CHAPTER 6

Exceptionalism Reassessed

Towse’s generalisations, McAndrew’s over confidence, Grampp’s dogmatism and Cowen’s promotional tone are the result of three decades of hegemonic struggle in which neoliberalism took hold of the emerging discipline of cultural economics. Fine and Milonakis argue that ‘economics imperialism’ (the extension of economic study into non-economic activities), which was the intellectual background for the growth of cultural economics, suppresses ‘the social (or non-rational)’\(^1\) through strategies that ‘ignore the problems…[or]…accept the social (or non-rational) but take it as at least in part to be exogenous’.\(^2\) However, ‘there is a potential let-out clause from these two options…if the social could be reduced to the individual’.\(^3\) In the previous chapter, the assembled arguments against art as a special case, against art’s economic exceptionalism and against the public subsidy of the arts, can be seen as evidence of the effects of economics imperialism on the economics of art by ‘reducing the social to (rational) individuals functioning in an “as if” market environment’.\(^4\) At the same time, the market imposed by economists, both theoretically in their ‘as if’ analogies, and practically in their policy recommendations, was changing.

With the rise of neoliberalism, government expenditure was perceived to be excessive and government intervention as inducing inefficiency. Far from perfect competition and general equilibrium being the ideal, from which deviations in the form of market imperfections justified state intervention, the ideal of attaining the free market and minimal state gave rise to what Carrier and Miller (1998) refer to as the new economic ‘virtualism’ – the imperative to remould the world to conform to an imagined ideal, that of perfectly competitive equilibrium.\(^5\)

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1 Fine and Milonakis 2009a, p. 42.
2 Ibid.
3 Ibid.
4 Fine and Milonakis 2009a, p. 57.
5 Fine and Milonakis 2009a, p. 61.
The suppression of the case for art’s economic exceptionalism needs to be examined in the context of economics imperialism and the powerful neoliberal advocacy for markets free from interference.

Towse appears to reiterate the orthodox account of the historical advent of current economic thinking on art when she says that before 1966 ‘there was no consensus as to whether the arts are amenable to economic analysis’. But this is misleading. It is true that economists before the 1960s and 1970s said very little about art, but it is not true that there was no consensus amongst them. The current conviction within mainstream economics that art is not economically exceptional is a very recent development within the discipline, but this fact has been suppressed by the active neglect of a history of economic thought on art prior to the current consensus. The received idea, however, is that economists had neglected questions of the economics of art for 200 years and the inauguration of the inquiry produced the ‘consensus’, as Towse puts it, that art is, in fact, susceptible to economic analysis.

Apart from the national art galleries and museums that were owned and administered by the central government and their counterpart civic collections, there was no subsidy to the arts in Britain until the Second World War; there was art in schools and there were some specialist institutions training artists and musicians, etc but nothing faintly resembling present-day provision in Britain.

This observation forms part of Towse’s rejection of subsidies to the arts (the arts flourished, she says, for most of their history without subsidy). What she neglects to point out is that art flourished for centuries without self-regulated markets, either, and that funding the production of art through commercial sales in the art market is, also, a very recent development. Nevertheless, Towse is right to trace the shift in the relationship between art and the state to 1945, but the heritage of her own position, in which state subsidy of the arts is regarded as economically suspect, is not fully articulated until after 1966.

While early economists raised the question of whether unique and rare objects such as artworks could be explained economically by the same tools and theorems of industrial and agricultural production and consumption, recent economists have asked quite a different question: is art economic? Proving one does not disprove the other. Mainstream economics refuses to restrict itself to an analysis of capitalism and therefore naturalises the laws of

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7 Ibid.