

*A Portrait  
of the  
Visual Arts  
  
Meeting  
the Challenges  
of a New Era*

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RESEARCH IN THE ARTS

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## Preface

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This is the third in a series of books that examines the state of the arts in America. It uses a systemwide approach to examine the visual arts in the context of the broader arts environment and to identify the major challenges they face. We developed this approach in our earlier book on the performing arts, *The Performing Arts in a New Era* (MR-1367-PCT, 2001), and employed it again in our book on the media arts, *From Celluloid to Cyberspace: The Media Arts and the Changing Arts World* (MR-1552-RF, 2002). This approach focuses on the organizational features of the visual arts by describing the characteristics of their consumers (collectors and appreciators), artists, finances, and organizations. Our focus is primarily on the fine arts—visual arts objects that are produced by professional visual artists; distributed in the fine arts market of galleries, art fairs, and auction houses; and displayed in fine arts institutions, especially museums. Our focus includes but is not limited to a variety of art objects, such as paintings, sculpture, and photographs, as well as some types of media art and performance art.

This book should be of interest both to the visual arts community (artists, organizations, market intermediaries, and funders) and to individuals interested in arts policy and the future of the arts in America.

The study was supported by a grant from The Pew Charitable Trusts as part of its cultural initiative “Optimizing America’s Cultural Resources.” One of the objectives of the program was to help build research capability in the arts to foster discussion and communication among cultural leaders, policymakers, journalists, artists, the philanthropic funding community, and the American public. We hope this book not only provides useful information about developments in the visual arts, but also promotes analysis of the arts sector more generally.

This publication was produced under the auspices of RAND Education, a unit of the RAND Corporation. Inquiries regarding RAND Education may be directed to Dr. Susan Bodilly, Acting Director, RAND Education, at [education@rand.org](mailto:education@rand.org). Inquiries regarding this book may be directed to Kevin McCarthy at [Kevin\\_McCarthy@rand.org](mailto:Kevin_McCarthy@rand.org).

## Other RAND Books on the Arts

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Kevin F. McCarthy and Kimberly Jinnett

*The Performing Arts in a New Era* (2001)  
Kevin F. McCarthy, Arthur Brooks, Julia Lowell, and Laura Zakaras

*From Celluloid to Cyberspace: The Media Arts and the Changing Arts World* (2002)  
Kevin F. McCarthy and Elizabeth H. Ondaatje

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Kevin F. McCarthy, Elizabeth H. Ondaatje, Laura Zakaras, and Arthur Brooks

*State Arts Agencies, 1965–2003: Whose Interests to Serve?* (2004)  
Julia Lowell

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## Summary

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The last 50 years have brought dramatic changes to the arts in America as public involvement, the number of arts organizations, and funding for the arts have all soared. These changes have been particularly dramatic during the last 25 years, reflecting broader changes in American society. This complex series of changes has included shifting patterns in Americans' leisure time and tastes, increasing competition from entertainment and recreation industries, a more diverse population, and new patterns of funding from both the public and private sectors. The net result of these changes has been a marked shift in the organizational ecology of the arts, by which we mean the diverse array of artists, arts organizations, funders, and consumers and the interrelationships among them that determine how the arts are produced, distributed, marketed, and consumed in the United States. The combination of these changes has engendered daunting challenges for the arts—from targeting and attracting audiences, to earning a living as an artist, to managing organizational resources, to securing funding in an increasingly competitive environment.

The key to responding to these challenges is to understand how and why they are occurring. However, our current knowledge of the operation of the arts world and its underlying dynamics is limited. The absence of systematic analysis of the arts makes it difficult to determine which of the current challenges facing the arts are due to cyclical factors and will thus subside or which reflect more fundamental changes in society to which the arts world needs to adjust permanently. Without systematic analysis of the various art forms—performing arts, media arts, visual arts, literary arts—it is difficult to determine how changes in consumer markets, organizational structures, and financing or any number of challenges will affect the different artistic disciplines.

## Study Purpose and Approach

This book views the visual arts as a system, complimenting our earlier studies of the performing arts and the media arts.<sup>1</sup> Using a systematic and systemwide perspective, it describes the state of the visual arts today and identifies how this picture is changing, why those changes are taking place, what they imply for the future, and what policy issues are involved. Our approach is based on the observation that the visual arts system has historically reflected the broader culture and society from which it emerges. Correspondingly, we treat the visual arts as a system that responds to internal and external forces in the broader society and thus reflects such trends as growing pluralism in the artistic styles, the new technologies, and changing public expectations about the role of the visual arts in society.

We use a conceptual framework to facilitate our understanding of the different elements of the visual arts sector, identifying how those elements interact and drawing comparisons with the performing arts and media arts. This framework distinguishes among art forms (performing, media, visual, and literary); the market sectors in which the art is produced and distributed (nonprofit, commercial, and volunteer or informal); and key players and processes in the creation, distribution, and consumption of the visual arts (appreciators and collectors), artists, markets, and nonprofit organizations.

## Defining the Visual Arts

As in other arts disciplines, there is an array of artists, organizations, and art forms that can be included under the rubric of the visual arts. Our focus is primarily on the fine arts, that is, visual arts objects that are produced by professional visual artists; distributed in the fine arts market of galleries, art fairs, and auction houses; and displayed in fine arts institutions, especially museums. This focus includes but is not limited to a variety of art objects, such as paintings, sculpture, and photographs, as well as some types of media art and performance art. We recognize that this focus emphasizes one part of what can be considered a continuum of visual art—from “embedded art” (e.g., design work embedded in everyday products and settings), to collectibles and crafts, to photography, to painting and sculpture that is accessible and affordable to a wide range of consumers (e.g., the work displayed and marketed at community art fairs), to what we refer to as fine art. These different categories of objects differ in their quality, in who consumes and produces them, and in the nature of the markets (size, price levels, and organizations) in which they are sold and displayed. Although the distinctions along this continuum are often blurry and where

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<sup>1</sup> See McCarthy et al., 2001; and McCarthy and Ondaatje, 2002.

the lines should be drawn is debatable, they are still useful in improving our understanding of the current visual arts system and the importance of the fine arts to this system.

### **Three Distinct Institutions in the Visual Arts**

There are three distinct institutions that have historically shaped the visual arts system in America—all of which have their roots in 18th and 19th century Europe. These institutions are the public art museums (which have been the dominant venues for public arts appreciation); the world of visual arts discourse (which includes the system of ideas and theories that validate art objects and links them to one another over space and time); and the visual arts market (where art works are bought and sold).

During the last three decades, each of these institutions has changed significantly. Art museums, which first appeared in the United States about 150 years ago, have multiplied in number and grown dramatically in public popularity. They manage extraordinary sums in terms of assets and revenues and have historically served a variety of missions that have often been in conflict. The world of arts discourse, once relatively circumscribed both in terms of who was included and how works of arts were evaluated, has become increasingly pluralistic and splintered, and it exerts less control than in the past over the process of determining the artistic value of emerging work. These changes have paved the way for the emergence of unprecedented artistic diversity and for the extraordinarily rapid expansion and segmentation of the arts market. Finally, the arts market has been transformed from a small and close-knit community of relatively few members into a modern, specialized, multibillion dollar marketplace.

Building on an understanding of the historical foundations of the current visual arts system, this book examines its four key features: patterns of demand (in both appreciation and collecting), characteristics of artists, the operation of the arts market, and museums and other visual arts organizations.

#### **Demand**

Demand for the visual arts takes two principal forms: appreciation and collecting. The fact that the popularity of both of these forms of demand has increased significantly in recent years is often seen as a sign of great success in the field. However, a closer look at the statistics underlying these trends suggests a less rosy story. The growth in museum attendance, for example, appears to be largely due to population growth and rising education levels, not to higher levels of attendance by those at specific education levels. Indeed, the socioeconomic status of museum audiences does not appear to have changed significantly, despite the efforts of museums to attract

more diverse audiences. Moreover, underlying societal trends—driven by changing leisure patterns, increasing population diversity, and more intense competition from the entertainment and leisure industries—suggest that new growth in demand will not come easily.

While the number of people who collect fine art is miniscule compared with the number of people who visit museums, it too has jumped markedly and become more geographically dispersed in the last two and a half decades. However, this growth appears to have been largely driven by a surge in the numbers of and the rising incomes of the most affluent segments of the population as well as by an increase in the fraction of collectors who are drawn to collecting not just as connoisseurs but also as investors.

Key questions for the future are: Will demand continue to grow and, in particular, will it expand beyond the socioeconomic groups that already participate in the visual arts; what factors will affect demand (e.g., early arts exposure and education, leisure time patterns, affluence, or technology); and, of course, how will the rest of the visual arts system respond to such growth?

## Artists<sup>2</sup>

The number of artists in the visual arts has been increasing (as it has in the other arts disciplines), and their backgrounds have become more diverse. At the same time, however, the hierarchy among artists, always evident, appears to have become increasingly stratified, as has their earnings prospects. At the top are the few “superstar” artists whose work is sold internationally for hundreds of thousands and occasionally millions of dollars. In the next tier are the “bestsellers” whose work is represented and promoted by galleries, dealers, and auction houses and sold for substantial prices. In the third tier are the majority of visual artist who often struggle to make a living from the sale of their work. This increasing stratification is largely due to changes in the size and operation of the arts market.

At the same time, visual artists’ career patterns have also been changing, as academic training has taken on greater importance as a credential for emerging artists and as artists’ career progress has accelerated. Select artists, for example, may have a dealer and a solo exhibition at earlier stages in their careers than for artists in the past, possibly even while they are still in school.

Many visual artists are self-employed, but they also need to supplement their income from sales by earning a significant portion of their income from nonarts employment. Artists of all types have had to struggle to earn a living, but there are more

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<sup>2</sup> Most of the art displayed in museums (as well as the art sold in the secondary elite arts market) has been created by artists who are no longer living and under quite different conditions, when the role of art and artist in society differed greatly and when the visual arts market did not even remotely resemble today’s market. Our analysis focuses on the number, characteristics, and career paths of living artists and how the circumstances of visual artists have been changing over the last 50 years.



employment options for visual artists today in teaching (with the expansion of academic training for artists) and in the fields of design, advertising, and other commercial arts. Nevertheless, career patterns are volatile, in large part as a function of market forces. These market forces are more likely to influence career patterns than the uneven distribution of artists' earnings, which appears to be endemic to the arts.

Key issues for the future will be the availability of arts-related employment opportunities for artists who need to support themselves beyond the income they earn from the sale of their work. In addition, how might rising numbers of artists who obtain employment in related fields of design and advertising, for example, impact the organizational ecology of the visual arts? For those who rely solely on income from the sale of their work, key issues will be improving the circumstances of their self-employment with innovative programs for health or pension benefits, for regularizing their employment, or alternatively, for managing the instability of their career trajectories.

### **The Arts Market**

The elite fine arts market, which has no direct counterpart in the other arts, has also experienced dramatic change. The arts market not only plays the dominant role in shaping the prices paid for artwork, it also shapes public perceptions of the visual arts. At the same time that prices have reached headline-grabbing heights, the structure and operation of the market itself has been transformed. It has become more efficient, transparent, liquid, and global as both prices and volume of sales have exploded. In short, it increasingly resembles other asset markets.

Another significant change has taken place in the process by which prices and values are determined. The value of an artist's work is less determined by a slowly evolving consensus among experts, critics, and curators and more by market forces of supply and demand, particularly in the contemporary arts market.

The impact of market forces in the arts market is a function of increasing demand arising from a growing number of highly affluent individuals and changes in market practices. More information is readily available via new technologies; more investors are facilitated by art advisors; and more services are provided by intermediaries. The interaction of supply and demand forces has dramatically expanded both the size and diversity of the arts market and the players operating in it.

There are several key issues to consider for the future of the arts market. First, will demand increase and, if so, will future growth in demand diversify the population of collectors? Second, how will the increasing pluralization of the arts market alter the organizational ecology of the supply of art? And lastly, will the market become regulated? Currently, it is largely unregulated even though there have been convictions on charges of price fixing benefiting intermediaries at the expense of purchasers.

## Organizations

While there are many different nonprofit visual arts organizations—including nonprofit galleries, artist collectives, community studios, and a host of service organizations<sup>3</sup>—museums dominate this portion of the organizational ecology of the visual arts. Museums have traditionally been the centers of arts appreciation and the interpreters and protectors of art objects. Moreover, as perhaps the most visible institutions in the visual arts system, they are subject to a diverse set of public expectations in an increasingly pluralistic society.

Museums, of course, have historically been forced to confront difficult choices about allocating scarce resources among their multiple missions, such as protecting and exhibiting the collection, educating the public, conducting research, and contributing to scholarship. But the tensions among competing missions appear to have intensified in the current environment, which is characterized by increasing competition for visitors, a more complex operating environment, the financial squeeze of rising costs and stable or declining revenues, and rising art prices. Symptomatic of these cross-pressures has been controversy within the visual arts community between those who value art objects and stress the museum's art-oriented missions (preservation, presentation, and scholarship) and those who stress the marketing-oriented missions (those aspects that emphasize audiences, community involvement, and doing what is necessary to respond to financial pressures).

In addition, there is increased concentration among a relatively small group of institutions within the museum world in terms of collections, revenues, donations, and visitors. With few exceptions, these superstars of the American museum world were established before the end of World War II,<sup>4</sup> are located in major metropolitan areas, and house world-renowned artworks and collections. They enjoy tremendous advantages over newer, smaller, regional museums in terms of access to resources, prestige, and the ability to sponsor special exhibits (e.g., “blockbusters” intended to draw large crowds to the museum) that have become a major tool in attracting visitors. In addition, the advantages of these museums appear to be growing.

In light of these challenges, museums need to understand how changes in society affect their future ability to fulfill multiple and sometimes competing missions. To navigate successfully through the challenges of the current environment, museums need to address three strategic questions for the future: What are their primary goals and missions? How will they define and measure their success? Do they have the capabilities they need to thrive?

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<sup>3</sup> For example, service organizations such as the Association of Art Museum Directors and the National Association of Artists' Collectives provide information, contacts, conferences, and other support services to member organizations.

<sup>4</sup> It is notable that 75 percent of American art museums were founded *after* World War II.

## Potential Roles for Public Policy

The changes that have been occurring in each of the four components of the visual arts system analyzed in this study—appreciators/collectors, artists, the arts market, and organizations—reflect the actions of the many private individuals and institutions that create, consume, market, and display the visual arts. Although government at the federal, state, and local levels provide some direct funding to the visual arts system, its primary influence on the operation of the visual arts system has been largely indirect, through regulatory, tax, enforcement, and other policies.

The future role that government might play in dealing with the challenges facing the visual arts system is uncertain. Although much of the art world has focused on direct government support for artists and arts organizations, in fact, the indirect financial support that the government provides through the tax system is an order of magnitude larger than the government's direct support. Moreover, the supply-side focus of that direct support may actually be misplaced for reasons of both equity and efficiency. Since visual arts consumers tend to be better educated and wealthier than nonconsumers, supply-side funding in essence subsidizes the activity of those who least need subsidies, thus raising equity issues. From an efficiency standpoint, the best way to stimulate public involvement in the arts may well be through programs that promote early exposure to the arts in childhood and adolescence and through work to encourage arts organizations to build public knowledge about and competence in the arts.

As we have already indicated, indirect government support for the arts through tax policies provides considerably more funding for the arts than does direct funding. Indeed, tax policies can significantly affect donors' behavior and the ultimate level of contributions to nonprofit visual arts organizations. Maintaining these tax advantages is probably the single most important policy government can use to promote the arts in the future.

Government regulations and enforcement can influence the visual arts system as well. Currently, the art market and museum world are largely self-regulating and self-policing. Individual institutions and the sector as a whole enjoy a great deal of latitude to determine best practices and appropriate codes of conduct. But the experiences of other sectors of society reveal that this situation can change quickly and dramatically in the wake of scandal or abuse, which in the case of the visual arts might involve trade in illegal art, Nazi-looted art, conflicts of interest, or public outrage over artistic content. Against the backdrop of scandals in the nonprofit sector over executive compensation, financial irregularities, and political campaign financing, such incidents bring unwelcome scrutiny to the nonprofit sector, including museums. Whether such incidents prompt efforts at greater regulation is unclear. We suspect that as long as museums, in particular, continue to respond quickly and con-

certainly to each controversy with public reprimands and new policies and guidelines, new government regulations of museums are unlikely.

A more likely candidate for regulation is the arts market, where attention drawn to shady practices and price fixing could bring calls for greater regulation. The likelihood of such calls will probably depend on continued growth in the size and diversity of the arts market.

The direct and indirect levers of government over the visual arts system principally work their effects by influencing the actions of private individuals and institutions. The future of the visual arts system will largely be determined by the multitude of nonprofits, commercial intermediaries, artists, and individuals analyzed in this book. The decisions and behaviors of these assorted actors are as likely to be influenced by broader developments in American society—in particular the increasing pluralism of society and the pressures it exerts on the visual arts system. As we have indicated, these changes have already increased the demands on the system. The key challenge the system faces is to recognize and respond to these pressures without losing sight of the art itself and how it can enrich individuals' lives.

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## Introduction

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During the last 25 years, the arts world has been changing in dramatic ways. These changes have created major challenges for the arts and raised important questions about what the future holds. What are the implications of these changes and challenges for the arts in America? Our previous work addressed these issues for the performing arts and the media arts. This book focuses on the visual arts (defined below) and attempts to answer a series of questions:

- What is the state of the visual arts in America today?
- How is this picture changing?
- Why are those changes occurring?
- What might these changes imply for the future?
- What are the policy issues that arise?

Changes in the arts environment have been myriad and complex. Simply put, there have been changes on the demand side as well as changes in the supply. Changing patterns of demand for the arts have resulted from more fragmented leisure time, a more diverse population, and increasing competition from burgeoning entertainment and leisure industries. Changes in supply include new technologies that have altered the way the arts are produced, distributed and consumed; shifts in the organizational ecology of the arts<sup>1</sup> that are blurring the distinctions among the commercial, nonprofit, and volunteer or informal sectors; and more competition for funding. In combination, these changes have created a daunting array of challenges for the arts. Arts organizations, for example, have found it increasingly difficult to target and attract audiences, to increase their earnings and other income, to manage their resources and contain their costs, and to identify their mission and the roles they play in an increasingly complex and competitive public environment. Although some artists have prospered, most have continued to struggle to make a living at their

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<sup>1</sup> The organizational ecology of the arts refers to the diverse array of artists, arts organizations, funders, and consumers and the interrelationships among them that determine how the arts are produced, distributed, marketed, and consumed in the United States.

chosen profession. Changes in the funding environment have increased the importance to arts organizations of earned revenue, and advocates for the arts face an ongoing challenge to convince legislators and funders of the importance of the arts.

This complex set of changes and challenges in America's arts environment has had some common consequences across performing, media, visual, and literary arts. However, because of the differences among the components in each of these fields (artists, audiences, organizations, and funders) as well as the ways they interact, the consequences have varied throughout the arts system.

For example, in an earlier work on the performing arts (McCarthy et al., 2001), we point out that in response to rising costs, the performing arts have attempted to increase their earnings by expanding their audiences. But insufficient demand has spawned increasing competition among these organizations for a larger share of existing audiences. This predicament has placed increasing stress on midsized organizations whose budgets constrain their ability to compete with the large organizations for audiences (who increasingly demand high-priced productions) at the same time that they lack the volunteer base (and reduced costs) of small community-based performing arts organizations.

The media arts, in contrast, face a different problem, identified in McCarthy and Ondaatje, 2002. As the newest and in many respects, most innovative of the various art forms, they have yet to define clearly either the parameters of their artistic genre or their potential markets. As a result, they lack the business models and marketing strategies they need to take advantage of those potential markets and the new distribution channels that technological developments have facilitated.

In contrast, the visual arts appear to be booming. Museum attendance has reached all-time highs. In addition, the prices and volume of sales in the market for fine art (as well as for virtually all classes of collectibles) have exploded over the last two and half decades. Yet, these apparent successes have raised issues that could well alter the visual arts world.

In sum, our earlier work<sup>2</sup> suggests that although the various artistic disciplines face an increasingly challenging environment, how those challenges manifest themselves—and thus the ways in which organizations in the various arts disciplines will react—will depend on the specific circumstances within those disciplines, their histories, and how they are affected.

## Defining the Visual Arts

A variety of art forms and objects can be included under the general rubric of the visual arts. We refer here not to the aesthetic issue of what constitutes “art” but rather

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<sup>2</sup> We have not analyzed the literary arts and thus cannot include that discipline in these comparisons.



to the diversity of forms that the visual arts can take. Several different categories of objects can be viewed along a continuum of visual arts—from “embedded art” (e.g., design work embedded in everyday products); to collectibles and crafts; to photography, painting, and sculpture that are accessible and affordable to a wide range of consumers (e.g., the work displayed and marketed at community art fairs); to what we refer to as fine art. These different categories of objects differ in their quality, in who consumes and produces them, and in the nature of the markets (size, price levels, and organizations) in which they are sold and displayed. Drawing bright lines between these different categories of visual arts objects is somewhat arbitrary, but we assert that understanding the structural differences is central to understanding the present state of the visual arts.

Our focus is primarily on the fine arts, that is, visual arts objects that are produced by “professional” visual artists, distributed in the fine arts market, and displayed in fine arts institutions, especially museums. As we will discuss, defining who is a professional artist (or what is fine art) is not straightforward. At least one central feature of professional artists is their ability to sell their work. This definition includes artists (living or dead) whose work is collected by museums, sold internationally at substantial sums, displayed in galleries and at fine arts fairs, and sold directly by the artists or through dealers and other intermediaries. Thus, the fine arts, as we define them, include a variety of art objects including but not limited to paintings, sculpture, and photographs, as well as certain categories of media art and performance art<sup>3</sup>.

## Our Approach

A central analytical challenge was to identify a set of dimensions around which to structure our analysis of the multidimensional world of the visual arts. In our earlier studies of the performing arts and media arts, we developed a conceptual framework, which we use again in this study. Parsing the visual arts using this framework has three distinct advantages. First, it facilitates our understanding of the different elements in the visual arts system. Second, it enables us to identify how these elements interact to shape the visual arts system. Finally, it facilitates comparisons of the visual arts with both the performing and media arts.

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<sup>3</sup> Examples include such installations incorporating media as Nam June Paik’s “Modulations in Sync” and Bill Viola’s “Five Angels of the Millennium,” as well as performance art pieces by Laurie Anderson and by Nam June Paik earlier in his career.

## Conceptual Framework: Key Dimensions of the Visual Arts System

Our framework for analyzing the different art forms has three dimensions. It is designed to help us understand the different parts of the system and how they interact. First, it distinguishes among the different types of art forms (e.g., performing, media, visual, and literary). Second, it defines the market sector in which the art is produced and distributed (nonprofit, commercial, and volunteer or informal). The third and most important dimension identifies the key players and processes involved in the creating, distributing, and consumption of the visual arts—namely consumers, artists, and the various for-profit and not-for-profit organizations and intermediaries. All of these dimensions—art form, sector, and functional component—must be analyzed to paint a complete picture of the visual arts system.

### Art Form

We classify the arts into four general categories: the performing arts, the media arts, the visual arts, and the literary arts. These general categories can be further subdivided by discipline, style of work, historical period, etc. For example, in our analysis of the performing arts, we examined patterns separately for theater, dance, music, and opera. In the media arts, we subdivided results for narrative, documentary, and experimental or avant-garde work. Whether and how to parse an artistic category further depends on the availability of information on subcategories and the purpose of the analysis. In our analysis of the visual arts, we have drawn several distinctions among the visual arts. First, we distinguish between fine art and the art available in the general commercial market. Second, within the fine art category, we draw distinctions between contemporary and other styles of work—e.g., modern, impressionist, and old masters. As we discuss in the chapters that follow, these distinctions capture important differences in patterns of consumption and in the nature of the market for different types of visual arts work.

### Market Sector

The second dimension of our framework recognizes that art can be produced, marketed, and consumed in the three different market sectors of the art world: the nonprofit, commercial, and informal or volunteer sectors. The nonprofit sector consists of organizations that have formal nonprofit status under Section 501(c) (3) of the Internal Revenue Code. Nearly all art museums are nonprofits. Although these organizations often rely on volunteer support and may also have profit-making entities generating “earned income” for the institution, such as cafes and gifts shops, they depend heavily on philanthropic contributions and are “mission driven” as opposed to profit driven. Commercial firms in the visual arts system include such entities as galleries, auction houses, restorers, framers, transporters, insurers, and other firms

involved in the creation and distribution of the visual arts.<sup>4</sup> They pay taxes and depend entirely on the market for financial sustenance. Their underlying objective is profit making. The third sector—informal or volunteer—represents a large and not well-understood segment of the visual arts system and, indeed, the entire arts system.<sup>5</sup> This sector includes local crafts fairs, artists' collectives, amateur classes, and work produced by individuals on their own who do not expect to make a living from their work. It includes small visual arts organizations that rely primarily on volunteer efforts, as opposed to paid professional staff, as well as Sunday painters, students at sculpting studios, backyard potters, etc. We concentrate on the nonprofit and commercial sectors in this book for two reasons. First, there is very little information available about the volunteer or informal sector. Second, work produced in this sector is overwhelmingly by amateurs and is not generally regarded as fine art by experts.

### **Functional Components**

By functional components, we are referring to individuals and organizations that serve key functions in the complex processes of creating, distributing, and consuming the visual arts. As is true of all the arts, this process begins with the artist's creation of the work and ends with the consumer, either a collector who buys the work or a viewer who sees it on display. Between these points is an array of individuals and organizations that interpret, exhibit, collect, sell, and preserve works of fine art. Supporting these entities are the individuals, foundations, government agencies, and businesses that offer financial support to nonprofit organizations. In addition, there are individuals and for-profit firms that buy, sell, transport, insure, and otherwise participate in the visual arts. Taken together, all these entities make up the visual arts system.

### **Methodology and Data**

RAND's studies of the performing arts, media arts, and visual arts are intended to identify and assess the key trends and issues in each of these different artistic disciplines as well as to facilitate comparisons among the arts more generally. Our ultimate objective has been to build a foundation of common knowledge about the arts that would allow us to improve arts policy. Correspondingly, throughout our work, we have approached the analyses by first defining the population of interest; second, identifying the key analytic dimensions for describing it; third, using these dimensions to describe the current situation and trends; and finally, identifying the dy-

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<sup>4</sup> Most of the "embedded" or design and architecture categories of the visual arts reside in the commercial sector.

<sup>5</sup> See Peters and Cherbo, 1998.

namics behind them. Building on this base, the central tasks of policy analysis can be undertaken: to examine the range of policy options that affect trends and to evaluate the costs and benefits of such options. In the arts, the knowledge base needed to identify the key policy issues, appropriate options to address these issues, and their costs and benefits has yet to be established. Consequently, this book, like the performing arts and media arts books that preceded it, necessarily focuses on the early steps in policy analysis.

We approached our task from the broadest possible perspective. We wanted to understand how existing information describes the world of the visual arts in the United States, where gaps in information exist, and how trends in one part of the visual arts system might be influencing trends in other parts. For this book, we relied on quantitative and qualitative data and analysis. We reviewed the literature, organizing existing information into our conceptual framework. Wherever possible, we used empirical evidence addressing such issues as participation rates, revenue sources for arts organizations, art market prices, and artists' earnings. We performed analysis using databases on the visual arts, such as the Survey of Public Participation in the Arts and the General Social Survey, and data from the Internal Revenue Service, the Bureau of Labor Statistics, and the Census. However, data and quantitative analyses were not available for many issues, such as trends in museum costs or matriculation rates from art schools. Moreover, many qualitative issues do not lend themselves to empirical methods, such as discussions of aesthetics (e.g., new visual art forms, new technological tools of art making, and interactivity), debates about the canon of fine arts, and the nature of the viewer's or collector's experience. Consequently, we cast our net as widely as possible to capture not only seminal works published in traditional sources (and identified by such databases as Art Abstracts, Arts & Humanities Citation Index, Business ARTS, EconLit, ERIC, Social Science Abstracts, and Sociological Abstracts), but also studies that exist only "in the field," such as papers at conferences, dissertations, newsletters, and unpublished works.<sup>6</sup> Moreover, we looked even farther afield at sources outside the usual bounds of policy research. We consulted a wide range of essays, editorials, interviews, online discussions, blogs, and journalistic coverage of attitudes, opinions, trends, and norms of behavior in the art market. Though more subjective in nature, the issues identified in such qualitative sources provided an additional and essential lens through which the more quantitative findings are filtered.

The conceptual framework outlined above—art form, market sector, and functional component—organizes both the quantitative and qualitative information we used. It has facilitated our analyses of the characteristics of the performing, media, and visual arts sectors that make them similar to and different from each other as well

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<sup>6</sup> We were aided by a compendium of information on the arts at the RAND Corporation, containing over 3,000 books, articles, datasets, and other studies.

as other industries. In addition, this conceptual framework enables us to compare arts activities within art form, market sector, and functional domains over time, and to consider how activities across the various domains may be related.<sup>7</sup> Moreover, by looking at specific issues or questions from several different dimensions, we can begin to understand how the different parts of the system interact. For example, to answer the question “how has demand for the fine arts changed over the last 20 years?” one might look at attendance figures at fine arts museums or prices at art auctions. However, this approach would miss activity among art dealers or commissioned work by artists, which also reflect changes in demand. Moreover, structural changes in the way the fine arts are bought, sold, and perceived might only be identified by looking across sectors.

## Organization of the Book

Of central concern in this study is recognizing how the various dimensions in the visual arts system affect how the visual arts are created, marketed, distributed, and consumed (along with the implications of those activities for the visual arts more generally). The next chapter provides additional background on the visual arts and a discussion of the major institutional roots of the current system (art museums, the world of discourse, and the art market). It discusses how these institutions have historically operated and how they have been changing in recent years. Chapter Three then describes the demand side of the visual arts, its major features, and how they have been changing. Chapter Four provides a similar description of visual artists and the key trends affecting them. Chapter Five analyzes the organization and financing of the commercial visual arts market, how it has been changing, and the implications of these changes. Chapter Six examines the organization and financing of the non-profit sector, the role that museums play in providing art to the public, how this sector has been changing, and the implications of these changes. Finally, Chapter Seven summarizes our key findings and their implications for the visual arts world.

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<sup>7</sup> For example, artists in the performing arts can be either creators (composers, playwrights, choreographers) or re-creators (orchestral musicians, singers, dancers) whose artistry consists of their technical and interpretive skills in executing the work of the creator. In the visual arts, there is no such distinction: Visual artists are principally creators of the art. In media and performance arts, these differences are often intentionally blurred.



## CHAPTER TWO

## The Evolution of the Visual Arts System

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With their origins in early cave drawing in the Neolithic era, the visual arts are in all likelihood the oldest of the arts. Every major civilization has had a visual arts tradition that reflected the broader culture from which it stemmed.<sup>1</sup> As those cultures have changed, so too have the purposes, styles, and organizational features of their visual arts systems. The institutions that dominate the organizational ecology of the visual arts in America today have their roots in 18th and 19th century Europe, especially France—although these institutions have evolved with a distinctive American style. These institutions are public museums, the world of visual arts discourse, and the visual arts market.

This chapter places the art world's current organizational structure in its historical context using broad brushstrokes. We make no attempt at a comprehensive historical summary. The sketch of key components of the current system is intended to set the stage for the analysis of current art world structures and dynamics that is set forth in the ensuing chapters. We begin by briefly describing the major institutional roots of today's visual arts system: art museums, arts discourse, and the arts market. We then discuss how these elements/institutions have created the distinctive features of today's visual arts system.

### The Development of the Public Art Museum

As Lee and Henning (1975) have pointed out, the cave, the temple, the palace, and the cathedral have all served as the principal venues for displaying art in different eras. In today's art world, the dominant venue for arts appreciation is the public art museum. The museum began to assume this central role in the 19th century. Prior to that time, art appreciation and art patronage were often tightly linked. Wealthy patrons commissioned works of art largely for their own pleasure or to be shared in private viewing galleries. Art appreciation as a public pastime began to emerge with the

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<sup>1</sup> See, for example, Janson, 1964.

rise of a bourgeois audience in 18th century France, who helped shape artists' reputations by choosing to attend exhibitions. The circle of public appreciation widened in the late 19th century as museums began to proliferate and art criticism emerged (Sherman Lee, 1975). Since then, art museums—where art is exposed to a wide public audience—have been central to framing the public's awareness and experience of art.

Significantly, American museums, unencumbered by ties to aristocratic households, anchored their missions from the beginning in the edification of the public. As Taylor (1975, pp. 34–35) points out, the earliest permanent museums were established in the mid- to late-19th century and were founded by associations with the dual aim of fostering the creation of art and the elevation of public taste. The fine arts were often mixed with other collectibles in the early museums and in art exhibitions. During the 1870s, major museums were founded in New York (The Metropolitan Museum of Art), Boston (the Museum of Fine Arts), Philadelphia (the Philadelphia Museum of Art), and Chicago (the Art Institute) that were dedicated exclusively to the fine arts. As Taylor (1975, p. 37) puts it, “Art was accepted as having its own history and as demanding its own special range of sensibilities.”

By the turn of the century, the art museum's initial educational focus began to be superseded by a growing concern for aesthetic purity that “values art as an end in itself, but not because it fulfills some other purpose” (Weil, 2002a, p. 160). As evidence of this shift, Weil describes the decision by The Metropolitan Museum of Art in New York and the Museum of Fine Arts in Boston to do away with the plaster cast reproductions of famous works that they had previously collected assiduously in favor of original works. This concern for aesthetic purity created a hierarchy of value within the fine arts, based on the evaluation of objects in terms of both their utility and their uniqueness. Weil describes a hierarchy at the bottom of which are objects that are both useful and can exist in limitless quantities (e.g., the decorative arts); in the middle are objects that are unique but are also useful (e.g., crafts); at the top are objects that are both unique and useless (e.g., painting and sculpture). Weil (2002a, p. 167) goes on to assert that this hierarchy is reflected in “the different amounts and kinds of gallery space, acquisition budgets, staff salaries, and even the prestige attached to each category.” The net effect of this emphasis on aesthetic purity was that the art museum began to increasingly be viewed as a palace of high culture (as opposed to popular culture) and to be associated with the elite, both as visitors and as patrons.<sup>2</sup>

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<sup>2</sup> Indeed, Weil notes that about the same time, the boards of The Metropolitan Museum of Art and the Museum of Fine Arts (as well as those of other museums) began to shift from representatives of “old families,” landed gentry, and professional men to representatives of great wealth.



Although occasional efforts were made to make art museums more accessible to more varied audiences,<sup>3</sup> the aesthetic focus described above continued to dominate the museum world for several decades. In the meantime, particularly after World War II and the improvement of America's economic fortunes, museums sprouted up around the country, drawing on a combination of public and private support. The creation of tax incentives for philanthropy as part of the new federal income tax in 1913 and 1918 was a boon for museums and other arts organizations thereafter (Jeffri, 1997). The visual arts also received a boost from the collapse of the art world in war-ravaged Europe and the emigration to America of many leading artists, collectors, dealers, and experts.<sup>4</sup> Increasing education levels and expanded leisure time further stimulated a wider public appreciation for art. As a result, the art museum developed into an indispensable civic institution that no self-respecting city could do without. Indeed, museums—often designed by brand name architects—have become a strategic weapon in the arsenal of urban development and the revitalization of blighted downtowns. Easily accessible and frequented by relatively diverse audiences, the concept of the museum for some has evolved into a “public square”—a fulcrum of civic life alongside places of worship and shopping malls.

During the late 1970s and early 1980s, a series of developments led museums to pursue broader public involvement and a more active role in society. Neil Harris (1999) cites three specific developments as driving this change: First, rising costs and the declining real value of endowments drove museums to dramatically expand their efforts to cultivate public support; second, public protests about the limited scope of museums' audiences and the nature of the art that they collected and exhibited provided an ideological imperative for museums to concern themselves with social equity; and, finally, the development of ideas and approaches in the international museum community provided a theoretical underpinning and an example for changing the way American museums operate. As a result, art museums today pursue a wide array of programs to expand and diversify their audiences, have adopted a more pluralistic approach to the art they collect and exhibit, and have undertaken a variety of efforts to become more involved in their communities. In sum, they have in Weil's terms attempted to transform themselves “from being *about* something to being *for* somebody” (Weil, 2002a, pp. 28–52).

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<sup>3</sup> See Harris, 1999.

<sup>4</sup> Sandler, 1979. More details on the sociohistory of the New York art world can be found in Sandler's subsequent works and in Guilbaut, 1983.

## The World of Arts Discourse

More than any other artistic domain, the visual arts are heavily dependent on a system of ideas and theories that validate art objects and link them to one another over space and time. This discourse is objectified in the works of art themselves, and it is manifested in a dialogue about the value of art that evolves from the linked practices of criticism, curatorship, patronage, and scholarship. Indeed, contingent on the rise of the mass media (originating in published evaluation of the salons in the late 1700s), art criticism had begun to emerge as a professional activity in the second half of the 19th century. Since then, art criticism or “discourse” has been the vehicle for expressing and refining art’s ideational underpinnings. It has also played a central role in shaping what museums collect and exhibit and how the arts market values works of art.

Two ideas have played a central role in framing that discourse. The first, aestheticism, emerged in the second half of the 19th century and is sometimes associated with the rise of Impressionism.<sup>5</sup> Unlike academicism, which preceded it and which stressed the importance of art’s subject matter, aestheticism was primarily focused on the “intrinsic perceptual value” of the object under scrutiny.<sup>6</sup> As Weil (2002a, pp. 170–187) notes, three ideas were at the core of the aesthetic approach: “Foremost is the notion that the true aesthetic experience must be a disinterested one, an end in itself and not instrumental toward the fulfillment of some further purpose”—in other words, art for art’s sake. “A second idea . . . is that the intrinsic perceptual value of a work of fine art is determined by characteristics that are timeless and universal”—thus all art work, regardless of its origins and cultural context, shares something in common and can be evaluated with a common standard. The third characteristic of aestheticism is that “the ideal aesthetic response . . . ought also be autonomous”—that is, separate from everyday life.

As Weil sees it, aestheticism has had two major effects on the visual arts world. First, it promoted the hierarchy of value discussed in the prior section. This hierarchy values certain kinds of visual art more than others based on their aesthetic purity—a principle that has influenced what museums collect and exhibit. Second, because judgments of aesthetic quality are increasingly esoteric, aestheticism has dramatically limited the fraction of the population that takes part in the arts discourse.

The second idea, which encompasses a set known collectively as modernism, was originally developed in Europe in the late 19th century. Modernism began to gain ascendancy in American art in the aftermath of World War I. Successive formulations of modernism, which was seen as an avant-garde progression of ideas about the nature of art itself, took shape in various styles and movements. Art world

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<sup>5</sup> See Bourdieu, 1984.

<sup>6</sup> This description of aestheticism relies heavily on Stephen Weil’s work (2002a, pp. 170–187).

participants understood that these styles and movements fashioned a larger, forward-moving arc of art history. For much of the 20th century, this cumulative, canonical notion of art—never entirely clear or linear in the present, but framed over time as such by critics, curators, and art historians—powerfully shaped the styles of art and the value assigned to them by critics and dealers.<sup>7</sup>

By the 1970s, however, the supremacy of the modernist approach gave way to a more segmented and multidimensional discourse, in which a multitude of genres and aesthetic approaches began to enjoy parallel critical and commercial acceptance.<sup>8</sup> Since then, no single movement has claimed supremacy. Instead, as the visual arts world has expanded dramatically both nationally and internationally, new waves of arts criticism and scholarship have vied for their share of legitimacy (Szántó, 1997). In addition, art forms hitherto secondary in status to painting and sculpture—foremost, photography as well as video art, installations, and, more recently, new forms of digital art—have gained in critical and commercial acceptance. Indeed, the postmodern resistance to a linear or hierarchical arts discourse has made it possible for an unprecedented range of creative practices to compete simultaneously on the visual art world's stage. As a result, abstraction and figuration, material and conceptual art, traditional genres and new media, domestic and foreign-born artists, ivory-tower experimentation and socially engaged artistic activism all coexist in a contemporary art world with few strictures about what art ought to look like.

Likewise, historical “rediscoveries” and the search for new marketable materials beyond the exhausted supply of the old masters inventory has led to new critical and commercial interest in the forgotten artists of yesterday and in forms of decorative or “outsider” art that were earlier excluded from the mainstream. The art world has absorbed this pluralism by segmenting into a series of sub-art worlds or submarkets, each serviced by a particular network of critics and publications, collectors and galleries.<sup>9</sup> Growth, in other words, has not led to a larger pyramid of arts discourse, but rather to an archipelago of smaller and larger circles around a multiplicity of coexisting visual arts practices.

## The Visual Arts Market

The pluralization of arts discourse has also paved the way for the emergence of an unprecedented artistic diversity, and along with it, the extraordinarily rapid expan-

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<sup>7</sup> Wolfe (1976) discusses the role of critics in this process.

<sup>8</sup> A voluminous literature exists on the pluralization of arts discourse, a topic critically assessed in Arthur Danto's writings in *The Nation* and numerous books by the author, for example, Danto, 1998. Also see Levin, 1988, and Robins, 1984.

<sup>9</sup> For further discussion of these issues see Kramer, 1973.

sion and segmentation of the arts market. The arts market as we know it today is a relatively recent phenomenon. Although full-time art dealers emerged in Paris by the mid-18th century, and Christie's and Sotheby's saw their beginnings in the mid- to late 1700s (Watson, 1992), the system of guilds and academies gave way to a market-based arts distribution system—centered around artists, dealers, and critics—only in the late 19th century. Coincidentally, this was the time when the foundations of modernism were being laid down by painters and sculptors (White and White, 1965).

The arts market in America began to prosper around the turn of the century as several of the nation's very wealthy titans of industry became interested in art and were willing and able to spend their wealth acquiring it (Weil, 2002a, pp. 159–169). Moreover, as Weil (2002a, p. 165) points out, as some of them joined museum boards, they began

to apply the same standards to the museum's new acquisitions that they had hitherto applied to their own. What an object looked like was, of course, important. But so too was a firm attribution to a highly regarded artist, preferably one who might be considered a genius. So too was an impressive provenance, preferably one studded with aristocratic names. Finally, it was important that the acquired object be something of which nobody else might have a duplicate.

In the years that followed, the arts market both here and abroad grew in volume to supply this acquisitive urge. In the process, it swelled both individual and museums' collections and underscored the importance of what Weil has termed the "commodity value" of art.

Like any other marketplace, the arts market has developed in fits and starts, responding to cycles in the accumulation of wealth, political circumstances, and phases of discovery and innovation in art itself. Booms give way to downturns and occasional periods of tranquility. The overall pattern of development in the post-World War II era is best likened to an upward spiral: To date, every bout of arts-market euphoria has widened the circle of patronage and produced higher prices.

Perhaps the most notable development of recent decades has been the dramatic increase in the value of the work of living masters and contemporary artists—and the related inflation in the prices of photography, media arts such as video and digital art, and serially reproduced works and reproductions. The Pop Art boom in the late-1960s already saw high values assigned to the work of young artists (Mamiya, 1992), but during the 1980s, six-figure auction prices for painters only a few years out of art school became commonplace (Tomkins, 1988).<sup>10</sup> The prices of the work of the top living artists quickly began to approach old master levels. The first \$1 million sale of

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<sup>10</sup> See also Hughes, 1984.

a work by a living painter, Jasper Johns' *Three Flags*, occurred in 1980. Twenty years later, another work by Johns reportedly sold for \$40 million—a forty-fold increase.

These soaring prices have accompanied an expansion of the art world since World War II that has been nothing short of dramatic. Around 1946, there were about 150 art galleries in New York, and in 1961, around 300. According to recent estimates, there are 700 to 800 galleries and museums in the city today. During the early La Cienega gallery scene, after 1957, Los Angeles galleries numbered a mere handful of dealerships; today, there are at least 400 galleries in greater Los Angeles (Szántó, 2003, p. 393). Smaller cities have logged equally dramatic gains; indeed, the emergence of active gallery scenes in such cities as Portland, Denver, and Providence has constituted some of the most dramatic aspects of the expansion of the national visual arts world.

It should be noted that although the recent expansion and inflation of the arts market is unprecedented, intense competition for “stars” is in itself nothing new. Favored court painters of past centuries often lived in a regal style and, in some cases, operated industrial-scale studios. During the industrial revolution in London, then the world's visual arts capital, some painters enjoyed commissions worth millions in today's dollars. And for all the talk about “supercollectors” like Charles Saatchi, who can shape entire arts market segments, no collector today comes close to the spending power of royal patrons and early capitalist tycoons.

What is new is the rapid proliferation and specialization of actors on the art world stage. The escalation of market prices has given rise to a cast of characters befitting a modern-day cultural industry. The changes are particularly noteworthy in the contemporary market where, until relatively recently, low prices have allowed transactions to be conducted informally, via gentlemen's agreements and in the absence of the kind of complex legal and bureaucratic apparatus required to conduct a high-volume, high-value business. The last quarter century has seen, in addition to the emergence of a global pool of collectors and artists, the advent of new professional specializations. A new service economy orbits the visual arts—specialized art banking services, collectors' investment consortia, art shipping and insurance experts, art lawyers, corporate art collections and consultants, independent curators who double as dealers, public relations companies specializing in managing the reputations of artists and museums, and online inventory management and art trading services.

## **Distinctive Characteristics of the Visual Arts System**

As this discussion suggests, the development of art museums, arts discourse, and the arts market has proceeded somewhat in parallel. Developments in the world of arts discourse have, for example, helped determine what art museums collect as well as

how they exhibit and value that work. They have also helped determine how the market evaluates different art works and correspondingly the prices for which that art is sold. Similarly, changes in the arts market have helped shape public perceptions of art and, as we will demonstrate, how museums go about attracting audiences. Perhaps most important, these three institutions have shaped the operation of the visual arts world in a way that clearly differentiates it from the other arts. These differences are manifest in how individual art works are evaluated and consumed, the skills that determine artists' prestige and earnings, and how the visual arts system is organized.

The visual arts consist primarily (although increasingly not exclusively) of physical objects; whereas the performing arts typically consist of ephemeral experiences.<sup>11</sup> The qualities used to evaluate individual art works in these two art forms differ markedly. Authenticity, originality, and uniqueness are key features of visual art works.<sup>12</sup> By contrast, key features of performing art works are the interpretation the performing artist brings to the art, the quality of that performance, and its reproducibility. In addition, given the importance attached to the authenticity of visual art works, institutions in this field, especially museums, bear a central responsibility for the preservation of the art object as well as the presentation of those objects, whereas the overwhelming responsibility of performing arts institutions is the performance of that art.

In addition, there are important differences in the ways these two art forms are consumed and distributed. In the performing arts, for example, individuals can consume the art in one of three ways: They can attend live performances; they can view or listen to recorded performances; and they can perform themselves.<sup>13</sup> Consumption in the visual arts, however, differs from this pattern in important ways. First, because authenticity is a central feature of the visual arts experience, reproductions of visual art works are viewed as distinctly inferior substitutes for viewing the original work. Thus, appreciating visual arts in an intermediated form—e.g., viewing art on televi-

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<sup>11</sup> We recognize, of course, that this distinction is not always as clear as we have drawn here. Performance art, for example, is typically included within the visual arts and is often explicitly designed to be ephemeral. However, as the name suggests, performance art usually has more in common with the performing arts than with most of the visual arts. The media arts are also often ephemeral and, like some performance art, intentionally blur the boundaries among the various disciplines.

<sup>12</sup> Despite recent debates about the “dematerialization” of the art object and the appropriation of work from the media arts as well as widely reproducible art—e.g., photography—the emphasis on originality and uniqueness is still an important consideration for fine art in the overwhelming majority of cases. Glenn Lowry (2004), director of the Museum of Modern Art, underscores the importance of authenticity to the museum's meriting the public trust.

<sup>13</sup> Indeed, our study of the performing arts suggests that “hands-on” participation plays an important role in providing the performing arts to the public since “amateur” artists (that is, those who are not paid for their performance) are a major source of artists in the volunteer sector. See McCarthy et al., 2001.

sion or video—is much less prevalent.<sup>14</sup> Second, because visual art works are objects, individuals can collect or buy the work itself. This is not true in the same sense in the performing arts.<sup>15</sup> Finally, although individuals can certainly enjoy the visual arts in a “hands-on” way by painting, sculpting, etc., there is a much sharper distinction drawn in the visual arts than in the performing arts between the work of amateur versus professional artists: Amateurs’ work is rarely, if ever, considered “fine art.”

The nature of the artistic process also differs between these two art forms. On the one hand, visual artists are principally creators of the art. In the performing arts, on the other hand, artists can be either creators (e.g., playwrights, composers, and choreographers) or performers, whose artistry consists of their technical and interpretive skills in executing the work of the creator. This distinction is reflected in the prestige and remuneration that visual and performing artists receive. In the visual arts, these benefits accrue to the creator; in the performing arts (as we demonstrated in our book on the performing arts), they accrue primarily to the performers. Given this fact, it is not surprising that in the performing arts, the performers vastly outnumber the creators.<sup>16</sup>

The difference between visual art works as objects and performing art works as performances also affects the organizational structure of the visual arts system as well as the missions of visual arts organizations. Since consumption in the performing arts involves the consumer’s experience of the performance (either in live or recorded form), the central missions of performing arts organizations revolve around the production and presentation of the performance. Consumption in the visual arts, in contrast, can take the form of either buying and collecting or viewing the art object. As we have discussed, these two tasks are generally performed by two very different sets of organizations: art appreciation by museums and purchasing and collecting art by the arts market. In both cases, the preservation of the original object is an essential component of the organization’s mission. Organizations involved in exhibiting visual art objects have, in addition, a variety of other missions, including collection, display,

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<sup>14</sup> We recognize of course, that reproductions of visual art works in the form of slides, books, etc. are abundant. But unlike the performing arts—where reproductions of original works, e.g. recordings, are often the principal form in which the public appreciates the work—in the visual arts, reproductions are principally used by scholars, students, and others directly involved in the visual arts system. To the extent that the general public buys “art books,” we suspect that these consumers develop their taste through in-person visual art experiences. Even then the art books may often serve primarily as coffee table displays.

<sup>15</sup> Of course, a script or an original composition can be purchased, but in that case, the work of art as a performance is not being consumed but rather collected.

<sup>16</sup> Moreover, if considered artistically rather than economically, performance artwork is usually designed to require more people to perform it (actors, dancers, musicians, singers, etc.) than to create it. Some would argue that composing or choreographing, for example, is a far more difficult endeavor, achieved by relatively few; so the difference in numbers is more a function of artistic skill rather than economic rewards.

education, and interpretation;<sup>17</sup> while organizations involved in buying and collecting are principally dedicated to facilitating the sale of the artwork. Similarly, the principal asset of visual arts organizations is their collection of art objects. By contrast, the principal asset for most performing arts organizations lies primarily in the artists affiliated with the organization. Put in economic terms, visual arts organizations' principal assets are physical capital, while performing arts principal assets are human capital.<sup>18</sup>

Given the importance of the visual arts object, it is not surprising that the relative attraction of museums depends on the size and quality of their collections; in contrast, the relative attraction of performing arts organizations depends on the quality and renown of their performers. Indeed, because visual arts objects are not ephemeral, there is an ongoing discourse in the visual arts about art objects and how they compare with what has preceded them. These connections are constantly reinforced by art history, theory, and criticism. The role of critics in these two art forms differs markedly as a result. Criticism in the performing arts, at least in terms of evaluations of specific productions, can often be the decisive factor in determining whether the production enjoys success. In the visual arts, critics do not have this sort of power (no art critic can close down a show), but they have traditionally played a longer-term role in shaping the discourse about the relative merits of different artists and their work.<sup>19</sup>

In the balance of this book, we build on these insights to examine four key features of the visual arts system: first, patterns of demand (both appreciation and collecting); second, the characteristics of artists; third, the operation of the arts market; and finally, museums and other visual arts organizations.

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<sup>17</sup> To a much greater degree than in the performing arts, a background in the visual arts is important to the appreciation process. As Arthur Danto (1986) has stated, art requires an understanding of an "atmosphere of theory" to comprehend what the viewer is looking at, indeed, even to answer if the object in question is "art." The performing arts, by contrast, do not require this level of background to gain a basic appreciation for the work.

<sup>18</sup> Museum curators, of course, often develop considerable human capital, but that capital is applied to the education and interpretation function, not to the creation function.

<sup>19</sup> In *The Painted Word*, Tom Wolfe (1976) provides an amusing survey of 20th century art criticism through the early 1970s.



## Demand for the Visual Arts

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As discussed in the last chapter, demand for the visual arts has increased dramatically over the last century as the number of consumers—both those who attend museums and those who purchase fine art—has soared and their characteristics and behavior have shifted. As we also indicated, the organizational structure and operation of both museums and the arts market have changed in conjunction with these shifts in demand. Thus, we might reasonably expect that future changes in public demand will, correspondingly, shape the organizational ecology of the visual arts in the future.

This chapter focuses on patterns of demand for the visual arts. After a brief discussion of concepts used to define and measure demand, we address three questions: What do patterns of demand look like today? How has that demand been changing? What issues are these changes likely to raise for the future?

### Key Concepts

#### Forms of Participation

Public involvement in the arts can take several different forms. Individuals may be involved as producers (at a professional or amateur level), as consumers (by visiting a museum, watching a television program on the visual arts, or purchasing and collecting art works), and as supporters (by donating time or money to art organizations) (Balfe, and Peters, 2000). Although individuals who are involved in one form may also be involved in another, demand for the arts is typically gauged by examining patterns of consumption—which are typically measured in terms of the form and levels of consumption and the characteristics of the consumers.

As we discussed above, the principal forms of consumption in the visual arts differ somewhat from those in the performing arts. First, because visual art works are principally objects whose authenticity and originality are highly valued,<sup>1</sup> visual art

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<sup>1</sup> See, for example, Moulin, 1987.

works can be bought and collected in a manner that is not true of the other arts.<sup>2</sup> Indeed, as we will discuss in greater detail later, the role the market plays in the visual arts has no direct parallels in the other arts.

Second, the visual arts, like the performing arts, can be appreciated either by viewing them in person or in reproduced form. Although appreciation in person is generally preferred in either case, this preference appears stronger in the visual arts. Indeed, firsthand encounters with works of art in traditional art venues have remained the primary mode of appreciating visual art works—with the exception of web-based art.<sup>3</sup> This preference is largely a result of the importance the visual arts place on the authenticity of the original work of art itself—something that is not true of the performing arts, where the vast majority of performances are interpretations of the original work.

A third distinctive feature of visual arts consumption is the role played by what is sometimes referred to as “hands-on” participation. As we noted in our analysis of the performing arts, performers who are unpaid (or willing to work for reduced pay) often play a significant role in the production of the performing arts, especially in smaller performing arts organizations. Although a small fraction of the American public states that they have “hands-on” involvement with the visual arts, this involvement is more likely to be regarded as a source of individual enrichment and enjoyment than as part of the professional visual arts environment. As noted in the Introduction, objects produced by amateurs are not typically considered fine art works.

Thus, there are two principal forms of consumption of the visual arts: (1) viewing original works of art primarily (but not exclusively) in museums and galleries and (2) buying and collecting art.

### Levels of Participation

Three different metrics are used to measure levels of participation:

- Absolute level of consumption—typically measured in terms of the total amount of participation, e.g., total numbers of museum attendees or art purchasers
- Rate of participation during a given period, typically reported as a percentage of the population (or subpopulations) who participate

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<sup>2</sup> We recognize, of course, that original scripts and scores are often highly valued by collectors, but that value derives from their historical rather than their artistic significance.

<sup>3</sup> Arts books sold in conjunction with an exhibit or in bookstores are another form of consumption that may serve scholars, museum visitors purchasing a souvenir, or art lovers who enjoy browsing the photographic reproductions from their coffee tables. However, such consumption is a small subset of participation through appreciation.

- Frequency of participation among those who actually participate, such as the average number of visits attendees made to museums in the last year.

These different measures are related because changes in the overall level of consumption can be expressed as the product of the number of participants and the average frequency of participation. Moreover, changes in the number of participants, when expressed as a participation rate, may be due either to a change in behavior (a higher participation rate) or to a change in the size or composition of the population.

In fact, changes in total consumption levels may be due to any one of four different factors: changes in the size of the population, changes in the composition of the population, changes in the rate of participation among specific subpopulations, and changes in the frequency of participation for a subgroup. Understanding these distinctions is important because the conclusions drawn about how and why consumption patterns may be changing will differ depending on the mechanism that is driving the change.

Changes due to growth in the size or composition of the population do not represent behavioral change but are the by-products of broader population shifts. However, changes due to participation rates indicate that the fraction of the population participating in the arts has itself changed. Changes due to increasing frequency of participation suggest not that more people have become involved in the arts but that current participants have changed their behavior. Because all these factors are likely to come into play, it is useful to understand these distinctions when attempting to understand changes in participation patterns.

### **Characteristics of Participants**

In addition to understanding how levels of demand vary across forms of participation, it is also important to identify the sociodemographic and other characteristics associated with participation. Historically, education has proven to be the single best predictor of participation in the fine arts, but studies have demonstrated that a variety of other attributes are also correlated with arts involvement, including income, race, age, and family characteristics.<sup>4</sup>

### **Factors That Influence Participation**

Finally, a number of factors influence patterns of demand in the aggregate. Although most empirical studies focus on who participates rather than why they participate, the following factors have been used to explain changes in participation patterns:

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<sup>4</sup> See McCarthy, Ondaatje, and Zakaras, 2001.

- Sociodemographic changes, e.g., changes in the size and composition of the population
- Changes in taste, e.g., preferences for the arts and specific styles of art
- Changes in such practical considerations as the supply of the arts (e.g., the hours and locations of museums and galleries and the cost of attendance), the availability of leisure time, income levels, and the dissemination of information about the arts.
- Changes in the stock of individual experience with the arts (arts education, prior experience, and knowledge).

Because available information about these measures varies considerably, our description of demand patterns focuses on the two primary forms of visual arts participation—appreciation, as measured by museum attendance, and art collecting; levels of participation (particularly rates and frequency of participation); and the characteristics of visual arts consumers (museum attendees and art purchasers). Moreover, because there is much more systematic empirical data available on museum attendance than on art collecting, our analysis of the former relies more extensively on such quantitative data sources as the *Survey of Public Participation in the Arts* (SPPA) (National Endowment for the Arts [NEA], 2003)<sup>5</sup>, while our analysis of art purchasers and collectors relies primarily on journalistic sources.

## The Current Picture

### Many More People Are Involved in Appreciating Than in Collecting

Attending museums, art fairs, and galleries is the most typical form of public involvement with the visual arts. Fully 43 percent of American adults attended visual arts events at least once in 2002, the last year for which data are available.<sup>6</sup> As shown in Figure 3.1, nearly one-third more Americans attended a visual arts event than a performance. The fraction of Americans who attended a visual arts event is also substantially higher than those who watched at least one television program about the visual arts (25 percent), the next most frequent visual arts activity. We note that this apparent preference for viewing exhibitions of art in person differs sharply from the pattern of participation in the performing arts, where almost twice as many individuals listen to or watch a recorded performance as attend in person.<sup>7</sup>

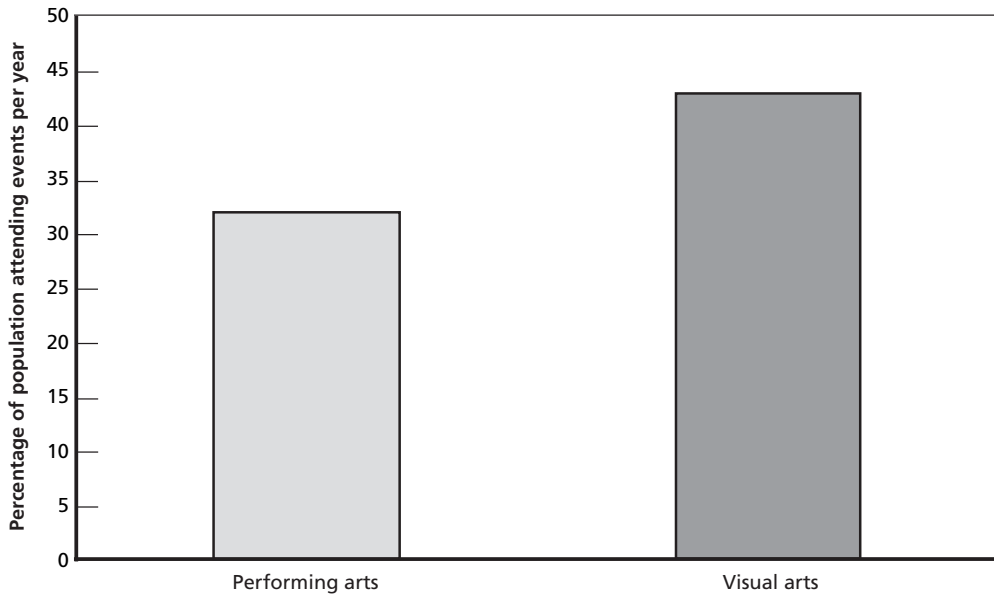
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<sup>5</sup> The NEA began sponsoring the SPPA in 1982 in response to the acknowledged need for a systematic national survey of public participation in the arts. It has been fielded every five years since that time. For a review of this and other arts participation sources, see McCarthy, Ondaatje, and Zakaras, 2001.

<sup>6</sup> SPPA data are based on a representative sample of the national adult population (over 18 years of age).

<sup>7</sup> See McCarthy et al., 2001.

**Figure 3.1**  
**Percentage of the U.S. Adult Population Attending Performing and Visual Arts Events**



NOTE: Calculations are based on data from SPPA, 2002 (NEA, 2003).

RAND MG290-3.1

Americans are also three to five times more likely to engage in both of these forms of appreciation, however, than they are to become involved in a “hands-on” way (painting, sculpting, or drawing).<sup>8</sup> Finally, about 21 percent of all Americans own “an original piece of art.” However, it is not clear what the respondents to the Survey of Public Participation in the Arts had in mind when they referred to an “original piece” of art. It is likely that this figure is far in excess of the proportion of Americans who participate in the “elite” fine arts market.<sup>9</sup> As Halle (1993) has demonstrated, Americans own a diverse collection of prints, photographs, landscapes, and

<sup>8</sup> In addition to the 9 percent who at least occasionally paint, sculpt, or draw, 12 percent take photographs, and an even larger percentage are involved with the crafts of pottery (7 percent) or sewing (18 percent), according to the 2002 SPPA (NEA, 2003).

<sup>9</sup> We use the phrase “elite” here not in a class-based sense but rather to denote inclusion within the narrowly defined world of the art specialist. This is the world of arts discourse that we described above. The elite market is connected with the prevailing aesthetic dialogue, in which the art world’s validators—critics, curators, and certain dealers and collectors—play a role. It is elite insofar as it is much narrower than the general arts market. However, we also acknowledge, as Bourdieu and others have noted, that there are also significant differences in art appreciation and art purchasing patterns among different socioeconomic groups. Bourdieu, 1984; see also DiMaggio, 1986.

other materials—very few of which could be considered fine art.<sup>10</sup> As we will discuss later, the fraction of Americans who are involved in the arts market is likely to be a tiny fraction of this figure.<sup>11</sup> Indeed, for the vast majority of Americans who are involved in any way with the visual arts, it seems fair to say that this involvement entails occasionally attending a museum or art fair and, perhaps, watching a television program about the visual arts.

However, the range in variation of participation in the visual arts is not captured by a tally of the proportion of the population who attends a museum once a year. As we have noted in previous studies, Americans can be sorted into three categories based on the frequency with which they participate in the arts: those who rarely if ever participate, those who participate occasionally, and those who are frequent participants.<sup>12</sup> The sum of these latter two categories accounts for the 43 percent who attended at least one art exhibit a year—a percentage that exceeds the comparable figure for attending a live performing arts event (32 percent). Figure 3.2 indicates that, among those who do participate in both art forms, the average frequency of attendance is higher in the performing than in the visual arts (5.0 visits per year versus 4.1).

To the extent that we can generalize from this comparison, it suggests that occasional participation is more common in the visual than the performing arts. Although we know of no definitive studies of this phenomenon, there are several reasons why the visual arts may be more accessible to casual participants. First, “blockbuster” exhibits, which have been an increasingly important part of art museums’ programming, appear to have considerable appeal to casual attendees.<sup>13</sup> Second, American consumers appear to place a premium on flexibility in their consumption of the arts.<sup>14</sup> That is, they tend to choose art forms and modes of participation that allow them to determine what they consume, when they consume it, and how they

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<sup>10</sup> Halle’s work also indicates that there are clear differences, by household socioeconomic status, between the types of art that are collected.

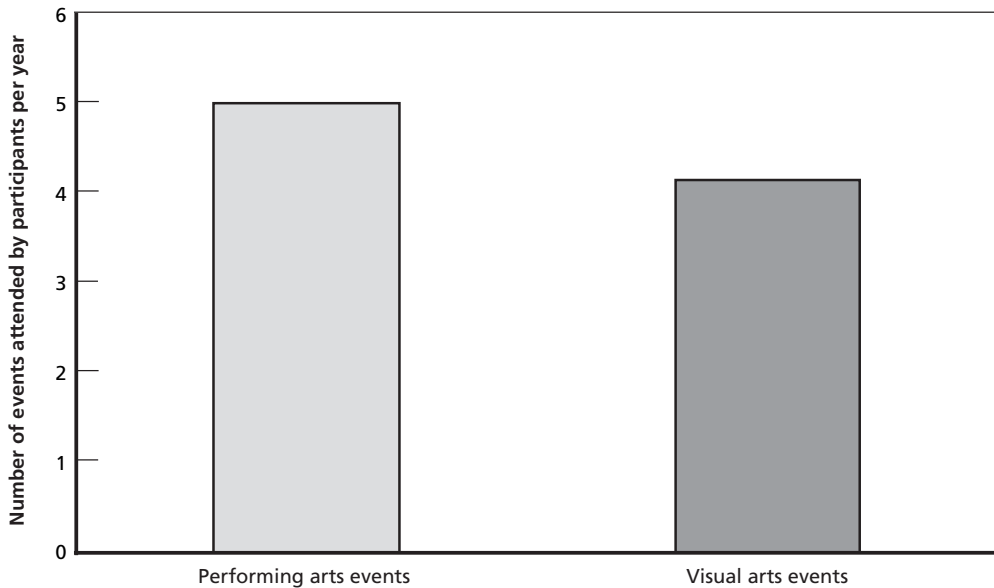
<sup>11</sup> Watson (1992), for example, has quoted Michael Ainslie as stating that there were roughly 400,000 serious collectors worldwide in 1992. He defines serious collectors as those who have spent at least \$10,000 dollars on art. Although Watson’s estimate is for the world as a whole, even if all these collectors were located in the United States, this would be equivalent to less than 3 percent of the population.

<sup>12</sup> See McCarthy and Jinnett, 2001; and McCarthy et al., 2001.

<sup>13</sup> “Blockbuster” exhibits are defined more by intent than by actual number of visitors. For example, a small museum’s blockbuster might constitute the weekly attendance of a museum like the Metropolitan Museum of Art in New York. Blockbusters are noteworthy for works of widespread appeal (Impressionists or Egyptian antiquities). Often most, if not all, the works in the exhibit are borrowed, unless a museum already has an outstanding collection in a popular area; in some cases, the entire exhibit might come from another museum, a single collector, or even a private company (e.g., Clear Channel’s Vatican exhibit). Blockbusters involve marketing campaigns to attract visitors and often involve a separate admission ticket and price.

<sup>14</sup> See Robinson and Godbey, 1997.

**Figure 3.2**  
**Frequency of Attendance for the Performing Arts and the Visual Arts**



NOTE: Calculations are based on data from SPPA, 2002 (NEA, 2003).

RAND MG290-3.2

consume it. This preference is likely to be especially true for occasional arts participants, which would lead them to select museum attendance over the performing arts since museum attendance involves less scheduling, requires less time, and allows them to choose among a variety of works of art. Finally, price may be a factor in a preference for attending visual arts events. Admissions to museums, while rising in recent years, are still substantially lower than tickets to the ballet, opera, or theatre. Only rarely will museum admissions cost more than \$15 or \$20 for a special exhibit, and many museums still offer free admission or unlimited free admission with membership. Moreover, visiting a gallery or browsing through most art fairs has typically been free of charge.<sup>15</sup>

<sup>15</sup> This pattern may be changing as museums, faced with increasing costs, have begun to charge admission fees not only for special exhibits but also for general admission. The Museum of Modern Art in New York, for example, has instituted a \$20 general admission fee for its recently remodeled building.

### In the Sociodemographics of Appreciation, Education Appears to Be the Key

Previous research suggests that education tends to be the most important correlate of arts participation.<sup>16</sup> Our own research on the performing arts (McCarthy et al., 2001) supports this finding, as does Schuster's research (1991) on museum attendance. Furthermore, our analysis of the most recent SPPA data on museum attendees confirms this pattern (see Table 3.1). These data show that although museum attendees look a lot like the total population in most respects, they do differ in two important ways: they are better educated and have higher incomes.

Although income and education tend to be closely related, our multivariate analysis indicates that of these two variables, education is the most important.<sup>17</sup> Indeed, the effects of education become progressively stronger the higher the level of education attained. For example, compared with those who have less than a high school degree, those with a high school diploma are 10 percent more likely to have visited a museum in the past year, those with some college 25 percent more likely, those with a college degree 38 percent more likely, and those with some graduate education 45 percent more likely.<sup>18</sup>

It is not entirely clear what drives this education effect. More highly educated individuals are more likely than others to have been exposed to the arts by family

**Table 3.1**  
**Demographics of Visual Arts Appreciation: Art Museum Attendance**

	Total SPPA Population	All Art Museum Attendees <sup>a</sup>	Frequent Attendees <sup>b</sup>
Male	45%	42%	41%
White	86%	90%	91%
Married	58%	61%	59%
Age (median)	47 years	46 years	45 years
Income (median)	\$44,140	\$53,695	\$55,395
College graduate	26%	49%	55%
Total	100%	27%	17%

NOTE: Calculations are based on data from 2002 SPPA (NEA, 2003).

<sup>a</sup> Attended at least once in the past year.

<sup>b</sup> Attended more than once in the past year.

<sup>16</sup> See, for example, the 1997 SPPA (NEA, 1998). For the relationship between education and the various performing arts, see Deveraux, 1994; Holak, Havlena, and Kennedy, 1986; Keegan, 1987; and Lemmons, 1996.

<sup>17</sup> This analysis is based on probit regression. The model regresses visual arts attendance on a vector of sociodemographic variables including income, education, race, gender, age, and marital status.

<sup>18</sup> These effects are essentially the same for frequent attendees and all attendees. That is, education appears to distinguish those who attend museums from those who do not but does not appear to be more strongly related to the number of visits made per year.



members during their childhood and to have taken courses in the arts during their schooling. This early exposure to the arts is important because familiarity and knowledge of the arts are directly related to participation rates, as they are for most other forms of leisure activity.<sup>19</sup> Indeed, Orend and Keegan (1996) find that arts appreciation classes taken during college have an even stronger effect on subsequent participation than those taken earlier—a finding that we confirm in our analysis of museum attendance using the 2002 SPPA (NEA, 2003) data.

At least two different factors may be operating here. First, the more knowledgeable people are about the arts, the more likely they are to participate, because they gain more satisfaction from a given level of consumption than do people who are less knowledgeable.<sup>20</sup> This argument suggests that knowledge and taste are related and that education shapes knowledge and thus tastes. A second argument focuses more on social standing and background and the role that knowledge of the arts can play as a sign of cultural capital and social distinction.<sup>21</sup>

Two studies that examine how tastes change with education and across backgrounds are relevant to these issues. In the first study, Winston and Cupchink (1992) find that the tastes of inexperienced and experienced viewers differ notably. Experienced viewers value the complexity of art objects, believe that visual art should provide a challenge to viewers rather than providing “warm feelings,” and prefer “high art.” Inexperienced viewers value the emotional response they get from looking at art (“warm feelings”), and they prefer sentimental and wildlife paintings. Perhaps most important, Winston and Cupchink found that after just a few hours of college-level arts appreciation classes, inexperienced viewers’ tastes tended to transform into those resembling experienced viewers.

A second study by Pierre Bourdieu (1984) compares the extent to which viewers’ focus on the literal versus the abstract aspects of art. Bourdieu found that viewers with cultural capital, that is those who have a familiarity with arts appreciation from an early age, tend to focus on the abstract aesthetic quality of the art; while those who lack this background are much more likely to focus on the literal. Thus, for example, when presented with a black and white photo of an old woman’s thickly veined hands, respondents who lack a background in the visual arts are much more likely to relate the picture to their prior experience (“It reminds me of my grandmother’s hands”); while those with a more extensive background in the visual arts are more likely to describe the picture in terms of its aesthetic qualities (“It’s a study in form, light, and shadow”).

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<sup>19</sup> See Orend and Keegan, 1996, for the relationship between education and arts participation and Kelly and Freysinger, 2000, for the relationship between knowledge and leisure activity.

<sup>20</sup> See Stigler and Becker, 1977.

<sup>21</sup> See Bourdieu, 1984.

### There Are Many Different Types of Collectors

As we noted above, 21 percent of the population surveyed in the 2002 SPPA (NEA, 2003) (or roughly 42 million Americans) reported that they own an original piece of art. This figure, as we have already suggested, is far in excess even of the most generous estimate of 400,000 serious collectors worldwide.<sup>22</sup>

The existence of not one arts market but several explains this apparent discrepancy. Precisely defining these various markets is probably impossible. However, at the most basic level, we can distinguish between the broad commercial arts market and the market for “fine art”<sup>23</sup> (or what is also called the “elite” market). As we will discuss in greater detail in Chapter Five, these markets can be distinguished by the styles of work, the artists whose work is sold, the intermediaries who deal in these different works, and, most important from the art world’s perspective, whether they are recognized and reviewed by “qualified judges”.<sup>24</sup> These qualified judges are at the center of the discourse about art that we described in Chapter Two. Their validation of objects as “art” places them in the context of art history. Although objects in the general commercial market may emulate fine art objects, they are not part of this narrower world of discourse.

Each of these arts markets can, in turn, be disaggregated into assorted submarkets by the styles of work. For example, the fine arts market can be sorted into submarkets for contemporary, modern, Impressionist, old masters, etc. Similarly, the general commercial market might be distinguished in terms of particular themes—e.g., landscapes, still lifes, and Western art.

From a demand perspective, there is another major distinction between these two markets: the prices they command. Although there is variation in both of these markets, the prices paid in the general commercial market are typically quite modest; whereas the prices paid in the fine arts market are typically quite high.<sup>25</sup> Given this price differential, we surmise that the 21 percent figure mentioned above refers to individuals who at one time or another purchased or obtained an original work of art from the general commercial market.<sup>26</sup> However, since the SPPA data refer to owner-

<sup>22</sup> Watson estimates that there are roughly 400,000 collectors worldwide who spend at least \$10,000 a year on art. See Watson, 1992.

<sup>23</sup> Moulin, for example, distinguishes between what she refers to as the “nonart” and the fine arts markets. See Moulin, 1987.

<sup>24</sup> This phrase “qualified judges” is borrowed from Moulin (1987). Szántó (1997) refers to work in the “high art” market as “legitimate,” meaning artwork that “is deemed fit to be appraised in terms of the prevailing aesthetic. Legitimacy, in short, is the privilege of being judged.”

<sup>25</sup> This general point is made in Moulin (1987). However, systematic data on art prices are generally unavailable in the general commercial market, but impressionistic evidence suggests that the price range varies from under \$100 to \$5,000 or \$10,000. Prices in the fine arts market can vary from a few thousand dollars to over \$100 million dollars. For prices in the fine arts market see, for example, Dobrzynski, 1999; and Vogel, 2000 and 2002.

<sup>26</sup> Halle’s (1993) description of the art owned by the families in his samples seems to confirm this point.

ship rather than purchasing or collecting, the actual number of individuals who regularly purchase or collect from the general market is, no doubt, only a fraction of this figure.

Whatever the size of the general market, the number of collectors and regular buyers in the fine arts market is much more circumscribed. Moreover, as prices rise, the number of potential buyers dwindles. After citing Ainslie's estimate of 400,000 buyers worldwide who spend \$10,000 a year as an upper limit, Watson (1992, p. 419) continues:

This is too large and too disparate a group to be studied systematically; the best one can do is to fall back on the lists of collectors published by the art magazines. Allowing for overlap and changes from year to year, these lists provide a microcosm of between 250 and 350 very serious collectors, whose collections are worth millions.

Sandler (1996, p. 426) also suggests the select nature of the buyers in the elite market by quoting Diana Brooks, former president and chief executive officer of Sotheby's, who estimated that there were roughly 100,000 serious private clients in the auction market in the mid-1980s. Brooks was also quoted by Decker (1998a, p. 116) as saying that there are only 20 to 30 people in the market for paintings worth \$5 million and 10 to 15 for those over \$10 million.

### **Wealth Is the Key Characteristic of Collectors**

Not only does the number of individuals in these two markets differ but so do their characteristics. An analysis of the SPPA data suggests that the 21 percent of the population who own original art are older, better educated, have higher incomes, and are more likely to be white than the general population. Although there is no systematic information on the characteristics of buyers and collectors in the fine arts market, the journalistic evidence indicates that they are even more distinctive than the former group in several ways.

The most obvious characteristic of these high-end art collectors and buyers is their wealth. They clearly have incomes and assets that place them in the upper reaches of Americans' income and asset distributions.<sup>27</sup> A second key feature of the high-end collectors is their international backgrounds. Unlike the general commercial market, which as Moulin notes has a distinctly regional character, the elite market is truly international in scope.<sup>28</sup> Third, institutions—especially corporations—are important players in the elite market. Watson, for example, asserts that in the early

<sup>27</sup> See, for example, Smith, 1987.

<sup>28</sup> Watson, 1992, demonstrates this point, noting that the three largest collectors of American contemporary art in 1990 were all non-Americans: Charles Saatchi in London, Peter Ludwig in Germany, and Count Giuseppe Panza di Biumo in Italy. See also Finn and Katayama, 1986 and 2004.

1990s, corporations accounted for 20 to 30 percent of the business in New York galleries and as much as 40 percent elsewhere.<sup>29</sup>

The elite market can also be described in term of the tastes and motivations of collectors. Watson (1992, p. 420), for example, describes three different groups of collectors in terms of their tastes:

Collectors of contemporary art being the first and largest. Collectors . . . who are not at all interested in contemporary art and have the funds and the appetite to acquire the very best in their chosen field. . . . And a third group, characterized by the idiosyncratic nature of their collections.

Watson (1992, p. 419) further states that

collecting contemporary art is twice as popular as collecting Modern—that is twentieth century—art; three times as popular as collecting Impressionists and four times as popular as collecting Old Masters. Good Old Masters are much harder to come by these days, of course, and the religious content of many Old Masters is unappealing to many buyers. The high price of Impressionist and Modern works probably accounts for some but by no means all of the appeal of contemporary art.

In addition to tastes, the motivations of collectors in the elite market appear to differ. Moulin (1987), for example, describes several different groups of collectors in her analysis of the French arts market—including prestige purchasers, fashion imitators, scholar collectors, discoverers of the avant-garde, snobs, and speculators. Sandler and Watson also distinguish among different classes of collectors, emphasizing distinctions among connoisseur collectors, status collectors, and investors. Connoisseur collectors are those who have been collecting for a long time, are reasonably knowledgeable about art, and generally avoid notoriety. Status collectors tend to be more recent collectors and are more attuned to trends in the market. Investors are those whose interests are tied less to the art and more to the possibility of making money by buying and later selling their art. Of course, an individual may start out as one type of collector and later shift to another category. Indeed, as collectors become more experienced in the market and their level of knowledge and appreciation grows, they are likely to move toward the connoisseur category.

We now turn from an examination of the characteristics of current demand to a description of how current patterns have been changing. In addition to describing these changes, we also attempt to identify why those changes have been occurring.

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<sup>29</sup>Watson, 1992, p. 422. See also D'Arcy, 1997, and Gimelson, 1994.

## Key Trends

### Museum Attendance Has Been Rising

There are two ways to compare changes in visual arts appreciation. The first is to examine growth in the total number of people who visit museums; the second is to examine changes in the rate or proportion of the population who visit museums. Both comparisons are useful, but they describe different phenomena. Changes in total attendance address the issue: how many people participate in the visual arts and how is this number changing? Changes in the rate of attendance indicate that the relative attraction of visiting museums has been changing.

Total attendance can increase for several reasons including overall population growth, changes in the composition of the population, or an increase in the rate at which the population attends museums. Changes due to the first two of these factors have less to do with the increasing popularity of museums and the visual arts but reflect broader sociodemographic changes in the population. Changes due to an increase in the rate at which people attend museums reflect a direct change in behavior, specifically an increase in the population's propensity to visit museums.

Figure 3.3 shows how both of these measures of museum attendance have changed during the last 20 years. As this comparison makes clear, the total number of art museum attendees has risen by almost half between 1982 and 2002 (from approximately 38 million visitors to close to 56 million). This increase is substantially greater than the increase for all of the performing arts and helps contribute to the perception that appreciation of the visual arts has been booming. However, despite this increase in total visitors, the rate of attendance has only increased by 20 percent over this period (from 22.4 to 26.9), and almost all of this change in rates occurred between 1982 and 1992. Over the last decade, the rate of museum attendance appears to have largely stabilized. Indeed, almost two-thirds of the total increase in the number of attendees occurred between 1982 and 1992 (11.5 of the 17.8 million total increase).

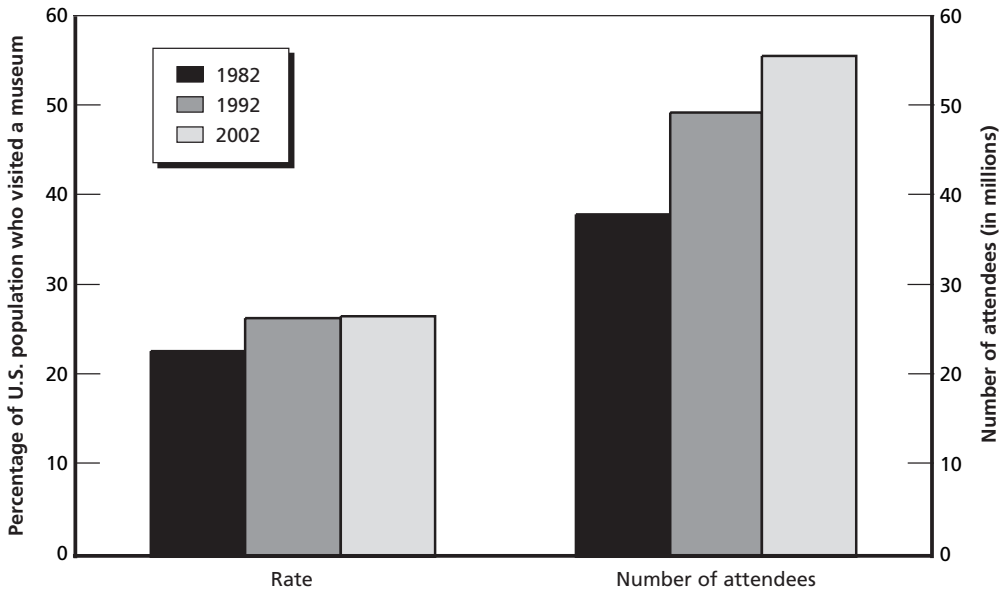
### Blockbuster Exhibits Appear to Have Increased Museum Attendance<sup>30</sup>

Blockbuster exhibits, of course, have become increasingly popular during the last decade (the number of blockbuster exhibits drawing over 200,000 visitors increased

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<sup>30</sup> In several respects, blockbuster exhibits are the visual arts' equivalent to the star-studded spectacular of the performing arts.

**Figure 3.3**  
**Rate and Number of Visitors to Museums**



NOTE: Calculations are based on data from SPPA, 1982, 1992, and 2002 (NEA, 1983, 1993, and 2003).

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from 14 to 31 between 1996 and 1999).<sup>31</sup> Although the museum attendance numbers collected annually by *The Art Newspaper* from the museums themselves are not directly comparable to SPPA attendance figures, it appears that a substantial share of the total attendance increase at museums between 1992 and 2002 was due to the popularity of blockbuster exhibits.<sup>32</sup> Indeed, since the total fraction of the population attending museums hardly increased during this period, these data suggest that a large share of those visiting blockbuster exhibits were, in fact, return attendees. This possibility is also suggested by the fact that the average number of visits by those who

<sup>31</sup> Dobrzynski (2000) reports that the number of special museum exhibits that drew more than 200,000 attendees “has grown from 14 in 1996, to 18 in 1997, to 21 in 1998, to 31 in 1999.” Also see Dobrzynski, 1998, and Jones, 2003. Dobrzynski finds that the largest single blockbuster was the Los Angeles County Museum of Arts van Gogh exhibit, which drew over 800,000 attendees. At least a dozen others have drawn over 300,000 visitors. Attendance is tracked for the duration of the exhibit, whether it is several months or more than a year. Some care must be taken in relying too heavily on museum attendance statistics, both in general and for blockbuster exhibits since, as Anderson (2004) has pointed out, museums rely on a variety of techniques for measuring attendance, and the numbers reported may not always be reliable.

<sup>32</sup> Assuming that the average attendance at blockbuster exhibits (defined as those that attracted at least 200,000 visitors) was 250,000 (likely a conservative assumption), then the increase in the number of such exhibits between 1996 and 1999 would have added approximately 4 million to museum attendance.

visited museums between 1992 and 2002 increased from 3.3 visits to 4.1 visits per year.<sup>33</sup> The combination of more frequent blockbuster exhibits and a higher number of average visits per attendee suggests that the strategy of increasing blockbusters may well be increasing the number of return visits among museum attendees. However, this conclusion also raises questions about just how broad based the increase in museum attendance over the last decade has actually been.

### **The Increase in Total Museum Attendance Appears to Be Due More to Population Growth and Rising Education Levels Than to a Higher Rate of Attendance**

As we noted above, the increase in total museum attendance could be a product of any combination of three factors: first, growth in the total population; second, increasing education levels among the population; and/or third, higher rates of attendance among the various education groups. Because each of these three factors depends on different dynamics, their relative importance not only gives us a clearer picture of why attendance rates have been increasing but also of how they might change in the future. Attendance growth due to growth in the overall population, for example, would indicate that the rise in museum attendance is driven more by an expanding population than the increasing attraction of museums. Attendance growth due to higher levels of education, however, underscores the importance of education to visual arts consumption and suggests that as long as education levels in the population continue to rise, so will museum attendance. Lastly, attendance growth due to higher rates of attendance suggests that more people are attending museums at all levels of education and thus, that museums are becoming a more attractive alternative relative to other activities across the population.

Table 3.2 compares the importance between 1982 and 2002 of each of these factors in the growth of total museum attendance and attendance levels for five different performing arts' live performances.<sup>34</sup> These data indicate that about 60 percent of the total increase can be attributed to the growth of the population during this period,<sup>35</sup> and the rest are the result of increasing levels of education. In contrast, the actual rates of attendance among the various education groups actually declined slightly in the aggregate over this period. In other words, the growth in museum at-

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<sup>33</sup> These estimates are based on comparisons of the average frequency of attendance reported in the 1992 and 2002 SPPA data (NEA, 1993 and 2003).

<sup>34</sup> These computations are made by disaggregating the total change in attendance between 1982 and 2002 into three components: first, the amount of the change due to growth in the total population; second, the amount due to increases in the proportion of the population in each of the different education categories (less than high school graduate, high school graduate, some college, college graduate, and more than 16 years of schooling); and third, the amount due to changes in attendance rates for each of these education categories.

<sup>35</sup> Between 1982 and 2002, both the total resident and total adult population of the United States increased by about 26 percent. Calculations are based on data available at [www.census.gov/statab/hist/HS-03](http://www.census.gov/statab/hist/HS-03).

**Table 3.2**  
**Decomposition of Change in Total Attendance**  
**(in millions)**

	Total Visitors, 2002	Change from 1982–2002	Controlling for Population Growth, Total Increase in Visitors	Controlling for Growth in Education Levels, Total Increase in Visitors	Controlling for Both, <sup>a</sup> Changing Rate of Participation
Museum	55.9	16.9	10.2	8.1	–1.4
Classical music	24.3	2.2	4.4	4.2	–6.4
Opera	5.6	0.5	1.0	1.2	–1.7
Theater	25.8	5.7	4.7	4.1	–3.1
Ballet	7.8	0.7	1.4	1.3	–2.1
Jazz	21.6	5.8	3.9	3.5	–1.6

NOTE: Calculations are based on data from SPPA, 1982, 1992, and 2002 (NEA, 1983, 1993, and 2003).

<sup>a</sup> Population growth and growth in education levels are controlled for.

tendance between 1982 and 2002 was due entirely to population growth and rising education levels among the population. In fact, holding education and population constant, the overall rate at which individuals of different education levels attended museums actually declined—primarily because of slightly lower rates of attendance among the less educated.

These findings provide a somewhat less rosy base for projecting future growth in museum attendance than that suggested by the increase in total attendance alone. Instead, they indicate that museums have had less success in raising interest levels among the various educational groups, especially those with less education, than the overall numbers might indicate. Indeed, as Weil has pointed out, the better educated remain the core audience for museums—despite the various efforts museums have taken in recent year to diversify their audiences and increase attendance among lower-income and minority segments of the population.<sup>36</sup> One factor that may help account for this apparent lack of success is that large segments of the population feel uncomfortable with the atmosphere of museums and believe that museums are not welcoming to those who are not knowledgeable about the arts.<sup>37</sup> In addition, as Toffler (1964) has suggested, the rise in college attendance and exposure to visual arts appreciation courses among the American population have increased the exposure to and subsequent appreciation of the visual arts among the better educated segments of the population.

Changes in leisure time and leisure options are other factors that may help explain museums' failure to expand their reach among the less well-educated and mi-

<sup>36</sup> For a discussion of the continued socioeconomic selectivity for museum attendance, see Weil, 2002a, pp. 170—187; for a discussion of museum efforts to diversify their audiences, see Neil Harris, 1999.

<sup>37</sup> For an example of this phenomenon, see Getty Center for Education in the Arts, 1991.



nority segments of the population. Although the growth in leisure time that Americans have enjoyed for much of the 20th century has reversed for some segments of the population, it is unclear whether this is true for Americans in general.<sup>38</sup> Most observers agree, however, that as a result of irregular working schedules, the structure of free time has become increasingly fragmented—especially for the more highly educated, who are the heaviest consumers of the arts (Robinson and Godbey, 1997; Schor, 1991). The perception of reduced leisure time and the increasingly home-centered focus of leisure activities have no doubt increased the competition that the arts face from other leisure time pursuits.<sup>39</sup> In addition, the entertainment and leisure industries have dramatically expanded the options that Americans have for using their leisure time.

A key issue for the future may well be the incompatibility between the importance of in-person visits to see original art works and Americans' increasing propensity to entertain themselves with electronic media at home. Although audiences stretched for time can more easily fit in a museum visit than a theater performance, it is also true that unlike a performing arts experience, people do not tend to substitute an electronic for an in-person visual arts experience. However, technology could provide a gateway to the museum experience by allowing potentially interested consumers to obtain an inside view of a museum's collection and/or educational information about the visual arts to overcome the perceptual barriers some people might have. Nevertheless, unless the visual arts can expand their attraction to a broader educational cross-section or enhance the substitutability between personal and intermeditated visual arts experiences, there may well be a ceiling on the potential growth of museum attendance.

Of course, improvements in technology could expand the reach of the visual arts. Such changes as expanded broadband capacity and improved transmission quality may improve the quality of reproductions and thus reduce the difference between the original and the reproduction—just as such improvements have reduced the difference in quality between live and recorded performances. Indeed, the arts market appears to already be using the Internet to show works for sale to potential buyers. However, such developments seem more likely to be used by those who have already developed a taste for “fine art” than they are by those who are less knowledgeable. Moreover, given the differential access to computers by income and education level, it seems unlikely that technology alone will increase the fine arts appeal to the less well-educated and lower-income segments of the population.

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<sup>38</sup> For opposing views on this issue, see Robinson and Godbey, 1997, and Schor, 1991. Robinson and Godbey argue that with a few notable exceptions, Americans have as much leisure time as in the past. Schor argues that Americans have less.

<sup>39</sup> See Putnam, 2000.

As Table 3.2 also demonstrates, however, museums have fared better in this respect than the performing arts. Not only has the increase in the number of museum attendees been larger than the number of attendees at live performances, but the decline in rates of participation has also been less steep. As we suggested above, this apparent advantage for the visual arts is largely a result of the greater flexibility museums offer consumers in terms of scheduling, the amount of time spent, the range of options available, and the cost of admission. Thus, although the future museum attendance picture may not be as rosy as the total attendance figures suggest, demand for the visual arts and museums appears to be more resilient than for the performing arts. Nevertheless, if past trends are an indication of the future and in the absence of efforts to change tastes and enhance demand among less educated segments of the population, future growth in visual arts appreciation and museum attendance appears to depend on continued population growth and increasing education levels.

### **Demand in the Arts Market Has Grown Dramatically over the Last Three Decades**

Although comprehensive statistics on the size and growth of both the general commercial and elite arts markets are not available, journalistic accounts of how the market has changed since the early 1980s, particularly the elite market, are abundant.<sup>40</sup> The picture that these accounts paint is of a market exploding throughout the 1980s, plunging during the early 1990s, and then surging ahead more steadily but just as assuredly into the new century. The chief indicators of these changes are the increasing volume of sales, the growing number and diversity of collectors/buyers, and, most particularly, the explosion of prices.<sup>41</sup>

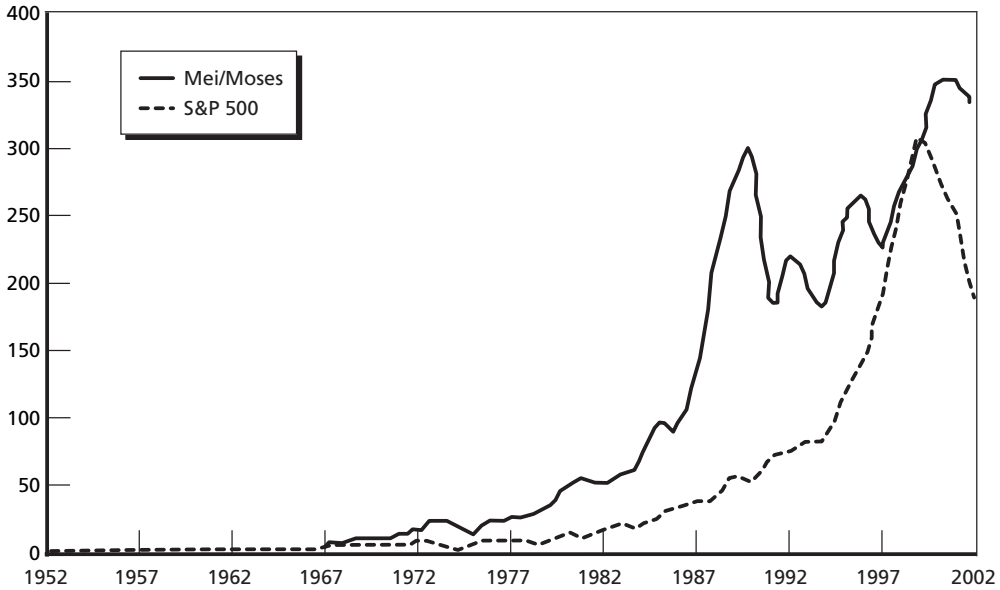
Figure 3.4 tracks the rise in art prices and compares them to the changes in equity prices from the early 1950s to 2002. These data document the 1980s boom, early 1990s bust, and subsequent rise in the late 1990s and into 2000. Between 1982 and 1989, for example, the Mei and Moses art price index increased six-fold (from an index value of 50 to a value of 300). It subsequently fell close to 40 percent during the early 1990s (from a value of 300 to a value of 180), and then rose over 90 percent from the mid-1990s to 2001. As Figure 3.4 also shows, this rise was greater than the increase in stock prices over this period, although art prices were generally more volatile.

Hughes (1984, p. 2) has pointed out that arts markets have flourished in the past: “some modern art prices are by no means as fantastic when compared to the prices of the past, as we might casually think.” However, he also acknowledges that

<sup>40</sup> See, for example, “Yesterday’s Blooms,” 1990; “Inside the Art Market,” 1998; “Special,” 1997; and Hughes, 1989a and 1984.

<sup>41</sup> See, for example, McGuigan, 1985; Walker, 1987; Wechsler, 1989; Graeber, 1989; Hughes, 1990a and b; Tomkins, 1992; Vogel, 1994, 1996b, 1997a, and 2000; Dobrzynski, 1999; and Gleadell, 2003.

**Figure 3.4**  
**Comparison of Art and Equity Prices, 1952–2002**



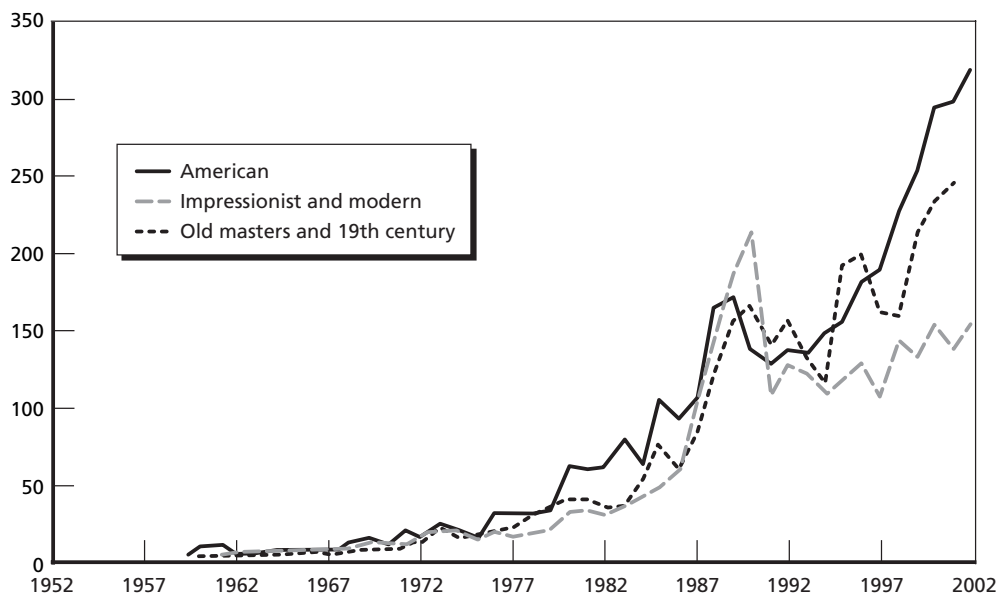
NOTES: S&P 500 = Standard & Poor's 500 stock index. Mei/Moses = the Jianping Mei and Michael Moses fine art index.

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the scope and extent of the explosion of the arts market during the last 30 years are truly unprecedented. One measure of the special nature of this phenomenon is the scope of the increase in prices and volume. As Figure 3.5 indicates, the recent dramatic increase in prices has not been limited to specific artists or styles of art but has occurred across a diverse array of submarkets or styles of visual art. Indeed, Sotheby's *Art Market Trends* reported that over the five-year period 1985 to 1989, all six of the submarkets for which they compiled major price indices (old masters, Impressionists and post-Impressionists, modern paintings [1900 to 1950], American paintings from 1800 to World War II, and contemporary [post-1945] paintings) posted price increases of at least 14 percent per year.<sup>42</sup> This increase was not limited to the elite sector of the arts market—judging by similar, if somewhat more modest, price increases—but also occurred in the market for collectibles as well.

<sup>42</sup> See *Forbes*, March 6, 1989, p. 76. *Forbes* also reported indices for various types of collectibles—e.g., jewelry, furniture, and ceramics—and found similar increases.

**Figure 3.5**  
**Comparison of Price Increases in Arts Submarkets, 1952–2002**



SOURCES: Mei and Moses fine art index and Standard & Poor's 500 stock index.

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It is particularly noteworthy that the demand for contemporary art is substantially greater than the demand for other types of art. As a host of observers have noted, prices in the contemporary market are especially volatile since neither contemporary artists nor their art works have passed the test of time, which appears to be paramount in setting and stabilizing market prices.<sup>43</sup>

This transformation of the arts market has been driven by a combination of changes in the operation of that market and changes in the demand for collectible art. We will discuss how the market has changed and the consequences of those changes in Chapter Five. Here, we focus on how changes in the nature of demand have contributed to market changes.

One key factor behind the growth of demand has been the rising incomes of the population—especially the most affluent segments of the population who are the most likely to be involved in the arts market. While the average American household experienced an 18 percent increase in real income between 1980 and 2000, for example, households in the upper five percent of the income distribution saw their av-

<sup>43</sup> See Hughes, 1989a and 1990a; and Decker, 1998b, pp. 114–115.

erage incomes almost double (93 percent).<sup>44</sup> Indeed, the combination of a surging stock market and the proliferation of digital millionaires, real estate tycoons, and entertainment stars (whose incomes are in the top one percent of all households) created an unprecedented increase in the number of potential art buyers.<sup>45</sup>

More education and a greater familiarity with contemporary art among the populations coming into their peak earning years are also playing a role. Many of these newly affluent individuals were part of

the first wave of the postwar baby boomers entering their 40s. They were better educated than their parents (or anyway had spent more time in schools). Many were more comfortable with art, especially with contemporary works, which no longer required a knowledge of the Bible, the classics, or even history to understand (“Yesterday’s Blooms,” 1990, p. 8).

In addition to the buying power of these newly affluent potential consumers were two other groups who became directly involved in the arts market during this period: first, foreign buyers (initially Europeans and later Japanese and other Asians, and more recently Middle Easterners) who joined the market as it globalized<sup>46</sup>; and second, corporations, which had the money and the hired expertise to become major players in the market.<sup>47</sup>

If these developments help explain where the new buyers and money came from, they do not fully explain why these two sets of resources were targeted at the arts market and most particularly at the contemporary market. The missing link here appears to be the dramatic expansion of the idea of art as a good investment. Although, as Hughes points out, the idea that art should be considered a form of investment did not originate during the 1980s, it certainly proliferated during that period. Indicative of the growth of this attitude was the following statement about the advisability of art as an investment: “In these days of the weakening dollar, art is a surer investment than gold. One study shows that in 1986, only diamonds appreciated faster than collectibles. Art has the potential to turn a better profit than soybeans—and, of course, it’s more beautiful” (Dinitia Smith, 1987, p. 36). In fact, art

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<sup>44</sup> Moreover, the share of aggregate income going to the top 5 percent of households rose from 16 to 22 percent during this period. Calculations are based on data available at <http://www.census.gov/hhes/income/histinc/h01ar.html>.

<sup>45</sup> See Brown, 1997; and “Yesterday’s Blooms,” 1990.

<sup>46</sup> Descriptions of the international flavor of the market can be found in “Yesterday’s Blooms,” 1990; Watson, 1992; and Sandler, 1996 and 1979. For an example of the Middle Eastern influence, see Adams and Harris, 2004.

<sup>47</sup> An institutional change that contributed to the pattern of collecting throughout this period—and has been cited as improving the pattern of purchases during the late 1990s—has been the entry of art advisors who help individuals and institutions in making their art purchases and building their collections. See Bahrapour, 2000.

is not only more beautiful, it is more volatile, as the plunging market, particularly the contemporary arts market, at the end of the 1980s proved.

Although some observers claim that the lessons learned from the sharp rise and fall of the arts market in the 1980s contributed to a more orderly climb in the late 1990s, the market (and demand for fine art works) had already changed significantly. Change has been particularly pronounced in the market for contemporary work, where many buyers appear to focus more on responding to trends and identifying new artists—in much the same fashion as investors in the stock market have eagerly sought out initial public offerings.

## Future Issues

The key issue for the future is, How will demand for the visual arts change? Whether gauged by increases in museum attendance or the growth and escalation of prices in the arts market, demand for the visual arts appears to be booming. As our analysis has indicated, however, the increase in museum attendance has not been quite as robust as suggested by headlines proclaiming a boom in museum visits. Although total attendance has indeed increased (particularly in contrast with attendance at the live performing arts), this growth appears to have been largely caused by population growth and rising education levels rather than an increase in the rate of attendance per se.

From the perspective of museums, the most positive aspects of the increase in total attendance have been the increasing frequency of visits among regular museum-goers and the success of blockbuster exhibits in increasing attendance. By and large, this increase in attendance appears to have been largely concentrated among the better-educated segments of the population. Thus, we might expect that continued growth in total museum attendance might well be predicated on increasing education levels of the population. Education levels in America may be expected to continue to rise. But the increasing diversity of the population—due to influxes of immigrants and declining fertility among the native born—suggests that the rate at which education levels increase in the future might not be as rapid as in the recent past.

However, even if education levels continue to rise, museums' ability to attract succeeding generations of college graduates to visual arts appreciation will be challenged by changing patterns of leisure time, which have increased the demand for home-centered leisure activities and growing competition from expanding and increasingly market-savvy entertainment and leisure industries. Indeed, our analysis of changes in museum attendance over the last decade suggests that the rate at which the better educated segments of the population have been visiting museums has stabilized.

In all likelihood, an even greater challenge for museums will be broadening their appeal to underrepresented groups, such as the less well-educated and minority segments of the population. Despite a variety of efforts, museums on the whole have had little success in diversifying their audiences. Instead, museum attendance remains highly correlated with education levels, which in part reflects the aesthetic focus of their past, but this focus presents a perceptual barrier to the more diverse audiences they are attempting to reach.

To date, museums have attempted to broaden their outreach and marketing efforts with special exhibits, blockbusters, and attempts to make museums the center of social activity and general entertainment. However, is an outreach strategy based on blockbuster exhibits feasible, considering that the costs of putting on these exhibits may place them beyond the reach of all but the largest museums? Moreover, attempts to make museums an entertainment attraction have led some to question what the longer term effects of such efforts will be on museums' ability to fulfill their traditional missions.<sup>48</sup>

Technology could have an effect on future patterns of demand just as it seems to have increased the demand for the performing arts. To date, technology's effects on the visual arts seem to have been concentrated in the visual arts market, where, as we will discuss, it appears to have increased the flow of information about the availability and pricing of visual arts works. Technology has been applied to a lesser extent among museums, where it has facilitated the management of museums' collections. In principle, however, it could expand access to the visual arts, particularly if continued improvements in computer technology reduce the differential between the original work and the reproduction. Although such improvements might increase access to art, they seem unlikely to diversify demand, since those groups who are least inclined to attend museums today are also likely to have less access to the new technology.

Instead, probably the most important issue for the future is how to increase demand for the visual arts, particularly among those segments of the population who are not currently inclined to visit museums. The traditional focus of arts advocates has been on policies designed to increase the supply of the arts in the belief that "if we build it, they will come." However, as we have argued elsewhere, we believe too little emphasis has been placed on strategies designed to build demand and, in particular, to provide gateway experiences to the arts (especially arts education) for the young.<sup>49</sup> Such experiences can have an enduring effect on future arts participation and start individuals on the path to becoming lifelong and knowledgeable visual arts consumers.

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<sup>48</sup> See for example, Cuno, 2004b; Solomon, 2002; Vogel, 1996a; and Cuno and Rogers, 2000.

<sup>49</sup> See McCarthy et al., 2004.

Changes in collecting patterns have been even more dramatic than those in appreciation. Although still dwarfed in absolute numbers by the millions who go to museums each year, the number of collectors appears to have increased during the last two decades by an order of magnitude. In addition, the tastes of collectors appear to have become more diverse in terms of what they collect, e.g., periods and styles of work and the media used.

Whether these trends will continue into the future, however, is less certain since they appear to have been driven by three phenomena: first, rapid growth in the most affluent segments of the population; second, that population's increasing attraction to fine art collectibles; and third, a growing tendency to view fine art as an investment. The first and third of these trends will largely be determined by such macro-level forces as the growth of the economy and the relative returns on different kinds of assets, which are largely beyond the purview of the arts market per se. Therefore, the key questions may well be whether the more affluent will continue to purchase art and what types of art they will purchase. As the prices of fine art have risen, the range of art that collectors have purchased has expanded to include less expensive items that were not formerly prized (we discuss this topic in greater detail in Chapter Five). This trend may well continue, but it may also spread to the general commercial and design markets—particularly if purchasing and collecting art becomes more of a middle-class pastime.

In any case, the tremendous growth of the arts market has raised questions about its longer-term effects on the quality of art more generally—particularly among those who fear that continued growth will be driven by speculation.<sup>50</sup>

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<sup>50</sup> See Hughes, 1984, and Plagens, 1999.



## CHAPTER FOUR

**Artists**

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In this chapter we turn from demand for the visual arts by appreciators and collectors to the artists who create the art itself. Most of the artwork displayed in museums (as well as that sold in the secondary elite arts market) has been created by artists who are no longer alive. They are not the subject of this chapter. Instead, our analysis focuses on the number, characteristics, and career paths of living artists, and on how these features of contemporary artists are changing and why. The characteristics of visual artists, both living and dead, who are no longer producing art is relevant here only to the extent that they offer insights into how the circumstances in which current artists work, create, and develop careers have been changing. Given that the vast majority of these artists produced their work in the distant past—when artists were more likely to be considered craftsmen than professionals, when the features of today’s visual arts market were virtually inconceivable, and when the role of art in society was very different—the longitudinal comparisons in this chapter focus on how the circumstances of visual artists have been changing over the last 50 years.

As in our earlier analysis of performing artists, we begin this examination of visual artists by presenting basic data on their numbers, their sociodemographic characteristics, and their working and living conditions. We then compare how these features of visual artists and their career patterns have changed over the last few decades, suggest reasons for these changes, and finally discuss the implications of these changes for the future.

**Key Concepts**

The initial challenge in analyzing visual artists is defining who they are. At the most basic level, visual artists create original work intended for viewing and purchasing either by an individual or by an exhibiting organization. In contrast, performing artists are by and large involved in the re-creation and interpretation of art in a performance, a fleeting and unique work of art. Of course, composers, playwrights, and librettists also create original work intended for sale, but the ultimate goal for their work is a live performance. Conversely, some visual artists intentionally create works





























































































































































































