CHAPTER 4

Exceptionalism after 1945

David Throsby claims a speech on art and the state presented to the Friends of the City Museum and Art Gallery in Birmingham in 1958 established Lionel Robbins as ‘the first British economist of modern times to analyze the economic role of the state in support for the arts in financing public museums and galleries’.1 Robbins, a Professor of Economics at the London School of Economics, and a leading economic advisor to the British government during the Second World War, was deeply involved in the arts, as a Trustee of the National Gallery between 1953 and 1974. He was also on the board of the Royal Opera Covent Garden between 1955 and 1981, served on the Committee of Management of the Courtauld Institute between the wars, and participated in two governmental commissions. Robbins returned from the First World War a socialist but his study of economics ‘completed his disillusionment with socialism’.2 Immediately following the instigation of the Nazi persecution of the Jews, Robbins and Beveridge established the Academic Freedom Committee that helped Jewish and liberal academics and students to escape from Nazi Germany. Working side by side with John Maynard Keynes during the war, including his ‘active support of Keynes’ ideas on how to pay for the war’,3 Robbins, as director of the Economic Section, ‘was actively committed to planning for a better postwar world’.4 Robbins put the doctrine of ‘opportunity cost’ at the heart of his definition of economics and applied this to the arts, saying that we are often faced with a choice between material welfare on the one hand and aesthetic interests on the other and that ‘insofar as activity involves the relinquishment of other desired alternatives, it has an economic aspect’.5 Although expressed in the form of a trade off, Robbins understood that art and economics were at odds: ‘Aesthetics is concerned with certain kinds of ends. The beautiful is an end that offers itself for choice in competition, so to speak, with others. Economics is not concerned at all with any ends as such’.6 Hence, he said, ‘both the services of cooks, and the services of opera dancers

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1 Throsby 1994, p. 2.
2 Howson 2011, p. 3.
3 Howson 2011, p. 4.
4 Ibid.
5 Robbins 1932, p. 17.
are limited in relation to demand and can be put to alternative uses, which, for him, is decisive in regard to the question of whether art is amenable to economic analysis. Nevertheless, Robbins campaigned for the public purchase of land to extend the National Gallery and called on the government to purchase ‘national treasures’ to safeguard them from export, among other things. But Robbins did not write a major economic paper on the economics of art. The reports which he authored or signed for the institutions that he served reveal a tension, Balisciano and Medema say, between respect for the free market on the one hand and a notion that special exception should be made for the arts on the other. This overt tension between the market and the argument for art as a special case of one sort or another haunts the economics of art in the two or three decades after 1945.

Keynes had played a very significant role in the public funding of art and its institutions over a decade before Robbins gave his talk at the City Museum and Art Gallery in Birmingham, but Throsby overlooks this in his assessment of Robbins’s contribution. In 1946 Keynes had even expressed his preeminent role within British art administration by claiming, to a visiting Russian delegate, ‘I can almost boast that I am Commissar for Fine Arts in my country,’ for reasons that will become clear very shortly. Throsby gives Robbins a pivotal role in the formation of cultural economics, not only because of his ‘essay’, ‘Art and the State’, published in 1963, but also because Alan Peacock, who, as we will see in the next chapter, is a major figure in the formation of Cultural Economics, had been a junior colleague of Robbins at the LSE, and William Baumol had been Robbins’s graduate student at LSE. Both Robbins and Keynes worked closely during the Second World War, including their participation in high-level discussions with William Beveridge on the economic feasibility of introducing universal social security, including family allowances and pensions. Keynes, who was ‘in a state of wild enthusiasm’ for the general scheme, was certainly the leading economic voice on the committee. The Beveridge Report, Social Insurance and Allied Services, which established the blueprint for the British welfare state, incorporated Keynesian fiscal regulation.

The welfare state was conceived, planned and the major elements of it built in the aftermath of the Second World War, but, before the outbreak of the First World War, several European countries had already established

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7 Robbins 1932, p. 16.
8 Balisciano and Medema in De Marchi and Goodwin 1999, p. 275.