, included de-funding the NEA as part of his campaign rhetoric in the run-up to the 1980 presidential election. However after lobbying by those eligible for US NEA grants, including the National Assembly of State Arts Agencies, the American Association of Museums, the American Symphony Orchestra League, the Theatre Communications Group, Opera America, Dance/USA and the Association of Art Museum Directors, to both the Administration and Congress, there were second thoughts about defunding the US NEA completely.

Of particular relevance to Reagan Republicans was the lobbying conducted by industry groups, including oil and gas companies who are of course big Republican supporters. (Democrats tend to lean towards "clean and green" energies for

campaign contributions and whom are thus given tax privileges and other subsidies like the Republicans do for oil and gas, both under the guise of economic nationalism. This scenario nicely encapsulates the duopoly of the two-party system in the United States, as does Republicans voting for food stamps as long as Democrats vote for agri-business subsidies and vice-versa. In public choice economics this type of *you scratch my back and I'll scratch yours* is known as “logrolling.”)

The support of business groups was enlisted, and a conference call was arranged between several oil company executives and President Reagan. Oil companies are prominent among the corporations that advertise by making grants to arts groups, and the audience of the advertising is greater (or the cost is less) if the groups also get money from the government (Grampp 1989, 209).

To this day it is ironic to see the corporate logos of oil companies all over (some of) the *Playbills* issued for performances at the Kennedy Center in Washington, DC, one of the great sites of national culture (the National Symphony, the National Opera, the name of the venue itself) consecration in the United States, albeit it is more ironic when the Democrats are in power.

5.2 Political Economy, Art and the Size and Scope of the State

To end where we began this dissertation, let's look at the size of US nation-state.³⁰¹ We proposed in the first, introductory, chapter of the dissertation that perhaps the U.S. Constitution was a centralizing power-grab by self-interested statists (the Federalists, or, the Hamiltonians) which turned the original conception of the American project on its head by giving a new federal government the power to tax, create a standing army and a monopoly over monetary policy. This in violation of the original Articles of Confederation, and the spirit of the Declaration of Independence, which envisioned power at a decentralized level contained within each of the original sovereign states. It is beyond the scope of this dissertation (which as is is unusually long due to its interdisciplinary nature) to more fully discuss these issues of political philosophy definitively, however, again from the *Oxford Handbook of Political Economy*,

Questions on the number and size of states have been debated for almost as long as states themselves exist. Plato in *The Laws* even calculated the “optimal size” of a polity (5,040 heads of family), although he also pointed out that “the number of citizens should be sufficient to defend themselves against the injustices of their neighbors.”³⁰² Aristotle in *The Politics* argued that a state should be no larger than a size in which everyone knows each

³⁰¹ We can look too at the secessionist movements all over the world, from China to Africa, in Europe, and Latin America to Texas.

³⁰² See in the dissertation how the United States seems to be engaged in war-after-war as predicted by Flynn (1944) during WWII. The U.S. Department of Homeland Security was created in 2002.

other,³⁰³ and claimed that “experience shows that it is difficult if not impossible, for a populous state to be run by good laws.” Montesquieu in the *Spirit of the Laws* wrote that “in a small republic, the public good is more strongly felt, better known, and closer to each citizen” (Spolaore 2006, 778-779).³⁰⁴

While these issues have traditionally been the preserve of political philosophers and historians...[u]nderstanding the formation and break-up of nations is a natural development of political economy’s research program. A central goal of contemporary political economy is the endogenization of political institutions, and sovereign states are perhaps the most important political institutions in the world (Ibid., 779).

Political economy may be just now beginning to address the (relative) unmaking of the historically-realized and politically-maintained monopoly state, the nation-states in the West and the African nation-states with their European-, Empire-, created false political borders for example (historical developments seem to be presaging theoretical analysis).³⁰⁵

It is interesting to note that there is no index category in the *Oxford Handbook of Political Economy* for *secession* or *secessionism* or *secessionist*,³⁰⁶ or at least not

³⁰³ The idealized “New England Townhall” in American mythology. We have less gumption about taking from those we don’t know and giving to those we do if for a (often self- or in-group defined) noble purpose for the “public good,” and as can be manifest in nationalist culture production.

³⁰⁴ In the dissertation chapter on US art museums we propose that museum educational programs can too create a sense of a localized civic spirit. We also relate the debate on museums as subjective or hegemonic in that chapter as well.

³⁰⁵ See Elzbieta Matynia (2009) on radical theatre cultural nationalism against the monopoly one-party state in Poland during the Cold War.

³⁰⁶ We might ask if the reason for this omission is Scotland’s secessionist movement, given that Oxford University Press is the publisher of the *Handbook*.

yet.³⁰⁷ Just as national culture (art production consecrated by the state) can lead to nationalism and a rise in the size of the *polis* and art-statism can lead to preferences for more state discretion within this enlarged *polis*, cultural nationalism (anti-statist decentralized identity movements) can counter political and national culture.³⁰⁸ It remains to be seen how a political economy of art can be used to more fully explore an ideal of de-politicization (removing the monopoly power of some over others) in one's society.

³⁰⁷ Spolaore (2006) notes that if every individual chose that *polis* which best suits her or his subjective criteria then all *poleis* would contain exactly one person, and, we ask in our dissertation, what's the fun in that? *The Economist* magazine (2015) reports that in 2014 more Americans (3,415 people) renounced their citizenships than ever before.

³⁰⁸ There has been some work on visual art production as countervailing to an over-reaching state. McCaughan (2012), on the cultural nationalism of those artists against the one-party state in Mexico, is used as an example in our introduction although this is more a work of cultural history relative to the tools of political economy as outlined in this concluding chapter as the author does not use economic "rationality" nor public choice analysis in describing the development of the contra-authoritarian art movements and institutions.

Antliff (2001) is another example, on the intersection of American avant-garde art and the politics of anarchism, which is engaging as includes Emma Goldman's influence (who was asked to leave the United States in 1919), although this work as well cannot be categorized as political economy of art as discussed above, because the monograph lacks the specific analytical lenses of political economy.

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Appendix A

Appendix for Chapter 1

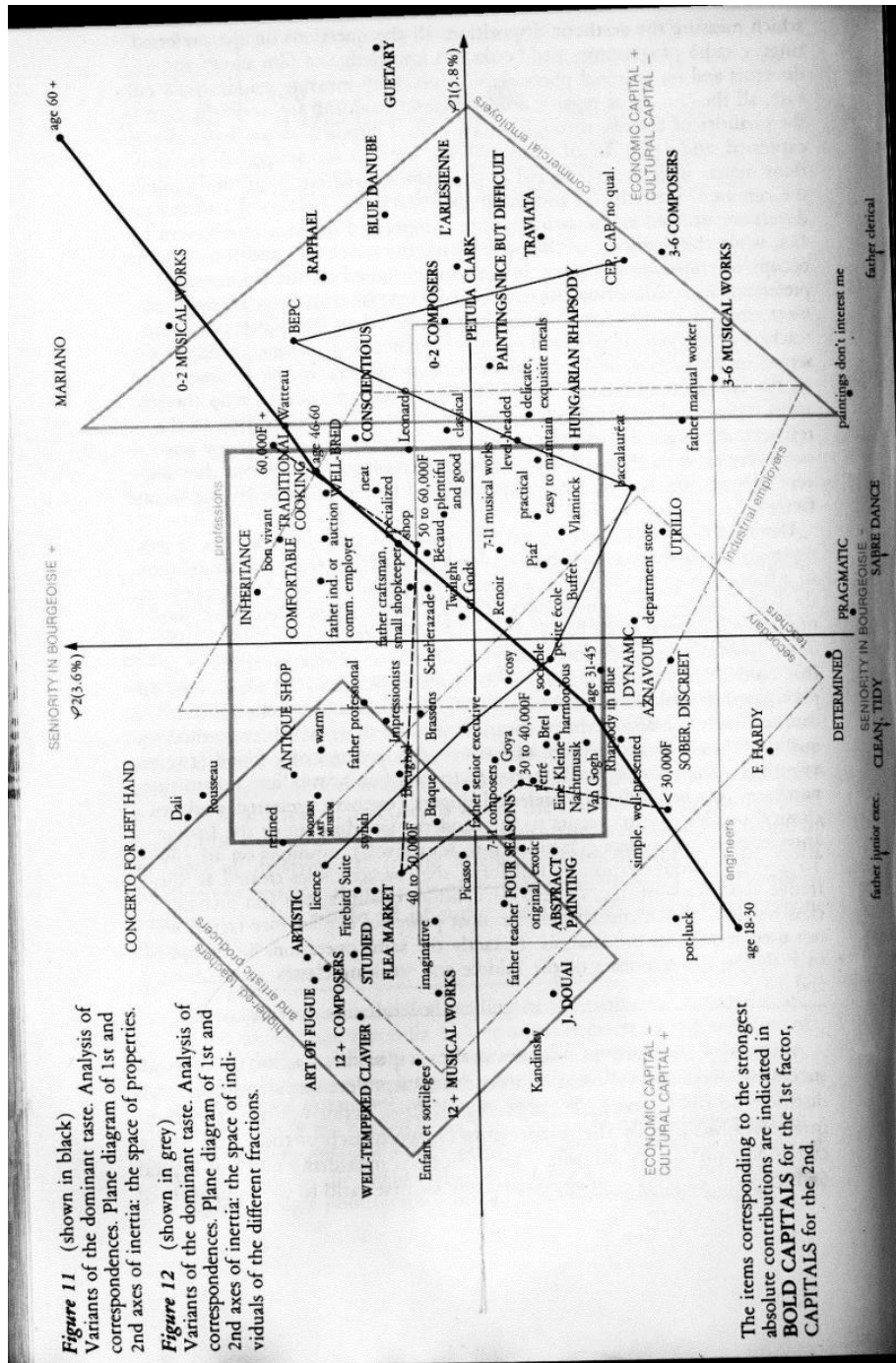
A.1 Scan of Bourdieu (1984:504) on “social fractions”

504 / Appendix 1

Table A.1 Main characteristics of survey sample; percent in each class fraction, by sex, age, education and social origin.

Class fraction	Sex		Age				Highest educational qualification				Social origin (father's class)		
	N	M	F	<31	31-45	46+	CEP	CAP	BEP	Bac	Incomplete higher ed.	Licence	>Licence
Unskilled, semi-skilled	66	69.7	30.3	45.5	36.4	18.2	100	0	0	0	0	0	0
Skilled, foremen	69	73.9	26.1	27.5	36.2	36.2	73.5	26.5	0	0	0	0	0
Domestic servants	31	19.4	80.6	38.7	29.0	32.3	96.6	3.4	0	0	0	0	0
Small shopkeepers	44	48.8	51.2	16.3	30.2	53.5	65.1	18.6	14.0	2.3	0	0	0
Independent craftsmen	56	71.9	28.1	12.3	42.1	45.7	87.7	7.0	5.3	0	0	0	0
Commercial employees	40	47.5	52.5	47.5	32.5	20.0	57.5	32.5	10.0	0	0	0	0
Office workers	200	34.0	66.0	50.0	24.0	26.0	50.0	32.0	16.0	2.0	0	0	0
Junior administrative executives	47	70.2	29.8	10.6	44.7	44.7	30.5	39.1	30.4	0	0	0	0
Technicians	38	81.6	18.4	36.8	39.5	21.1	27.8	47.2	22.2	2.8	0	0	0
Primary teachers	40	37.5	62.5	42.5	37.5	20.0	0	5.0	75.0	20.0	0	0	0
Junior commercial executives	20	65.0	35.0	30.0	60.0	10.0	20.0	15.0	40.0	20.0	5.0	0	0
Secretaries	14	0	100.0	50.0	42.9	7.1	7.1	28.6	57.1	7.1	0	0	0
Medical and social services	45	22.2	77.8	40.0	40.0	20.0	4.7	25.6	46.5	16.3	7.0	0	0
Art craftsmen	23	60.9	39.1	47.8	30.4	21.7	40.9	13.6	18.2	22.7	4.5	0	0
Cultural intermediaries	17	76.5	23.5	23.5	52.9	23.5	11.8	11.8	23.5	35.3	17.6	0	0
Commercial employers	72	66.7	33.3	13.9	30.6	55.6	16.7	25.0	36.1	11.1	2.8	8.3	5.9
Industrial employers	30	73.3	26.7	3.3	40.0	56.6	13.8	13.8	37.9	24.1	3.4	6.9	3.6
Public-sector executives	80	85.0	15.0	5.3	47.4	47.3	0	0	25.0	10.0	60.0	5.0	11.8
Engineers	72	91.7	8.3	27.8	38.9	33.3	8.4	0	2.8	38.9	38.9	11.1	12.5
Private-sector executives	80	70.0	30.0	20.0	35.0	45.0	0	11.1	16.7	27.8	44.4	0	5.6
Professions	52	69.2	30.8	19.2	36.5	44.2	1.9	0	0	5.8	71.2	21.2	2.2
Secondary teachers	48	52.1	47.9	37.5	45.8	16.7	0	0	4.3	4.3	47.8	43.5	12.5
Higher-education teachers	19	84.2	15.8	0	47.4	52.6	0	0	0	0	0	100	0
Artistic producers	14	78.6	21.4	28.6	42.9	28.6	14.2	7.1	21.4	28.6	21.4	7.1	16.7
Total working class	620	38.0	36.7	34.9	27.1	88.2	11.2	0.6	0	0	0	0	61.8
Total established petite bourgeoisie	490	51.0	36.3	32.0	31.6	48.7	27.3	21.0	3.0	0	0	0	19.7
Total new petite bourgeoisie	420	58.0	38.7	43.7	17.6	15.5	19.8	37.9	19.8	6.9	0	0	11.4
Total dominant class	74.5	25.5	17.9	39.3	42.8	5.5	6.8	16.7	17.5	37.9	15.6	8.0	29.4

A.2 Scan of Bourdieu (1984:262) on “variants of the dominant taste”



[illegible]

Appendix B

Appendix for Chapter 3

B.1 Notes on Data Methodology

All data for all museums as reported taken from the FY2007 and FY2010 financial reports of each museum as prepared under generally-accepted accounting principles (GAAP) for not-for-profit organizations in the United States. Revenues and expenditure data are from the Combined Statement of Activities and Changes in Net Assets, sometimes referred to in the financial statements as Statements of Activities or Statements of Financial Activities.³⁰⁹ Revenue and expense items are both restricted and unrestricted funds, including permanently restricted funds, however, non-operating cash flows (i.e., investment returns in excess of policy goals, accounting changes, etc.) are excluded. Revenues also include sales of deaccessioned art work, investment income, and foundation transfers where reported as current income. Educational expenditures are net of student fees and student aid, if any. It is well known that there are difficulties in capturing the true asset values of museums due to the non-reporting of the value of collections (both as a capital asset and therefore as a capital expense), as is well argued by Grump (1989 and 1996), so therefore the Paulus (2003) recommendation that equity measures be based on revenues is a sound one and is followed in this paper.

Government contributions (both grants and direct appropriations) are reported only as listed in financial statement line items. Most museums, as reported in the

³⁰⁹ The exceptions are that the financial statements for the Guggenheim and the St. Louis Art Museum are for FY2006.

body of the paper, have a stand-alone line-item for education expenditures, sometimes labeled education and public programs. However the St. Louis Art Museum, the Philadelphia Museum of Art, the Cleveland Museum of Art and the Metropolitan Museum of Art report combined education and library expenditures. Although it could be rightly argued that library expenditures (net of revenues) would be better classified as intergenerational as opposed to expenditures for the current generation, to do so would lose the education expense portion so the present author decided to report these combined items under education.

Where education and curatorial expenditures are reported under the same line-item, the line-item is not included as an education expenditure. Where separate line-items for schools are present (MFA Houston), it is taken to mean that these are considered as business units separate from the normal business of the museum so are excluded from the calculation of museum expenditures on education.

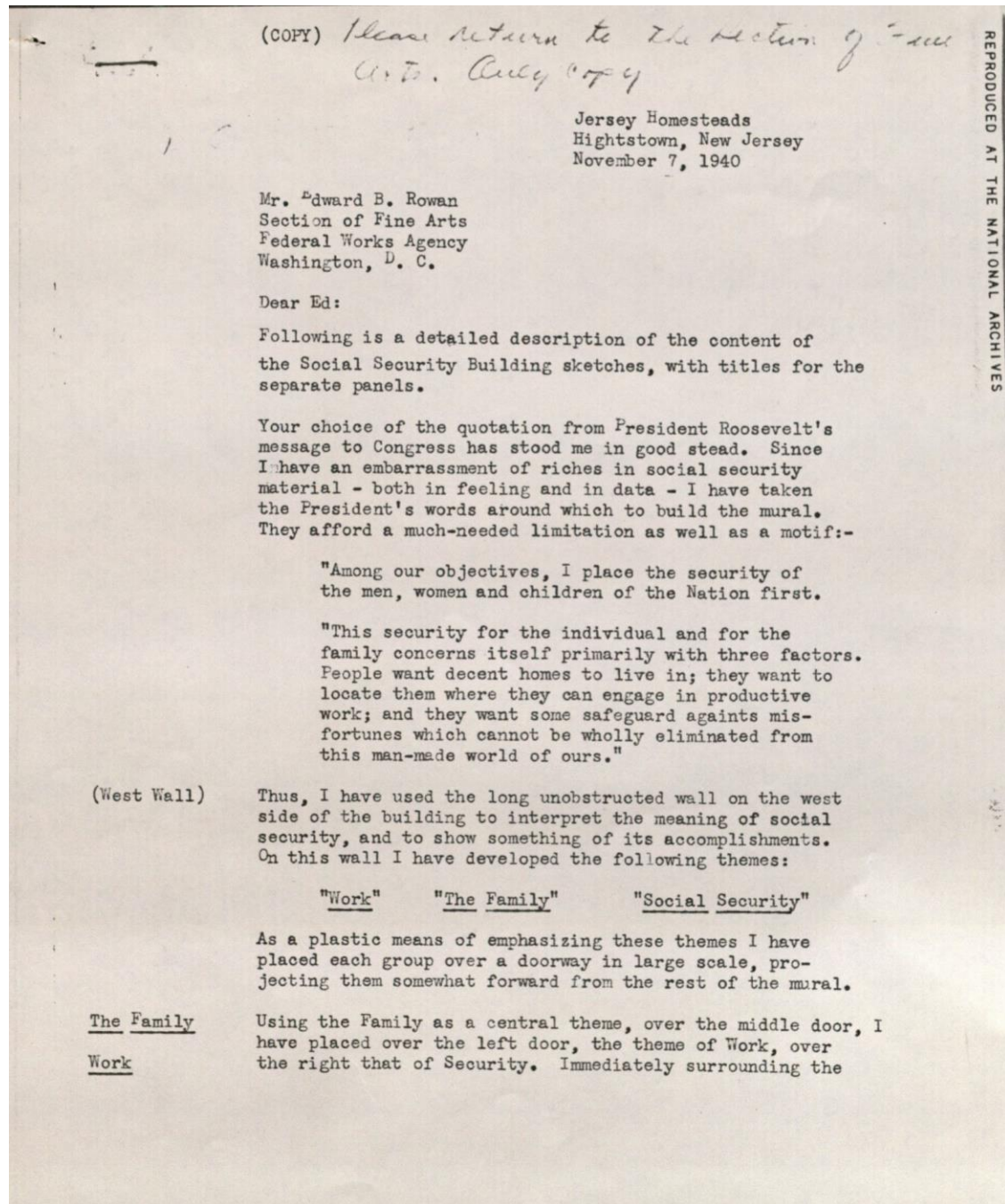
Appendix C

Appendix for Chapter 4

C.1 List of Archives Used in the Dissertation

1. Archives of American Art, Smithsonian Institution, Washington, DC
2. US National Archives, College Park, MD
3. Stephen Lee Taller Ben Shahn Archive, Harvard University, Cambridge, MA
4. New-York Historical Society, New York City

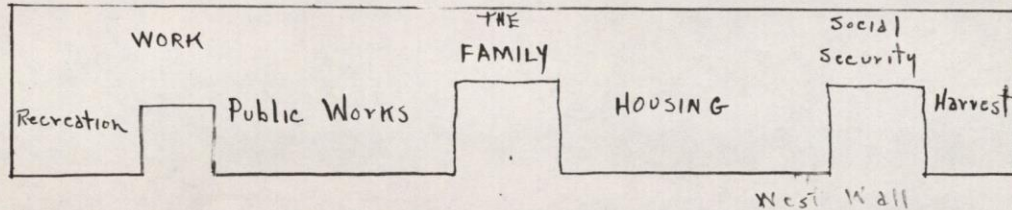
C.2 Social Security Building Mural, Ben Shahn's "The Meaning of Social Security" (1940)



1
Security
ousing
Public Works
Recreation
The Harvest

Family are, on the right side, the building of homes, on the left, a suggestion of tremendous public works, furnishing employment and benefiting all of society. At the extreme left of the panel are seen youths of a slum area engaged in healthy sport in handball courts. At the extreme right is seen the Harvest--threshing and fruit-gathering, obvious symbols of security, suggesting also security as it applies to the farm family.

Thus, for the west wall, we have:



(East Wall)

Since the panels of the east wall are recessed, and because the evils of insecurity are being ameliorated, I have used that wall to portray the insecurity of men, women and children.

Unemployment

Unemployment being the greatest cause of insecurity, I have devoted to it the large central panel. I have tried to give the feeling of endless waiting, men standing and waiting, men sitting and waiting, the man and boy going wearily into the long empty perspective of a railroad track. Against a background of the typical stark, unlovely company house, I have placed in close proximity waiting men and discarded machines.

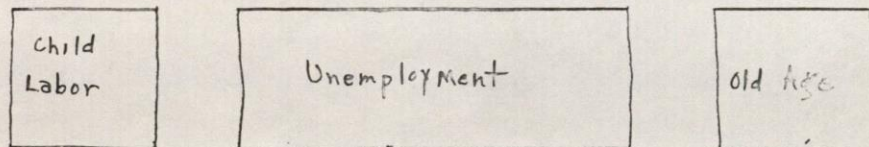
Child Labor

The panel to the left depicts the insecurities of childhood. The little girl of the mills opens doors to show us breaker boys working in a mine. The crippled boy issuing from the mine symbolizes the perils of child labor. To the right, a homeless boy is seen sleeping in the street; another child leans from a tenement window.

Old Age

The panel to the right shows the insecurity of dependents--the aged and infirm woman, the helpless mother with her small child.

Thus, the three panels of the east wall:-



East Wall

If this is in any way inadequate it can either be elaborated or condensed. I think of the work in pictorial terms, and therefore I may well have neglected some aspect of it in presenting it verbally.

We might discuss it Monday or Tuesday.

Very sincerely yours,

Ben Shahn



C.3 Jersey Homesteads Resettlement Project, Ben Shahn

Mural Project (1935-1938)

Form HA-C-101
Revised 7-14-35

INTER-OFFICE COMMUNICATION
RESETTLEMENT ADMINISTRATION
(REFER TO ONLY ONE SUBJECT IN EACH COMMUNICATION)

TO Mr. A. J. Dornbush
Director
Special Skills Division

FROM Alfred Kastner *AK*
Hightstown Project
Construction Division

SUBJECT Mural Picture

DATE MAR 2 1936

COPIES TO

*** 10-4201

Today, Mr. Shahn of your Division called in connection with the proposed mural picture for Hightstown, New Jersey. The following points were discussed and established as preliminary procedure:

(a) The picture shall be about 60' long and approximately 20' high, from a socket 7' high, thus the highest point of the picture will be 27' from the ground.

(b) Mr. Shahn is to work out a script for the mural with a number of variations to same. The theme is to center about contemporary life to the Jewish emigrant, to touch on immigration and emigration, his assimilation into the country, industrialism and unionism, with contra-pointal adoption of programs elsewhere, and immigration to Palestine.

(c) A committee be asked to cooperate on the discussion and interpretation and acceptance of the preliminary sketches. The following have been suggested for this committee:

Charney Vladeck, New York City
Maier Shapiro, New York City
Felix Adler, New York City
Rabbi Dr. Feinschreiber, Philadelphia, Pa.

I am to check on these names with a committee of settlers when I meet them on Monday, March 9.

During the conversation, Mr. Louis I. Kahn, my assistant, was present and various possible types of painting were discussed. It seemed advantageous to this project that the services of Mr. Normark, who is considered a mature technician of Fresco painting, and now with the Special Skills Division, be drawn into the preliminaries of this work.

AK/dab

1619 Thirtieth Street, N.W.,
Washington, D. C.,
January 13, 1938

Dear Ben,

In line with our conversation on legends and other written material appearing in the mural, please let me have sometime within the next two weeks a listing of all the items as you are planning to use them in full text, including the names of firms printed on the buildings, the text of the sign behind the central labor figure, etc.

I am planning to drop Rex a line in the near future and will ask him to write the general legend covering the story of the entire mural. However, I suggest you rough out for me an indication of the line of thinking you had in mind in this connection and send it on with the others.

It is important that I have this in order to be able to cushion you against any further questionings on this score, and to clear this material for you directly with the Administrator.

Sincerely,

Alison

→

∨

story of minority groups
also union story
forces that brought about
new deal.

1619 Thirtieth Street, N.W.,
Washington, D. C.,
January 17, 1938

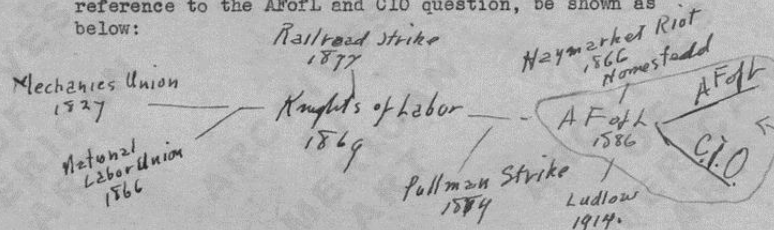
Mr. Ben Shahn,
Jersey Homesteads,
Hightstown, New Jersey.

Dear Ben:

Just a little personal note which may relieve you in regard to points on the mural. All is again quiet on the Administrative Front--and I'm sure you'll agree with me that the points of change on which we have worked out an understanding are fair enough. The situation is as follows:

Your mural is cleared up and down the line, provided that:

1. The legend "Re-elect Roosevelt" be changed to:
"OUR GALLANT LEADER - FRANKLIN D. ROOSEVELT."
2. The graph of the history of unions on the blackboard, with reference to the AFofL and CIO question, be shown as below:



- * 3. That the head of the central figure of the labor leader be modified so as not to be interpreted as a likeness of Lewis. (The eyebrows and the mane of hair were the points objected to.)
4. That all other printed material - legends, names, etc. - shown in the mural be submitted to the Administrator for approval.

*That this be a no portrait
of any one man*

Sincerely yours,

Adrian

*The only point under question was the
that related to the delineation of AFofL and CIO.
This is the way that meets the approval of the Union Office.*

Note that no-Lewis with arrows point out from within CIO & A.F. of L.

1619 Thirtieth Street, N.W.,
Washington, D. C.,
February 21, 1938

Dear Ben,

I was very happy to learn from your letter of February 11 that you felt that my report on your mural covered the subject. It seemed to me that for the first time we had really been given a good opening to make a statement on it to the Administrator's Office, and it was not a hard job to do for the reason that everybody concerned was willing to take a calm and reasonable point of view, at the same time taking the viewpoint of the other side into consideration. Moreover, all of the points that had been raised with regard to the mural were rumors, easily swept away by a presentation of the facts.

I am submitting the contents of your letter with reference to the legends and printed matter to Mr. Perkins. You did not say whether any of the firms (A. E. Lefcourt, A. Beller, Davidow, Aronson Bros.) are still extant. I think it is important that no firms presently operating in the needle trades industry be used.

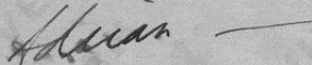
I have not been able to get in touch with Rex these last few days. His father is seriously ill and he has been in New York, but I will let you know developments. It would be find if we could make this trip together.

Please let me have the information on the firm names right away, since I have already sent in the information to the Administrator and shall be expecting a comeback on that in a day or two.

I am interested to know how Bernarda is getting along with her mural.

Best regards.

Sincerely,



Mr. Ben Shahn,
Jersey Homesteads,
Hightstown, N. J.

UNITED STATES
DEPARTMENT OF THE INTERIOR
Division of Subsistence Homesteads

MEMORANDUM FOR THE PRESS

FOR RELEASE IN SUNDAY MORNING PAPERS OF MARCH 10, 1935.

One of the most significant projects yet to be undertaken by the Division of Subsistence Homesteads entered its final stage of development today, when Secretary of the Interior Ickes approved the budget and progress schedule for Jersey Homesteads, near Hightstown, New Jersey.

Planned to accommodate 200 needle trade workers and their families, the Jersey Homesteads project is outstanding by reason of the fact that it will be the first subsistence homestead community in which the major activities of the homesteaders will be conducted on a cooperative basis.

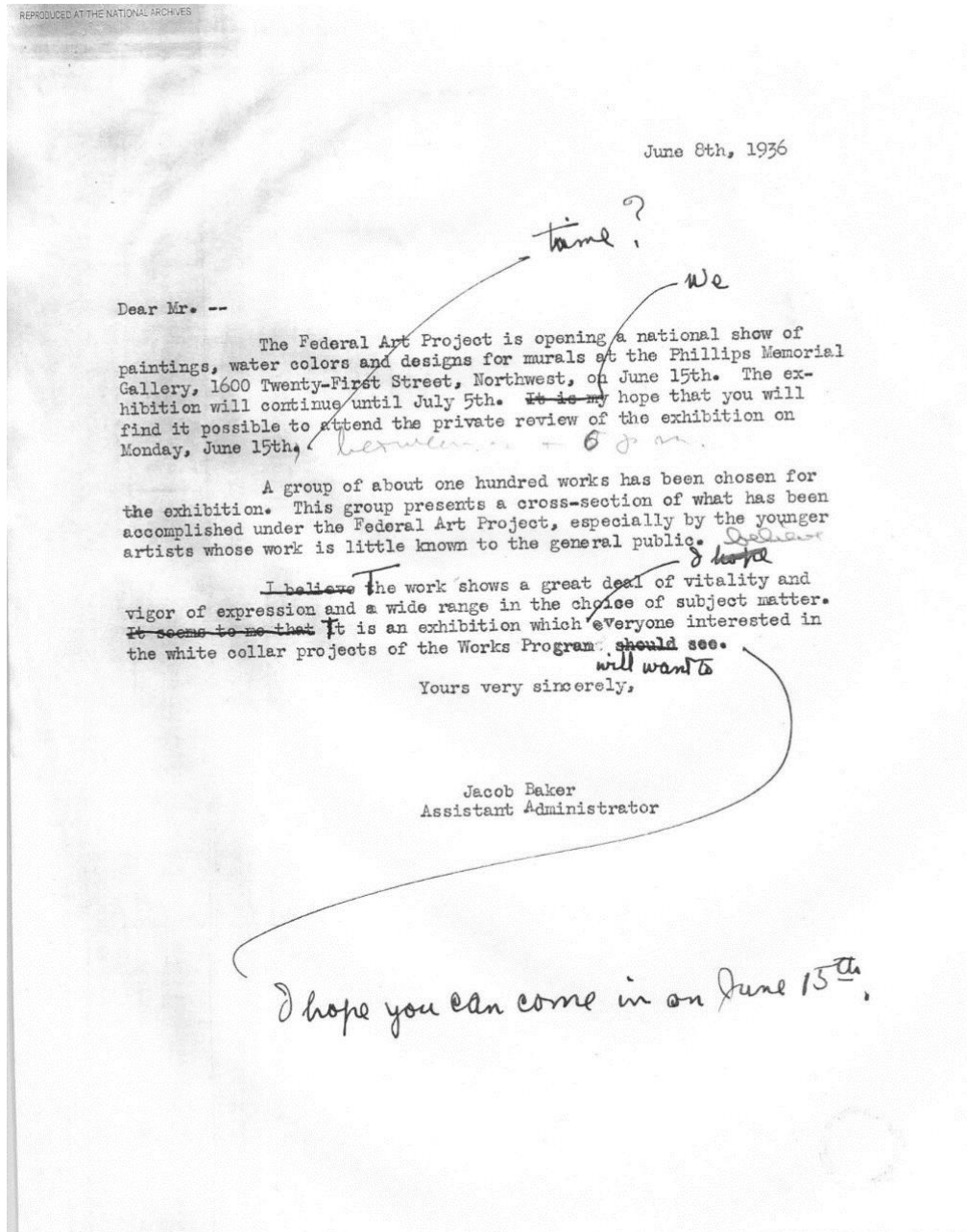
Jersey Homesteads will be developed with an allotment of \$850,000 advanced by the Division of Subsistence Homesteads plus a down-payment of \$100,000, or \$500 per family, contributed by the homesteaders. Each family will purchase and own individually its home and a one acre homestead tract. The remainder of the land will be devoted to the various cooperative enterprises. Most important of the nonagricultural enterprises will be a garment factory, which will provide employment for the community's workers and give them the cash income required to meet the payments on their homesteads.

While open to any qualified applicant, in keeping with the Division's policy of making no discrimination as to race, creed, color, or political belief, the project was undertaken to help solve a definite economic problem affecting workers in the garment industry. Applicants for homesteads have, as a result, been almost 100 percent Jewish, and the project's sponsorship has come chiefly from leaders of the Jewish community in New York City. The plan for the project was

97164



C.4 Philips Gallery Federal Art Project (FAP) Show, Invitation (1936) and Other Press (1935-1936)



WORKS PROGRESS ADMINISTRATION

WALKER-JOHNSON BUILDING
1734 NEW YORK AVENUE NW.
WASHINGTON, D. C.

HARRY L. HOPKINS
ADMINISTRATOR

June 9, 1936

Dear Mr.

The Federal Art Project is opening a national show of paintings, water colors and designs for murals at the Phillips Memorial Gallery, 1600 Twenty-First Street, Northwest, on June 15th. The exhibition will continue through July 5th. We hope that you will find it possible to attend the private review of the exhibition on Monday, June 15th, from two to six P.M.

A group of about one hundred works has been chosen for the exhibition. This group presents a cross-section of what has been accomplished under the Federal Art Project, especially by the younger artists whose work is little known to the general public.

The work shows a great deal of vitality and vigor of expression and a wide range in the choice of subject matter. It is an exhibition which I believe everyone interested in the white collar projects of the Works Program will want to see. I hope you can come on June 15th.

Yours very sincerely,

Jacob Baker
Assistant Administrator

Holger Cahill
title

afford
JS

(C O P Y)

FEDERAL ART PROJECT
Los Angeles Museum
Exposition Park
Los Angeles, California.

September 9, 1936.

Mr. Harry Chandler, Publisher,
The Los Angeles Times,
Los Angeles,
California

Dear Mr. Chandler:

On behalf of the Federal Art Project, I wish to express our sincere appreciation of the very fine manner in which the work of the Federal Art Project has been presented in the Los Angeles Times,--pictures and articles and news items.

We appreciate this the more because of the fact that your paper is not generally in accord with the program and policies of the New Deal.

Especially do we appreciate the fact that your paper has consistently given credit to the Federal Art Project for the work it has accomplished, instead of omitting mention of the Federal Art Project as is the custom with the Hearst papers and other publications opposed to the Administration.

We admire the honesty of your paper in this regard, and feel sure that such a policy can only increase the respect in which the Times is held in this community.

Very truly yours,

Nelson H. Partridge, Jr.
State Director for Southern California.

P.S. I am sending copies of this to Mr. Holger Cahill, National Director of the Federal Art Project, and to Messrs. Arthur Millier and Joe Park of the editorial staff of The Times. This letter is not inspired by either Mr. Park or Mr. Millier, or anyone else.

FEDERAL PROJECT OPENS ART GALLERIES IN SOUTH

An intelligent use of artists, museum workers and teachers employed by the W.P.A.'s Federal Art Project in the Southern States, comes to light in a recent report from Washington telling of the establishment of art galleries in cities which previously had none.

These galleries, the report states, have been established to serve local needs, and with local financial participation. Nineteen have been opened since January, with an estimated attendance of 250,000.

The Federal art galleries are in

North and South Carolina, Alabama, Tennessee, Florida, Oklahoma and Virginia, and plans call for other art centers in Mississippi, Georgia and Arkansas.

Exhibitions are arranged with an eye to community interests. At Greenville, S. C., a unique textile museum is being established. Mobile has had art collections in storage for twenty years. The project has made possible the first unit of a permanent museum. In Big Stone Gap, Va., relics of pioneer arts and crafts exist which are being utilized by the project. At Chattanooga the city's manufacturing activities have led to stressing in exhibits and lectures the uses of design in industry.

"In general," says the report, "the southern galleries are modest in size but large in vision and influence. They are administered by small staffs but have large attendance. Everywhere they have received enthusiastic support, evinced by financial sponsorship and local volunteer workers. In North Carolina, for instance, the government has spent \$2000 during the first five months of operation, whereas local contributions totaled \$14,000.

"Although not many of the southern communities are able to make as large an outlay as this at the present time, both the people and civic leaders have shown their eagerness for the continuance of these centers. They are a new asset and feature of community life, reaching out into the schools and recreation centers, enlisting the enthusiasm even of those who were hostile or apathetic at first.



HOW TO GET A FINE COCKTAIL ANYWHERE IN THE U.S.A

May be the cool amber of a Martini, the deep glow of Manhattan, the subtle satisfaction of a Side Car. It is honored by those who recognize excellence, minute they taste Heublein's Club Cocktails.

House of Heublein is cocktail maker for a nation. Wide distribution and acceptance of *Club Cocktails* soundly established because Heublein produces and sells *Club Cocktails* under a mandate of good faith. Because Heublein assumes such responsibility you are assured that a fine cocktail is yours for the asking. A cocktail made of materials superior in grade to those found in many homes. A cocktail mixed with a studied care that has taken years to acquire.

It cannot be repeated too often that the *flavor* of *Club Cocktails* improves by standing in bottles. The quiet takes on a full-bloom character which is a true reward to the expectant palate.

Try *Club Cocktails* in your favorite variety—nine kinds—available at all State operated and other liquor stores—Martini Medium Sweet (60 proof), Dry Martini (71 proof), Extra Dry Martini (70 proof), Bronx (60 proof), Manhattan (65 proof), Side Car (60 proof), Old Fashioned (80 proof), Sloe Gin Cocktail (49 proof), and Rum Cocktail (70 proof).

HEUBLEIN & BRO. HARTFORD, CONN.

HEUBLEIN'S CLUB COCKTAILS

Prepared and bottled by HEUBLEIN OF HARTFORD

known as the American Artists Group last week presented its latest scheme to bring decent art at low prices to the U. S. public. Starting rather timidly last year with traveling exhibitions of prints and a show of Christmas cards designed by well-known artists and selling for 5¢-25¢ apiece (TIME, Sept. 16, 1935), the Artists Group last week was able to hang on the walls of Manhattan's Weyhe Gallery a collection of 53 original etchings, lithographs, woodcuts. Unsigned, unlimited, each one was priced at \$2.75.

For that sum a purchaser had his choice of such particular bargains as two fine nudes by Emil Ganso, a crowded Coney Island beach scene by Reginald Marsh, a languorous Siamese cat by Agnes Tait, a lithograph of wild horses by last year's PWA discovery, Frank Mechau Jr., a group of bulbous people looking at other strange fish in an aquarium window by Mabel Dwight, a fine winter landscape by Ernest Fiene.

At the same time last week another artists' group, Living American Art, Inc. announced that for \$5 apiece it was prepared to sell collotype reproductions of a series of 48 pictures to be chosen annually by a jury composed of Artists Louis Bouche, Adolf Dehn, Alexander Brook, Hughes Mearns. A small royalty will be paid to the artist on the sale of each print. Living American Art expects to do more than merely sell good reproductions at reasonable prices. A special shipping case has been designed in which twelve prints can be fitted without injury. Any reputable school in the U. S. may receive a case of prints four times a year to serve as a traveling art show, at no other expense than a promise to buy at least one \$5 print from each exhibition.

Relief Work

Twenty-five years ago, the Manhattan drama season always seemed to open on Labor Day, with the late John Drew descending a grand staircase of the Empire Theatre in something by Arthur Wing Pinero. No such impressive starting gun has ever inspired the art world, but for the past two years a modest parallel has existed in the annual shows of Government-inspired art held in Manhattan early in September. At these exhibitions taxpayers are given some idea of what unemployed artists and others on WPA rolls are producing for their money.

Last week's show was held on the impressive premises of the Museum of Modern Art, embellished with one of the elaborately illustrated catalogs for which this Rockefeller-supported museum is famed. Limited to work paid for by the Federal Government and produced during 1935-36 exhibits by 171 artists were presented.

As usual, the mass of the exhibits were exercises in mediocrity. Such artists as Sculptor Concetta Scaravaglione, Muralist James Michael Newell, Stuart Davis, Marsden Hartley, Yasuo Kuniyoshi, Aaron Bohrod and a sprinkling of others were able to produce work which seemed, by contrast, superb. An innovation was a new department entitled Index of American

whose purpose is to employ artists to visit collections of U. S. art, make careful drawings of furniture, pottery, costume, and contribute to schools and colleges. A sizeable section was devoted to the work of children in state institutions. Some of their work, including the sculpture, was best.



MUSEUM OF MODERN ART
PROFESSOR BARELA

used his talent to treat

the adults. Outstanding work of a minor by 15-year-old Paolo, who was running an automobile few in color of a vixenish veil, painted by 10-year-old of the Boys' We entitled *Going to Town*. The year was a 28-year-old from Taos, N. M., wood carving. He produced *bulls*, which are South American carvings, each whittled out of wood. To the most of these, a 14-in. stump of wood into simplified interlocking shapes representing the *Man*. Whittler Bar

own explanation: "I was born and created by I was born all by myself and that hope he has been when comes Number 2, as a son which has been him and it only half the size, but then he grown up and signifies Number 3. I make a complete man and the tree that is by his side. I am in life, full of hope. But then comes I am growing older, he has worked and is old, tiresome, and weak the tree by his side. I live four different kinds when he is boy and when he is man and then middle in

Design. Its purpose is to employ artist-draftsmen to visit collections of U. S. antiquities, make careful drawings of furniture, chests, ironware, pottery, costumes, etc., for distribution to schools and colleges.

As last year, a sizeable section was set apart for the work of children in state-supported institutions. Some of their output, particularly the sculpture, was better



Museum of Modern Art
PATROCINIO BARELA

He turned his talent to trees.

than that of the adults. Outstanding were a plaster head of a miner by 15-year-old Mike Mosco; a stone lunula by 11-year-old Antony de Paola, who was run over and killed by an automobile few weeks ago, and a watercolor of a sixteenish young lady in a little veil, painted by 10-year-old Donald Liguore of the Boys' Welfare Home and entitled *Going to Town*.

Discovery of the year was a 28-year-old Spanish-American from Taos, N. Mex. named Patrocinio Barela, with an instinctive talent for wood carving. He presented a number of *hultos*, which are Southwestern religious carvings, each whittled from a single block of wood. To the most ambitious of these, a 14-in. stump of native pine carved into simplified interlocking trees and figures representing the *Hope or Four Stages of Man*, Whittier Barela appended his own explanation:

"Man is born and created by laws of nature, so he born all by himself and then he hope for that hope he has been waiting, and then comes Number 2, which means it is a son which has been reproduced by him and it only half the man he should be, but then he grown up to a man and that signifies Number 3. Numbers 2 and 3 make a complete man and he grows up like the tree that is by his side—large and strong in life, full of happiness and full of hope. But then comes Number 4—that man is growing older, he has gone through life, he has worked and struggled, now he is old, tiresome, and weak. Same way with the tree by his side. . . .

"A man lives four different kinds of life in his life; when he is boy and when he is a young man, and then middle man, and then an old man, and those have been my ideas to carve a *Bulto* so as to represent the life of man in these carvings."



\$8.75
AND \$10

When average shoes are ready for retirement, Florsheims are ready for new conquests. For Florsheims give you the extra wear of a second pair when the first pair wear is over. Illustrated, The SAXON, S-687; a full wing tip Brogue.

The FLORSHEIM Shoe

The Florsheim Shoe Company • Manufacturers • Chicago

He is wearing the "Trend", the snapshin fashion that is youthfully smart. It is one of the many outstanding fall feature styles by Mallory.

Ask Your Hatter

\$5 \$7.50 \$10

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Shower-Proofed by
"Cravenette"

MALLOREY HAT COMPANY • FIFTH AVENUE • NEW YORK

C.5 New York City Federal Art Project (1935-1941)

REPRODUCED AT THE NATIONAL ARCHIVES

October 14, 1935

October 14, 1935

Mr. Lester W. ...
State ...
Albany ...
New York ...

Mrs. Audrey McMahon
137 East 57th Street
New York City, New York

Dear Mrs. McMahon:

You are hereby authorized to approve or disapprove, on the basis of their artistic integrity and social desirability, projects calling for the employment of artists, craftsmen, etc., as outlined in Supplement 1 of Bulletin 29, in the state of New York, which will employ at least 90 per cent relief personnel.

Very sincerely yours,

Holger Cahill, Director
Federal Art Project

Approved _____ Authorization Number 96

DECLASSIFIED
Authority 10501
By SP-1 NARA Date 3-20-78

REPRODUCED AT THE NATIONAL ARCHIVES

SPONSOR'S SEMI-ANNUAL NARRATIVE PROGRESS REPORT

for the period January 1 - June 30, 1941

July 1, 1941

I. Project Identification

Official Project Name: New York City WPA Art Project

Official Project Number: O.P. 65-1-97-2063

WORK PROJECT NUMBER W.P.: 1

Work Project Starting Date: July 1, 1940 Estimated Completion Date: Sept. 30, 1941

No. of Persons Assigned: Average for Period 890
And End of Period: 573

II. Project Direction

Official Sponsor: The Mayor of the City of New York

Cooperating Sponsors: The Board of Education of the City of New York
The Board of Higher Education of the City of New York
The New York City Department of Hospitals
The New York City Department of Correction
The New York City Department of Public Works
The United States Military Academy
and other co-sponsors for specific undertakings

Sponsor's Representative: Mr. Francis Henry Taylor

Sponsor's Technical Representative: None

WPA Supervisor: Mrs. Audrey McMahon

WPA Technician: Mr. Burgoyne Diller

III. Project History

Date Work Began

1. C. W. A. - December, 1933
2. E. R. B. - April, 1934
3. W. P. A. - August, 1935

IV. Aim and Scope of Project and its Value to the Community

Beyond its immediate objectives of providing work for the unemployed artist and giving him increased confidence and skill, the program of the New York City WPA Art Project is fostering a new art literacy, broadening existing

markets, making art available to the tax-payer and cooperating with government agencies engaged in preparations for national defense. The works of art created by the artists of the Project are allocated to public schools, hospitals, government buildings, parks, playgrounds, housing developments and other tax-supported institutions and lent to tax-exempt public institutions. The work of its service divisions is available to other government agencies. Exhibitions of its artists' work are held throughout the five boroughs of New York City, many in locations which have never before had the opportunity of exhibiting works of art. Art teaching classes are held in public schools, settlement houses, prisons, hospitals and art centers where students of all ages, children from every language group and adults from every walk of life have the opportunity to study almost any one of the branches of the fine and applied arts. Despite the fact that its personnel is drawn from the relief rolls, the Project has been entrusted with the execution of many important murals and sculptures for public buildings, including the New York Public Library, the Queensbridge Housing Project, the New York City Sewage Treatment Plants, the Municipal Airport at LaGuardia Field, Grant's Tomb, U. S. Immigration Service, New York City Department of Hospitals and many others. Services of the Project include also analysis and experimentation with artists materials; the grinding and tubing of oil colors, development of synthetic materials and pigments and of American substitutes for imported material, and for metals, etc., for which defense activities may create a need for conservation. The Project also issues technical brochures and booklets on art techniques for the layman and is engaged in the recording and documentation of an Index of American Design, consisting of accurate rendering in water colors and drawings of articles created by native craftsmen from early Colonial Times to the end of the 19th Century. Posters designed and printed by the Project's poster division have been used by federal, state and city

departments for campaigns to further health education, fire prevention, civilian morale; to publicize health, recreational and welfare activities and to combat juvenile delinquency.

V. WORK COMPLETED AND PROPOSED

1. Work Completed During the Reporting Period (Jan.-June, 1941) and
2. " " Since the Inception of the Mural Project (July, 1940-June, 1941)

	1	2
	Jan. 1 - June 30, 1941	July 1, 1940 June 30, 1941
Easel Paintings	374	956
Graphic Designs	133	332
Graphic Prints	3224	7531
Man-Hours of Sculptural Architectural Service	2797	4925
Works of Sculpture	150	280
Man-Hours of Mural Architectural Service	7519	14410
Completed Mural Paintings	10	38
Man-Hours of Research of Index of American Design	9030	18831
Completed Index Plates	558	790
Man-Hours of Art Teaching Training	6634	11475
Man-Hours of Art Teaching Research	28550	65226
Teaching Class Meetings	22877	40575
Photographic Prints	21197	37689
Motion Picture Film	-----	2100
Poster Designs	1427	2382
Poster Prints	58347	125021
Exhibition Openings	161	255
Man-Hours of Framing and Display Construction and Service	20714	39023
Man-Hours of Information Writing	3551	8140
Information Items Distributed	40903	178490
Items allocated or loaned	37094	48483
Man-Hours of Technical Service	17936	33299

3. Work Proposed for the next period.

- a) Continuing phases - a continuation of the phases of work listed above.

V. Work Completed and Proposed (Continued)

3. Work Proposed for the next period.

b) New Phases: The proposed new phases of the Project's work are as follows:

1. Civilian Morale

Production: Decoration of hospitals and other public agencies with material of related connotation; decoration of an educational character for schools and centers where aliens gather for purposes of instruction. Production of photographs, slides and allied material for use in elementary schools and for giving instruction in the use of various defense mechanisms and devices, and for precautionary instruction; for use in the education of foreign born toward good citizenship; for use in vocational schools offering civilian training and vocational retraining.

Design and execution of two and three-dimensional models for such uses as follows: civilian behavior in war time; military insignia for civilian instruction; fire prevention and precaution; sanitation and disease prevention; home therapy and first aid.

Services: Teaching in the following categories:

Art therapy for convalescent homes and hospitals; poster making; layouts, lettering; silk screen process; lithography; etching; photography, retouching; cartography; stagecraft and lighting; stage design; arts and crafts, and home design and decoration.


Arrangement of displays of an informative or educational character on such subjects as production; employment; types and quantities of materials and their production and consumption in the defense program; training camp activities; loan drives; factory morale; fire prevention; air raid precautions; conservation and secondary use of waste materials.

C.6 Education Section, War Finance Division, U.S.

Department of Treasury (1944), Ben Shahn Poster

Proposal

(more on)



TREASURY DEPARTMENT
WASHINGTON
January 27, 1944

War Finance Division

*I hope the young men
are putting
Ben Shahn
to work*

Mr. Ben Shahn
Jersey Homesteads
New Jersey

Dear Ben:

Let me put in writing the details of the poster we need.

I am asking our administrative office to send you a purchase order in the sum of \$30 to cover a rough sketch. If you then go ahead and make for us on the basis of an approved sketch the finished artwork, I will arrange for another purchase order in the sum of \$270.


This seems to be the way to handle things from the red tape viewpoint and as I recall our conversation it is an arrangement you approve of.

What we are thinking of is a poster for display in high schools to appeal to boys and girls who are working and earning pretty good wages. In many schools 70 or 80 percent of the kids are working and often earning from \$15 to \$30 per week — sometimes more. This summer they'll probably go on a full time basis.

Too often these students are touched for 10% at the plant — the same percentage as the family man. They then come to school and explain that they have done their part.

Another phase of this attitude is the feeling among the boys "Well what ~~is~~ I'm doing and planning to go into the Air Corps at the end of the year, I guess I'm doing all anybody would ask".

We would like to get across to these young earners these points: (1) once you're in the service you'll wish to God you had improved your chances by investing the limit when you had the money; (2) You'll hope that the kids still in school are investing 90% instead of 10%; and (3) you owe it to your older friends now in service to back them to the limit.



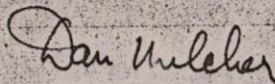
D148-155

I have been thinking in terms of a poster depicting a young looking boy in uniform under extremely uncomfortable looking combat conditions -- perhaps a soaked, shivering youngster diving into a mud-filled slit fence to escape a strafing's bullets and muttering fervently "I hope the gang in school are putting 90% into War Bonds."

I am quite clear on the objectives of this poster and not necessarily prejudiced as to any one means of achieving these objectives.

I certainly will appreciate it if you can give the problem some thought and let us have a sketch as to what you think would be a good solution.

Sincerely yours,



Daniel Melcher
Acting Director
Education Section
War Finance Division

letter of Mar. 9 asked S. for sketch because 2 or 3
mag.'s are interested in reprinting poster

DM:mul

148.156

C.7 Ben Shahn Obituary, *New York Times* (1969)

Ben Shahn, Artist, Is Dead Here at 70

Ben Shahn, one of America's most popular painters, who made his art serve the liberal social and political causes in which he believed, died late last night at Mount Sinai Hospital. He was 70 years old.

Mr. Shahn, who was also recognized as a first-rate commercial artist, poster maker and book illustrator, lived in Roosevelt, N. J.

He had been in the hospital for several weeks, and underwent major surgery Wednesday.

Painter and Polemicist

In 1930, during a summer of work and soul-searching at Truro on Cape Cod, Ben Shahn came to a decision about the path he wanted to follow as an artist. "I had seen all the right pictures and read all the right books," he recalled, "but it still didn't add up to anything.

"Here I am, I said to my-

.Continued on Page 21, Column 1

The New York Times

Published: March 15, 1969

Copyright © The New York Times

Ben Shahn, Painter Who Espoused Social Causes, Dies

Continued From Page 1, Col. 2.

self, 32 years old, the son of a carpenter. I like stories and people. The French school is not for me."

Behind him were a rigorous slum childhood in Brooklyn's Williamsburg, 17 years of work as a commercial lithographer, night courses at City College, New York University and the National Academy of Design, his first one-man show and two long stays in Europe during which he had been influenced by the work of Georges Rouault and Raoul Dufy.

But cubism, abstraction and technical exercises for their own sake seemed to him barren. Then, as later, he wanted to make what he called "social communication" with his art. He found himself and his subject in the trial and execution of Nicola Sacco and Bartolomeo Vanzetti.

With the 23 small gouaches and two large panels he did on the case, Mr. Shahn established himself as a strong painter-politician. Three decades later, these works have lost their power to shock, but to do them in that time—they were shown in New York and in Cambridge in 1932—took both political and artistic courage.

A Radical Departure

The case still was bitterly controversial, yet Mr. Shahn depicted it unequivocally as a martyrdom of innocents. And his manner was a radical departure from the polite, sentimental, almost folkloric regionalism then dominant in American art.

The style he developed was basically realist—although late in life he did some abstract works—but it was a realism transmuted by poetry, magic and mystery. He was the first American to combine social observation with a kind of surrealism, and improbable as the term social-surrealism seems, Mr. Shahn, through his particular talents, made a success of it.

He also was successful in adapting the commonplace aspects of American culture to artistic ends. His 1952 drawing, "Television Antenna," which is a forest of spindly, criss-crossed TV aerials, and a similar work he did with supermarket carts have been imitated so often in advertising that most people have forgotten it was Mr. Shahn who first saw the peculiar qualities of these modern-day artifacts.

The personal universe he created on his canvases was filled with an incredibly lonely space. In "Spring," a 1949 painting, the world recedes behind two lovers and is drawn out into infinity by two roads that meet at a point the eye cannot quite see.

The lovers are utterly alone, intent upon a sprig of pink flowers, despite the presence of another couple sleeping a rope up one of the roads.

Discussing his work in a 1965 interview, Mr. Shahn said he had just three subjects: "aloneness, the impossibility of people to communicate with each other, which accounts for the loneliness, and thirty the sort of indestructible spirit of man to keep on going beyond the time when he thinks it would be impossible to arrive anywhere."

In recent years some critics reproached Mr. Shahn for putting too much sentiment into his paintings and others berated him for being out of step with the abstract modes of the times. He replied indignantly:

"Is there nothing to weep about in this world any more? Is all our pity and anger to be reduced to a few tastelessly arranged straight lines or petulant squirts from a tube held over a canvas?"



Arriving immigrants are depicted in a detail from mural by Ben Shahn at Roosevelt, N. J., where the artist lived.

A more sympathetic view was given by James Thrall Soby, who organized a major retrospective show of Mr. Shahn's paintings, drawings, posters, book illustrations and photographs for the Museum of Modern Art in 1967, and who later edited books on his paintings and graphics. In an assessment of the artist Mr. Soby said:

"He is one of the most authentic and powerful American humanists, an artist who translated the American scene into a strikingly personal statement of sympathy for mankind."

Murals and Posters

Unlike many modern-day artists who seek only an intensely personal aesthetic statement, Mr. Shahn was very much a public man. In the nineteen-thirties he undertook commissions for murals in public buildings. In the forties he did posters for the Office of War Information, for the Congress of Industrial Organizations and

for Henry A. Wallace's Progressive party.

More recently he did book illustrations and commercial assignments for the Container Corporation of America, the Columbia Broadcasting System, Esquire, Fortune, Time, Columbia Records and others.

He is thought to have made a significant contribution to raising the quality of commercial art, and he took pride in all his work, no matter what the genre. "I do the best I know how," he said, "and I never let out a thing until I'd be as happy with it hanging in a museum or reproduced in The Daily News. I don't care where."

Benjamin Shahn was born Sept. 12, 1898, in Kaunas, Lithuania, to Hessel and Gitel Lieberman Shahn. His father, a woodcarver and carpenter, was a member of the Minskogim Jewish sect, which places a high value on craftsmanship. When Ben was 8 years old, the family, in which there were four other children, emigrated and settled in a two-room cold-water flat in Brooklyn.

One-Man Show in 1930

From his earliest days he amused himself with scribbling and sketching. He won favor with neighborhood children by doing chalk portraits of sports heroes on the sidewalk. At the age of 15 he became an apprentice in a lithographer's shop, continuing his high school studies at night.

Intermittent work in lithography supported him through studies at college and at the National Academy of Design and through travels in 1925 and 1927-29 to France, Italy, North Africa and Spain.

He got his first one-man show at the Downtown Gallery in 1930. Then, in 1931, he began working on the Sacco-Vanzetti series with which he made his first big impact on the art world.

He followed that group with



Mr. Shahn's "The Passion of Sacco and Vanzetti," part of series in which he first used art as social commentary.

another series, 15 paintings and a panel on another famous trial of the day, the case of Tom Mooney. These works were admired by Mexican muralist Diego Rivera. He engaged Mr. Shahn to assist him in the execution of the "Man at the Crossroads" fresco for the RCA Building in Rockefeller Center. Rivera rejected a request from the Rockefeller to paint over a likeness of Lenin and the mural was chipped off the wall.

A fresco Mr. Shahn did in 1938 for the community center of a housing project for garment workers in Jersey Homesteads, N.J. (later renamed Roosevelt) showed both the influence of Rivera and of the artist's own background. The mural depicts immigrants arriving from Eastern Europe and their determined march to economic freedom. Trade unions, sweatshops, the Triangle Shirtwaist Company fire, labor and civic leaders were portrayed in Mr. Shahn's work; its style was epic, in keeping with Rivera's concept.

Among Mr. Shahn's other major murals were those he did for the Bronx Central Annex Post Office and the Federal Security Building (then the Social Security Building) in Washington. With another artist, Leo Block, he prepared designs for a 100-foot-long mural for the Rikers Island Penitentiary. Although approved by the Mayor and the Corrections Commissioner, the design was rejected by the Municipal Art Commission as "artistically and in other respects . . . unsatisfactory for the location."

In 1939 Mr. Shahn completed, among other easel paintings, three that became especially popular: "Sacco's Lunch," "Vacant Lot" and "Handball." All three were exhibited at the Museum of Modern Art show in 1947.

Posters for War Office

In World War II he designed posters for the Office of War Information, and in 1944 he was the chief artist for the Political Action Committee of the Congress of Industrial Organizations, for which he worked for nominal pay because of his attachment to labor's cause.

He continued to do posters after the war. Among the most notable of these were those he did for the Spoleto Festival of Two Worlds, for the opening of Philharmonic Hall at Lincoln Center and the Presidential campaign of Senator Eugene McCarthy.

Many of his pictures bore a labor message, or reflected his view of social significance. Among these were "Death of a Miner," "The World's Greatest Comics," "The Violin Player" and "East Twelfth Street." Of these and similar paintings a critic once commented: "Often Shahn seems bent upon telling us that this is a terrible and a cruel and a heart-breaking world. Yet there are the stimulating swift and keen imaginative flights. And his color can be such as an angel might use."

In 1954 Mr. Shahn received international recognition when 34 of his works were hung in the United States pavilion at the Venice Biennale. The Museum of Modern Art, which mounted the exhibition, chose the work of only two artists—Mr. Shahn and Willem de Kooning, an abstract expressionist. Among major Shahn paintings on display in Italy that year were "The Red Stairway," "Spring" and "Composition with Clarinets and Tin Horns."

Appointed by Harvard University honored Mr. Shahn in 1956 by naming him Charles Eliot Norton Professor for that year. The following year the university published his lectures under the title "The Shape of Content." The book sums up Mr. Shahn's views on the role of the artist, his education, his place in academic life and his status as a nonconformist. On this last point he said:

"The artist occupies a unique position vis-à-vis the society in which he lives. However dependent upon it he may be for his livelihood, he is still somewhat removed from its immediate struggles for social status or for economic supremacy. He has no really vested interest in the status quo."

Mr. Shahn was profoundly moved by the prospect of thermonuclear war, which was the theme of an exhibition at the Downtown Gallery in 1961. Reviewing it for The Times, Brian O'Doherty said:

"The new series is called 'The Saga of the Lucky Dragon.' In it, the old master is masterly."

"The 'Lucky Dragon,' its name now a classic irony, was the Japanese fishing boat dented by lethal fallout after the United States H-bomb test at Bikini on March 1, 1954. The shadow of that tragedy is one that falls more and more urgently over all of us these

days, so that to see Mr. Shahn's exhibition becomes almost a duty. For in one of those superb services art can perform, and rarely does, he takes the intangible energies that threaten to destroy us and simply puts them in human perspectives. It is impossible to contemplate The Bomb. At the Downtown Gallery, one can."

Exposured Liberal Causes

Mr. Shahn's belief that an artist should be actively engaged in the life of his time led him to lend his name and prestige to a great many liberal causes. In the fifties this brought attacks by right-wingers and attempts to have his work excluded from Government-sponsored art shows that were sent abroad. In 1959, he was summoned before the House Committee on Un-American Activities, but he declined to discuss his political affiliations.

In the same year, America, the State Department magazine that is distributed in the Soviet Union, carried a 10-page article on his art. The Russians, however, did not like what they saw and declared that his paintings and sketches reflected abstract decadence.

Mr. Shahn received many awards for his work. Among them were the Gold Medal of the American Institute of Graphic Arts and a prize from the Governor Art Gallery in Washington.

He was a member of Artists Equity, the American Academy of Arts and Letters and the National Institute of Arts and Letters.

With his easy smile, white mustache, closely cropped white hair and heavily muscled body on a large frame, Mr. Shahn had the look of an amiable, avuncular bear. But there was a temper behind the smile, and he did not welcome casual visitors to his home and studio in the New Jersey community of Roosevelt.

"I used to meet sightseers with . . . between my teeth," he told an interviewer in 1965. "The mumbling ended the conversation pretty quickly. I'd only take the brush out if I wanted to get involved. . . . I don't like to talk shop."

A one-room building behind the house was the place where he did most of his work. Although it had the cluttered look of most artists' studios, his knew exactly where to find whatever he wanted. He had a file of his works and a note book catalogue that told him which drawer held which picture.

Mr. Shahn married twice. His first wife was Tillie Goldstein, whom he wed in 1922. The couple had two children, Judith and Ezra. The marriage was terminated by divorce, and in 1935 he married Edna Brynner, also an artist. They had three children, Susan, Jonathan and Abigail.

A funeral service will be held at 11 A.M. tomorrow at the Roosevelt (N.J.) Cemetery.



Ben Shahn