INSIDE A COLLECTOR'S HEAD

Sigmund Freud famously described collecting 'as a redirection of surplus libido onto an inanimate object'. Though Freud's theory sounds intriguing, even titillating, it probably has little, if anything, to do with the real reasons collectors collect. The search for rare objects is more basic: it is rooted in our neurobiology. Unlike the unsubstantiated opinions of Freud and his fellow psychoanalysts, our understanding today is based upon methodical research and experimental evidence performed by a range of investigators using sophisticated techniques. This field is called Neuroeconomics and is loosely defined as the study of the human brain when applied to economic decision-making.

The Collector's Decision

A decision to collect is not made entirely in the thinking part of the brain, the cerebral hemispheres that developed late in the evolutionary process. If it were, the collector would be a machine, like a computer, because the collecting decision would be made coldly without emotion. Instead, a kind of repository of 'animal spirits' located deep within the brain also exerts influence. Older in origin, this area is where emotional states tied to earlier events are stored. It is also here that the drive for collecting is initiated in a pleasure center, an area named the *nucleus accumbens*.

Animal Spirits

While our pleasure center is driving the decision, other animal instincts deep within the brain, are also affecting us subliminally. The composite fear, caution and vigilance center, which I call the fear axis, is technically known as the *amygdala*. It acts as a depressor of the pleasure center.

This risk avoidance can be advantageous if it prevents a collector from acquiring an object that is not what it is represented to be. Alternatively, an exaggerated amygdala response leading to unwarranted alarm could be counterproductive.

Whether we are born with a strong fear response, or our environmental circumstances cause or exaggerate this underlying propensity, the result is the same: warning signs can be stirred when making any collecting decision, sometimes to our advantage and at other times to our detriment.

A Case in Point: My Buying Decision

I collect export porcelain, objects made in China or Japan and then exported to the West from the 16th century onward (fig. 1). In pursuit of such objects, I attended a major antique fair, Olympia in London in June 1996. A dealer

Figure 2.
Coffee Pot, porcelain,
h. 9 1/2 in., Japan, 1700,
Author's Collection.
Photography Thomas
M. Mueller.

from Harrogate, Yorkshire was showing a vessel he labeled a 'Japanese Arita coffee urn, circa 1700' (fig. 2), with no further description. His stand was crowded with all sorts of ceramics, only a few of them Asian. The coffeepot had thicker walls than most other Asian porcelain of its type and was more densely painted than I was accustomed to seeing.

Whether to buy this piece or not was a conundrum for me. I knew I wanted it, but only if the dealer's description was correct. My pleasure center was clearly at work here; this little-known object would be a wonderful addition to my collection of 17th and 18th-century Asian coffeepots. However, caution intervened: "If I have never seen one of these before, how do I know it is what the dealer promises?"

As I weighed these factors, it was impossible for me to make a decision. I went back to the dealer's stand several times and learned the asking price, which was reasonable. It was low enough that I could afford the risk of learning later that my bet was wrong. I bought the piece. Later, while perusing the book *Interaction in Ceramic Oriental Porcelain & Delftware*, I spotted a similar coffeepot that author Christiaan Jörg described as rare. I was lucky.

In telling this story, I do not want to suggest that I am always so fortunate. The point is that my judgment interacted with my pleasure seeking center and cautionary influences – both animal instincts. Ultimately a minor piece of information (the affordable price tag) tipped the scale. This is where other ‘animal spirits’ from deep within the brain interact.

The *anterior insula*, for example, is influenced by price as well as by sadness and disgust. If the cost is excessive, it inhibits activity in a specific area of the cerebral hemispheres, the prefrontal cortex, also known as the executive brain. The latter navigates between conflicting emotions to work towards a defined goal. It filters among ‘animal spirits’ that include the pleasure center (nucleus accumbens) and depressors such as the cost sensor (anterior insula) and fear axis (amygdala). Yet it is always the prefrontal cortex that makes the final decision. The brain has additional areas that also make contributions, but less is known about them, so we shall leave them out here.

This is how a brain conversation might go in the mind of someone interested in acquiring an antique. The pleasure center says, “Yes, I want it.” Feeding this pleasure center are psychological reinforcers (about which less is understood), which make the desire for a particular collectible unique to the collector. Among these are pride, love of history, legacy concerns, the thrill of the chase, intellectual satisfaction, the joy of arranging objects, and enhancing one’s social life. Opposing the pleasure center are cost concerns (anterior insula) and the fear axis (amygdala). All are mediated by the logical prefrontal cortex.

This means that the brain weighs potential expenditures against rewards before a final decision is made. Recognizing these complex mechanisms can help collectors make better decisions. For example, an emotion unrelated to a particular possession can drive a collector to rid himself of it, and thereby sell at a deep discount. Estate sales often occur upon the death of one or both spouses in a long marriage. Consumed by grief, the surviving partner or heir is much more likely to sell at a bargain-basement price than he would have prior to, or substantially after the event that produced the melancholy. This is because sadness influences the prefrontal cortex. An uneducated collector might not be able to counteract these creature instincts. Yet one more aware of the brain’s sophisticated workings is better able to resist them and thus delay important decisions. One knows that his prefrontal cortex can interact with his primordial drives more appropriately when they are not so strong.

A Test of Wills: A Dealer and his Client

This brings us to a common challenge for collectors, the dealer-client relationship. Eli Lilly and his Asian art dealer, C.T. Loo, provide insight. Eli Lilly formed the core of the Asian collection of what is now the Indianapolis Museum of Art when he was CEO of Eli Lilly and Company Pharmaceutical Firm in Indianapolis, Indiana. Lilly’s initial dealer for Chinese art was C.T. Loo, a man well-known in his own right and arguably the most important merchant in Chinese art on both sides of the Atlantic from 1915 to 1950 (fig. 3). The two men left clearly elucidated written communications, which are the basis for my conclusions. The original Lilly documents are from a historical library located at the pharmaceutical firm’s headquarters in Indianapolis, Indiana. The C.T. Loo material is from the

Figure 3.

C.T. Loo's pagoda still exists in Paris today.
48 rue de Courcelles,
75008 Paris, France,
Tel: +33 (0) 1 45610693
Photography Thomas
M. Mueller.

Frank Caro archive at the New York University Visual Arts Library housed in NYC. Frank Caro was the successor to C.T. Loo after he retired.

C.T. Loo triggered Mr. Lilly's price sensor (anterior insula) more than once. As an example, in May 1947, Lilly was concerned about the cost of a group of 19 Chinese Sung dynasty pieces (figs. 4 & 5) Loo offered him for \$54,350. Today that sum would be worth over half a million dollars. Mr. Lilly's unease was based not on a gut feeling, but facts. He compared the prices of the objects in 1947 to those in Loo's previous 1941-42 catalogue (fig. 6). Unsold pieces from the earlier sale were included in the 1947 offer to him. The CEO noted that the recent prices were substantially higher than he expected based on the earlier publication. As an example, a Northern Song vase (fig. 5) was \$2,250 in 1941-42. The charge to Lilly for the same object five years later was \$6,000, nearly three times as much. Even taking into account high inflation during the war years, I calculated that the piece would still be worth no more than \$3,000, half what Loo was asking of Lilly. Many other items had similarly high prices.

Lilly expressed his concern to Mr. Loo in a letter on May 5, 1947:

[...] in my ignorance of such things, your prices seemed high as compared with your ... catalogue of 1941. Of course, an increase is to be expected, but roughly it seemed your new prices were on an average of about three times as high as in 1941 [only six years earlier], and in a case or two even four times.

Lilly is clearly uncomfortable about Loo's charges. He wants the objects that would surely be a bright spot for the fledgling Indianapolis museum. Still, he does not want to overpay based on Loo's previous charges. Additionally, he knows that he would be taking some objects that did not sell earlier and he may well assume that they should be worth less, not more.

Even so, Lilly made an offer for the pieces; one that he probably thought was generous considering the increases in Loo's pricing. Lilly proposed \$40,000 instead of \$54,350, a 26% discount. Eventually, Mr. Loo received \$54,350, his original asking price, though it was for more items than he had planned for this sum: Lilly acquiring 24 rather than 19 objects.

Mr. Lilly's concern about cost was justified. An ovoid vase very similar to the one purchased by Lilly in 1947 was sold at Christies at the Rockefeller Center on March 19, 2009 for \$194,500, including the buyer's premium (fig. 7). This means that the interest per year on Lilly's vase can be calculated up to 2009 from the respective 1942 and 1947 prices (\$2,250; \$6,000). The gain for the earlier price is 6.78% per year and 5.77% for the later. Over the same period, the Dow Jones Industrial Average (DOW), a general indicator of the United States stock market, increased 6.32%. In other words, the vase, if purchased from Loo during his initial sale, would have performed better than the market. On the other hand, the gain for Lilly's actual expenditure in 1947 was less than the Dow. Clearly, cost makes a difference. Mr. Lilly perceived this and instinctively insisted on a better price. This inclination in all of us is natural and protective. It is based on the activity of our cost sensor (anterior insula), part of our neurobiology.

Mr. Loo was not put off by having to supply more pieces for the same price. The Sung purchase was followed early the next year by another offer by the

<< Figure 4.
Vase with cover,
porcelain, h. 9 ³/₄ in.,
China, Southern Song,
Indianapolis Museum of
Art, Gift of Mr. and Mrs.
Eli Lilly, inv.nr. 47.141.
Purchased by Eli Lilly
from C.T. Loo May 23,
1947.

Figure 5. >>
Vase, porcelain, h. 17 in.,
China, Northern Song,
Indianapolis Museum of
Art, Gift of Mr. and Mrs.
Eli Lilly, inv.nr. 47.153.
Purchased by Eli Lilly
from C.T. Loo May 23,
1947.

Figure 6.
Loo's 1941-42 illustrated
catalog (left) and 1947
price pamphlet (right).
Author's Collection.

dealer. He sent Mr. Lilly photographs of eight Chinese hand painted scrolls with descriptions and prices on January 12, 1948. Two of the eight scrolls interested Mr. Lilly, which he expressed in a letter to Loo about six weeks later (February 23, 1948). They were *Misty Forest and Rocks* and *Dragon Pursuing the Pearl*. In this same communication, Mr. Lilly laid out terms for the potential sale. He said:

[...] if anyone wishes to sell us Chinese paintings he must be willing to ship it to the John Herron Art Institute (the precursor of what is now the Indianapolis Museum of Art), who in turn will send it to several experts on Chinese paintings for their written opinions. This requirement is not made because we doubt the honesty and sincerity of the vendor, but we wish to preserve the opinions of the experts to vastly strengthen ourselves if we would ever wish to sell the objects.

Lilly could not have expected the response that Loo gave him. On March 3rd he received a letter in which the price of one of the scrolls had increased without explanation. It was *Misty Forest and Rocks* that was \$10,000 in Loo's

Figure 7.
Vase, Christies at
Rockefeller Center
2009. It is similar to the
one Lilly purchased in
1947.

Figure 8.
The Rongxi Studio,
 Ni Zan, hanging scroll,
 ink on paper, 74.7 x
 35.5 cm, National Palace
 Museum, Taipei, inv.nr.
 Ku-hua 000293. The
 scroll that was offered
 to Lilly with the price
 increase was attributed
 to this artist.

January letter, but in his March 3rd communication, the charge was \$2,000 more, at \$12,000. The price of the other scroll remained the same.

This was not all. Loo also apparently sent the scrolls to Lilly's home rather than the John Herron Art Institute. This was against what Mr. Lilly had specifically requested in his February 23rd letter.

These discrepancies must have aroused Mr. Lilly's suspicion. He may well have felt that Mr. Loo was being less than straightforward with him. When a buyer perceives duplicity the fear axis (amygdala) is stimulated. Lilly did not buy the scrolls. Instead, he returned the package to Loo with this curt explanation:

I do not like to do this (return the package), but the full responsibility is not mine because I asked you in my letter of February 23 not to send these painting out without further communications [...] The next time I am in New York I will drop around to see you and we may be able to continue something in a less strenuous and hazardous direction.

At this point, Lilly may have been joining other collectors at the time including Charles L. Freer and John D. Rockefeller. They regarded Loo as 'crafty'.

In summary, every collecting decision is a balancing act. It involves intellect and judgment represented by the prefrontal cortex. Also, it entails primitive raw emotion emanating from deep within the brain. These areas include the pleasure center (nucleus accumbens), cost sensor (anterior insula) and the fear axis (amygdala). If desire from the pleasure center has no offsetting influences, the prefrontal cortex will act on it and a purchase will be made. If primitive emotions counterbalance desire, they can sway the prefrontal cortex away from making a purchase. Understanding these processes can only help collectors make better buying decisions today.

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