Art and Finance: Morals, Pictures, Money, and Something More

Kunst en financiën: moraal, afbeeldingen, geld, plus iets extra's

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By

Peter Bruce Booth
born in Melbourne, Australia

Erasmus University Rotterdam

Doctoral Committee:

Promotor: Prof.dr. A. Klamer

Other members: Prof.dr. M. Hutter
Prof.dr. C.B.G. Langeveld
Prof.dr. S. J. Magala

Co-promotor: Dr. E. Dekker

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1 Introduction

After two years working for a London-based investment bank, I'd come to the conclusion that it wasn't the career I wanted so I began to make plans for another future. Bonuses were paid in February, so like everyone else planning to depart, I quietly waited until the money had cleared before tending my resignation. Now well over a decade since I left finance, I have two distinct memories of that period.

The first concerns one of my initial experiences in banking. I was interviewing for a position, and myself and another 30 or so prospective recruits had been invited for a weekend of tests designed to simulate life at the bank. One of the tests involved a group exercise where we were asked to evaluate a small number of company shares for inclusion in a managed fund. We discussed the companies, all the while trying to appear intelligent, show leadership, flexibility, and demonstrate all the other qualities we thought the bank would want. After presenting our recommendations, one of the senior bankers laughed. Apparently, we had picked the same shares as the other groups, so he announced he was personally going to buy shares in the company none of use wanted. The other senior bankers smiled in agreement. A few hours later, we were taken to an upmarket restaurant in central London, before going on to a bar where we were plied with drinks. At some point it became clear that a game of 'chicken' was being played among the bankers and interviewees: we had an early start next morning and who could stay out the latest would be the winner.

The second memory is of a phone conversation I had with a previous manager, someone who'd acted as my initial mentor, right before I officially resigned. He had called to tell me that he was leaving. I was a little surprised, but also very eager to let him know that I too was leaving. When he inquired why, and I told him I wanted to study art, he said he respected my choice but that it was a risky one. I didn't ask him his reason for leaving, but I found out the next day he'd been fired. A couple of years later, while still at art school, I received an email from the same manager. He wanted to let me know that one of the companies we had worked for was suspected of financial fraud, their senior management were being investigated, and he'd been questioned.

Having trained and now worked as an artist for over a decade, I would like to contrast the above experiences with a recent one from art. In early 2017, my partner and I were asked to exhibit some of our collaborative sculptures at an 'independent' art fair in Stockholm. Established in 2006 as an artist-run alternative to Stockholm's commercial art fair, "Supermarket" (as it is known) follows well-trodden art strategies of self-organization, anti-commercialism, and counter-establishment acts. At the same time, it is heavily publicized in mainstream media, is commonly referred to as an affordable art fair, and is staged in a modern commercial space where works are clearly priced. Upon arriving at the art fair, there was an undeniable sense that the organizers, gallerists and artists were getting enormous satisfaction from participating in the chaotic energy of an active marketplace.

In many ways, my experiences in art and finance indicate they are very different worlds. Finance is perceived as something definable in purely quantitative terms, objective, and fulfilling a purely instrumental function for broader social goals. Art, on the other hand, is perceived as emotionally directed, capable of being an end unto itself, and whose subjective value is inherently problematic to verify or agree upon. Having exchanged a career in finance for one in the arts, there are nevertheless instances where art's approach to value reminds me of finance. I am therefore prompted to reconcile the choice I made, or at least make sense of what it is I've changed to, in moving from finance to art. The three incidents from art and finance, outlined above, illustrate some of the contradictions I've experienced in art and finance, and they provide an entry point to discuss some of the concerns and thoughts that have prompted my doctoral research.

My experience is that the common perception of finance as 'hard' and art as 'soft' doesn't necessarily hold. This concept can be interpreted in many ways, but I will expand on two. Despite the recent financial crisis, most financial products continue to be estimated using mathematical models built on the assumption of objective inputs or market-imputed prices that conform to efficient market theory. Finance works hard to build tools and structures that infer objective measurement. But finance is also beset by emotion and a distinctive culture that has little to do with its purported accuracy or efficiency. The banker's announcement that he would buy the 'ugly duckling' share, just like the game of who'd stay out the latest, was intended to signal that they were mavericks, comfortable with instinctual choices, and concerned with acts of bravado. It said if you want to get along here, you'd better be the same too. For someone who'd studied financial economics, it didn't make sense.

Framing finance as 'hard', art as 'soft' corresponds to the perception that financial participants respond to purely economic concerns, while artists respond to aesthetic interests bounded by economic needs. Where artists encounter the market, the expectation is they hold their nose, do what's necessary, and quickly retreat. In many instances, neither of these assumptions hold. Just as one of the companies we advised turned out to have deceived many of its banks and investors, the telling of good economic stories forms an essential part of how financial decisions are made. In some instances, economic stories are sufficiently compelling for nature to conform to its narrative. This was no doubt the intention of the management of the company that was suspected and later found guilty of fraud. Financial participants, of which I was one, are willingly led by finance's aesthetized narratives.

Artists sometimes conform to the anti-market behavior commonly expected of them. However, my experience is that they are also often deeply interested in the market, its mechanisms, and its rituals. Contrary to what we would expect, artists often embrace the market in a manner that goes beyond reluctant fulfillment of economic necessities. This needn't reduce to the conclusion that artists are readily seduced by economic returns, but my experience indicates that contemporary artists have an interest in the market that is not adequately reflected in theoretical accounts of the artist's relationship with the market.

Finally, my ex-manager's warning that art is a risky choice rings true, even from a man who just lost job and was possibly facing an end to his career in finance (which it turned out to be). Choosing to be an artist is risky given the poor likelihood of economic and artistic success. Given a banker's profession revolves around evaluations of risk relative to return, commenting that I was making a risky choice could be interpreted as my manager saying that I was making a poor choice. In the economic logic of my ex-manager, most artists make poor choices based on the return relative to risk. While participation in finance can be economically justified for a sub-set of professionals, the same cannot necessarily be said for non-professional participants who face distinct informational and technical disadvantages. This raises the issue that many participants in both art and finance appear willing to face unjustified risk. Again, from the perspective of dominant theory, what occurs in real life doesn't make sense.

1.1 Motivation and aims

My doctoral research began from a desire to make sense of a career change I made, and to respond to a nagging sense of something being amiss whenever someone expresses surprise at what they consider a significant career change. Therefore, an important motivation for this research is a desire to understand the extent my career change also represents a shift of values and ideology. I am also motivated to understand whether I have switched to working with a very different range of goods, an alternative means of evaluating them, and another approach to how they are exchanged. The academic path is not the only direction for resolving these questions, and I have certainly explored these themes in my art practice. However, I am aware that art brings its own framework, rhetoric and values that make an analysis of art by art problematic. I have therefore embarked on an academic journey, in part, to step outside the specific logic of art and finance to reflect on what each really stands for.

Before turning to the overall aims of my doctoral research, I would like to discuss several other motivating themes. The first of these concerns my ongoing role as a practicing artist and the importance of an honest discussion about it and finance's relationship. Despite the problems that arise when truth is considered as anything but a relative concept, it is perceived to be an important aspect to contemporary art's function, and something artists strive for. As Groys (2016) writes, "if art cannot be a medium of truth then art is only a matter of taste". Borrowing from Heidegger (2002[1960]), the truth quality of art could be understood as emerging from the tension between art's ability to draw our attention to its broader social setting (its 'world' properties), while making us aware of the material 'thingness' of art object (its 'earth' properties). The absence of truth, Groys argues, would make art indistinguishable from the applied arts. If Groys is correct, and art is distinguishable from design, then a reflection on what I do and make as an artist, and how art sits in context with the market, are important artistic questions.

Another theme, relative autonomy, is an important principle in defining how I and other artists are educated to work. Young artists are often shaped by an ideology that says art must retain independence from market forces which, amongst other things, threaten to corrupt the intentions of art. At the same time, the market is not some 'thing' lurking at a distance to the art and the artist. It is a socially constructed mechanism that reflects, as Mirowski (1990) argues, a historically and culturally dependent concept of value. By extension of their socially and historically defined natures, art, artist, financial markets and financier are all intertwined. Responding to where these intersections occur, and reflecting on their nature, this research assists in clarifying what, precisely, art should seek to achieve autonomy from and why.

The theme of instrumentality is currently being debated in Norway and other European countries as a solution to perceived future funding pressures in the arts. Amongst other things, an aging population is leading some politicians and arts administrators to predict that the public financing of the arts will need to decline over time. One theme currently being debated is how artists can achieve financial independence through different commercialization channels. Whether achieved through greater focus on art sales, the use of art as training or therapeutic device, or having the artist apply his or her skillset in another commercial environment, artists are increasingly under pressure to apply art as an instrument to achieve financial outcomes. Reflecting on the nature of art, via a comparison to finance, facilitates some understanding of what is at stake when art is asked to increasingly fulfill this instrumental role.

I also believe this study raises important questions for finance, and our general understanding of what finance is. For many finance professionals, comparing art and finance may seem an unlikely project. On the occasions that I have begun to explain my doctoral research to economic or finance researchers at a university in Oslo where I teach, they normally assume I am interested in art markets or pricing models. When I reply that I am interested in exploring the social functions of each, how they interact, and the similarities and differences of their systems of evaluation and exchange, they typically seem a little confused or at least surprised. In posing questions about finance's range of social functions, I am suggesting that more than economic issues are at stake in finance. As someone who has some professional experience in finance and academia, and has experienced a range of ways that people in both interact with finance, I believe these questions are important for developing a stronger critical tradition within the field. I hope that this and future related research will contribute to a more informed basis for financial participation.

Conventional wisdom dictates that finance and art are opposites. To claim similarity, as I shall do, may initially create some discomfort, but is done with the aim that it may generate insight. Responding to the motivations outlined above, my overall research aims to respond to four key themes that reflect on similarities between art and finance. The first of these is the broader aim of revealing the range of ways that participants interact with art and finance to realize personal needs and wants. Conventional theory holds that participants in finance are wholly motivated by financial or monetary-based concerns. If we consider that the primary function of financial markets is to facilitate the transfer of excess cash (savings) to productive elements of the economy in need of financing (El-Wassal 2013), then corresponding to the economic objectives of both financier and financée, decisions are made purely in terms of the trade-off between risk and reward. If there is evidence of deviation from this principle, on the basis that participants interact with finance in ways that fulfil other needs, finance can be considered to fulfill other, and perhaps non-economic, social functions. In art, conventional theory holds that acts are primarily driven by a desire to fulfil cultural needs and wants, with financial concerns occupying a subordinate instrumental function (Abbing 2002; Solhjell & Øien 2012). An investigation of the ways participants interact with one another in art may reveal other ambitions. By reflecting on what participants seek to fulfill through consumption and interaction within both fields, I aim to develop a fuller picture of the social functions art and finance fulfil, and where these elements intersect.

As a development of the above aim, a second aim of this research is to evaluate the cultural properties of finance. The arts are often asked to reflect on the extent to which artistic practices can be framed as a component of the economic system. More recently, arts research occurs under the banner of 'creative industries', something that implies that elements of the arts can be understood as a commercial segment rather than something separate to, or in tension with, an economic logic. Debate concerning the suitability of this categorization is less novel, with considerable research in this area (see Dekker 2015). However, a question which has largely been overlooked is a reversal of that which is often asked of art: To what extent can contemporary finance be considered to operate within the logic by which artistic goods are assessed and exchanged? Undoubtedly, there is a speculative quality to this aim. But by posing this question, I aim to explore a suspicion that finance is in part driven by aesthetic concerns. In pursuing this theme, I aim to clarify the nature of contemporary art as much as that of finance.

In contrast to my first two aims, my third aim is less concerned with the different social functions fulfilled by art and finance, but instead relates to understanding how morals impact the way artists and finance professionals negotiate conflicting needs. Assuming art and finance are capable of fulfilling multiple needs, understanding the moral reasoning process can clarify why the specific functions fulfilled by art or finance are often ranked differently across the professions, and why a single yardstick of value tends to dominate each field (Stark 2009). But it also offers a way to understand the decision process of artists and bankers when they are asked to make compromises. By inquiring about the moral reasoning for choices, rather than simply asking which of the good's functions is emphasized in an exchange, I aim to provide a more nuanced understanding of what it is that artists and bankers value, and whether their methods of reasoning fundamentally differ.

My final aim contextualizes the research project. Very simply, I intend that this research can respond to the contextual question of 'So what?'. What does it mean to art if it and finance fulfil common functions? Dwarfed by the scale and reach of finance, is it inevitably problematic for art if it and finance begin to mirror one another over a greater range of roles and functions? Likewise for finance, what are the implications for finance being understood as sharing characteristics with art? While these are much broader and challenging research aims, I hope to be able to apply some findings concretely to the way I personally interact with both art and finance. However, these are also questions that I hope will stimulate my and others' future research around the intersection of art and finance.

1.2 Identifying options for a methodological approach

So where to begin a study of the linkages, similarities, and fundamental differences between art and finance? With my background in economics, a natural starting point might be to raise questions about art and finance's relationship via a reflection on economic value. These concepts, after all, offer well developed pathways into a study of art and finance. Following this direction, it would be possible to look for evidence of a symbiotic or parasitic relationship between art and finance based on economic value. From the perspective of art's use of finance, this approach might lend itself to a study of art auctions, investment funds, sponsorship, prizes and other forms of economic values that originate in the financial sphere. In other words, I could ask to what extent is art shaped by economic concerns that have an attachment to finance. A subtler application of this approach might also examine the dynamic that results from art's authenticity, and its economic value, being partly dependent on a market from which it can take an oppositional stand. This framing would also allow analysis of finance's use of the art for social legitimization, marketing, and source of a new asset class. Viewed in this way, acts in art and finance can be linked by mutual economic objectives and values.

Education and professional experience in art has taught me other ways of looking at the basis of relationships and what drives behavior. Certainly, in the early stages of an art career it is not money but cultural values that dominate how goods are evaluated and exchanged. Cultural value, therefore, offers another value-based method for comparing similarities and linkages between art and finance.

Acknowledging cultural value as a distinct concept says value is more than something reducible to a financial measure. It therefore introduces a break between price and value, and necessitates asking the question: What is value? As I have come to understand, value is a problematic concept, and this is no doubt central to classical and later neo-classical economics movement away from the concept of value towards preferences, utility, and price. Economists such as Debreu, Hicks and Samuelson effectively expunged the notion of value from their discussion of economics by equating it with price times quantity. I will develop several ideas related to value in later sections of this chapter, but we can start by contrasting the economic concept of value with the idea that value exists in multiple dimensions. Value, in this sense of the meaning, can be thought of as the assessment of the worth of a good. Our assessment criteria needn't be monetary, and the goods we assess can range from commodities to relationships or ideas. Throsby (2001), for example, suggests that cultural goods can have economic, aesthetic, social, spiritual, symbolic, historical, and authenticity value. Important to the notion that these represent distinctly different understandings of value is the assumption that these measures are incommensurable, hence they don't collapse to common denominator such as price. This assumption does not prevent the different values from impacting one another, as Hutter and Frey (2010)'s analysis of art's authenticity on economic value shows.

The value-based approach says that multiple values exist. But on closer reflection we realize that values are not something just 'out there' located in goods. Values are also the things that we as humans decide are important for us. To make these personal values real, as Klamer (2016) says, we need to realize them by having them 'valorized'. This means that cultural values only become real when we act those values out. If I see value in an element of finance, I may valorize by performing a financial act. If I value a writer, I may read one of their books or discuss it with someone. Valorization, therefore, often involves having our values recognized by others. So acknowledging that there are multiple forms of value, and that the exchange of those values is a way of realizing the things we feel are important, the value-based approach provides a framework for analyzing the range of different values connected to fields such as art and finance.

By following which aspects of art and finance get valorized, we can draw conclusions regarding the nature of both fields, and where and how they intersect. By looking specifically at how cultural values are measured, and the assessment of different goods on these scales, we can comment on the range of social function that goods in art and finance fulfil. For example, if there is evidence that people seek to realize different forms of catharsis through engagement with art and finance, we might investigate the basis by which cathartic goods are evaluated, which goods in art and finance this applies to, and whether there are differences in financial and artistic cathartic goods. Proceeding this way and examining art and finance from the perspective of cultural value entails more risk since it demands that theories of value in art be applied in finance, and therefore requires drawing from less developed theory and empirical research to support the observations made.

A third option, and a natural extension to an analysis via the economic and cultural frameworks outlined above, is to move beyond any single discipline and try to make sense of both fields and their relationship through either an inter-disciplinary or trans-disciplinary value framework. The inter-disciplinary approach is typically conceptualized one that recognizes boundary distinctions as it transverses them. An inter-disciplinary analysis of art and finance offers the ability to work with a broader range of values. But it also says we can apply value theories from a host of disciplines in analyzing where art and finance intersect. The inter-disciplinary approach stands in contrast to the trans-disciplinary approach which proposes there are no identifiable disciplinary fields (Sandford 2015). By opening-up to new definitions of value in art and finance, it offers a significantly expanded framework for analyzing what art and finance actually represent, and therefore how they interact.

With the economic, cultural and interdisciplinary/interdisciplinary value approaches representing different methodologies for structuring this how this research might proceed, the next section examines each in more detail. To draw some conclusions regarding the analytical methodology chosen for the articles following this introduction, I consider the underlying logic of each valuation approach, the types of goods each is suited to valorizing, how the valuation approach can be used to identify the social roles fulfilled by art and finance, and theoretical and practical limitations of each valuation approach. I commence by exploring the concept of economic value as a tool for analyzing the connections between art and finance.

1.3 An economic framing of art and finance

An attempt to frame art and finance's relationship via economic value immediately raises the question: What exactly is economic value, and is it the same thing as monetary value? Most economists will typically say no, but the question turns out to be somewhat complex. As with a great many concepts in the social sciences, there is no agreed upon definition of economic value. So in order to develop the concept, it is useful to start with the adjective 'economic'. What does the 'economic' in economic value refer to? It is an important question as it asks about the scope of economics and its tools, with economic value being one of them.

In 1932, Robbins published what turned out to be a revolutionary definition of economics. He writes, "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses" (1932:15). By defining economics as the study of means not ends, and simply stating that it's concern is scarcity, Robbins lays the foundation for the expansion of economics beyond commerce. The field's expansion came in the 1960s and 70s, with economists such as Becker (1971) taking a much more radical position in terms of how far into non-commercial areas the tools of economics could be applied. Becker famously writes, “It includes the choice of a car, a marriage mate, and a religion; the allocation of scarce resources within a family; and political discussions about how much to spend on education or on fighting a Vietnam war.” (1971:1) On this basis, it seems reasonable that economics and its tools be applied to art.

Robbins’ definition of economics is not without its critics. Mirowski (1990), for example, argues that economics does not conform to a nature order, but rather mirrors the social order of a distinct epoch. And so despite the range of meanings *economic value* might have, the conventional understanding economic value turns out to be a restrictive concept. Mirowski argues that for the conventional economist, economic value is synonymous with price or exchange value. This is no more clearly expressed than in Debreu’s (1959) often cited depiction of value as market price times commodity volume.

To avoid confusion, and to not erase a broader range of traditions in economics and philosophy, Klamer (2016) replaces the term ‘economic value’ with ‘financial value’ when referring to price based measures of value. For clarity, I follow this distinction. Nevertheless, this is not the end of the story, with continued disagreement among economists and sociologist over the breadth of social terrain that economic tools and financial valuation are applicable to. Critical to applying economic tools to finance, art, or other social fields, is whether the assumptions required by economic theories hold in real life. It is on this point that many economists take issue with the use of economic concepts beyond commercial exchange. Not wishing to pre-judge how broadly the economic framework extends to art, and what can be achieved from an analysis of art and finance through financial value, a way forward is to set up what this approach might look like and examine if anomalies or problems arise.

1.3.1 Economic (financial) value

The modern economic approach says economic values derive from consumer preferences. Under the assumption that consumers have well defined preferences that are stable and exogenously formed, individuals choose the bundle of goods that maximizes their utility subject to their budget constraint. Where these assumptions hold, the utility theory of value says the reasoning behind our preferences is irrelevant. Corresponding to their preferences, each individual chooses an amount of a particular good to consume at each price level. At a specific price, total demand is determined by aggregating individual demand at that price. Price rises or falls until demand equals supply. But what about non-priced goods? Although the economic approach does not necessitate monetary valuation, choices are said to carry the opportunity cost of the next best option. From this idea, shadow or imputed prices are said to exist and, where required, more complex economic tools can estimate a monetary equivalent. Whether priced or not, the common value reference that money provides has become integral to the modern concept of economic value. Hence economic value aligns with financial value.

1.3.2 A financial value based analysis of art and finance

Starting with finance, how could we analyze its goods and associated behaviors through the concept of financial value? Applying the theoretical and quantitative tools from economics for the comprehension of value in finance is formalized under the sub-field of 'financial economics'. The financial approach to value builds on the principle that the pricing of goods provides decision makers both the information and incentives to allocate resources in an efficient manner. Finance facilitates the process of price discovery for goods that are either too large, complex, risky or specialized - in other words too illiquid - to find a ready market price on their own terms. Through the process known as financialization, financial markets create tradeable securities that typically represent a partial claim of a larger thing of value. But finance is also concerned with the transfers of economic risk, and so traded securities also commonly reference other financial instruments rather than directly referencing the productive economy. In this context, financial value can be used to describe why finance exists, the worth of its goods, and it sets up an instrumental motive for a range of acts.

Various themes from finance attempt to refine what can be expected of financial market behavior and help distinguish the qualities that determine financial value. Finance's 'efficient market hypothesis' (EMH) provides a framework for understanding financial activity, the imperative to price, and the meaning of prices. Fama (1970) argues that markets become informationally efficient when prices at any moment reflect all relevant information concerning future values. Where there are few impediments to exchange, new information will be rapidly reflected in prices due to the incentive to act on any difference between the perception of 'true value' and price. Whether found to hold or not, informational efficiency becomes an ideal via its implication that, by aligning prices with true value, scarce resources are aligned with their best use. Framed by the EMH, financial markets serve the instrumental role of disseminating information via pricing, where prices reflect the relative (economic) importance of things.

Financial theories concerning the relationship between risk and economic return provide another area for understanding finance's actions and its broader social role. Finance's capital asset pricing model (CAPM) illustrates the broader logic used to explain a range of choices in finance. In essence, it says that although we have different levels of risk tolerance, the action we take should only expect to be rewarded in line with the associated non-mitigatable risk. From the perspective of finance, it implies that risky behavior should never be unwarranted. Although the CAPM doesn't directly translate outside of finance, its underlying logic does. It says when we observe individuals take necessary risks, they do so with the expectation of commensurable returns.

Similar to the methodological framing of financial economics, understanding the arts through financial value is formalized under the 'economics of the arts'. This approach relies on economic principles to determine value and describe behaviors in the arts sector. In particular, Mark Blaug (2001), Ruth Towse (2010), and to lesser extent David Throsby (2001; 2006), have actively sought to establish the economics of the art as a branch of applied economics. In doing so, many economists assume participants in the arts conform to the assumptions of rational utility maximization, value derives from individual preferences, and goods can be measured in monetary terms. Similar to what occurs in finance, in applying an economic approach to valuation in the arts, economists are asked to define value in price terms. Due to their non-traded nature, or because many art goods contain non-priced externalities, methodologies for economic impact studies and contingent valuation were developed during the 1980s and 1990s. These methods rapidly advanced the idea that art has a financial value.

The economics of the arts approach is not limited to price estimation, but more generally uses the economic principles and empirical techniques to analyze and answer problems that arise in the arts (Towse 2010). This approach has been used to examine everything from why segments in the arts are characterized by a small group of very successful producers with a much larger group of strugglers, why the performing arts face ongoing cost pressures, to how the supply and income of artist labor is impacted by subsidies. The economics of the arts approach has been active in contributing key data for arts policy, providing estimates of financial value in the absence of pricing, as well as estimating the broader economic impact of arts events.

Although preferences differ, and variation in structure, supply and demand result in different measures of financial value, analyzing artists' choice via an economic framework implies that the process of decision making in the arts is not fundamentally different to that which occurs in finance. In theory then, the concept of financial value provides a framework for the analysis and comparison of artist and finance worker behaviors; it establishes a comparable measure to compare the goods produced in each field; it provides a market failure rationale for government intervention, and sets up a logic for understanding non-professional engagement in both fields. Above all, the advantage of analyzing art and finance in terms of economic value is that it provides a framework based around universal metric of value.

1.3.3 Problems with the economic approach to value

In 2014, my partner and I sold a small one-bedroom apartment in central Oslo with the objective of buying something with a bit a more space. Despite our relatively unstable employment in the arts, the promise of a PhD in the pipeline helped secure a loan for an amount we thought we would need. We ended up without a fixed place to live for six months because the Oslo property prices suddenly started rising at unprecedented rates. It turned out that speculators had entered the market and were buying on the expectation that the price momentum meant others would enter the market and push prices even higher. I mention this example because it illustrates some important problems with financial value as a way of understanding the social function of goods. It also raises themes as to why financial value might be an inadequate explanation of behavior in art and finance.

A starting point is to look at the series of technical problems that arise when we rely on price as an indicator of value. One of these is that price need not match the buyer's marginal utility, and hence their estimation of the good's value. If I am to be honest, when we eventually bought our apartment, we were so desperate and things were moving so fast that I have no idea what we were willing to pay. I certainly knew what we wanted to pay, but that's a different question. Therefore, I have a hard time reconciling the idea that the price of our apartment reflected its value. Because prices may be less than our willingness to pay, and because we sometimes are uncertain about what we'd be willing to pay, price needn't reflect our sense of the value of art and finance goods.

Another issue concerns the assumptions related to preference formation in the economic approach. Economic value can fail where price-based choices are strongly influenced by the social context rather than the welfare accruing to the actor. For example, I have to ask whether the actions of my partner and I were driven by our own preferences or by social expectations that, at a certain age, people in Norway own a decent sized dwelling. Veblen (1899) argues that many consumption choices are driven by the conspicuous nature of what we buy, in which case price effectively becomes a value rather than a measure of value. On the occasions that I have heard someone discuss what they paid for an artwork, there is a very real sense that price becomes part of the consumption object. Other technical problems include preference instability which makes the concept of value time and context dependent. This in turn may limit the ability to determine longer-term equilibrium price, and so undermines a consistent reference from which to make comparisons by financial value.

The way that art and finance goods are consumed and exchanged means the economic approach to value is subject to several other structural failings that make price difficult to determine or problematic as a reflection of value. Where art or financial goods are not subject to market exchange, have public good properties or contain non-priced externalities, price must be estimated. Stepping in the realm of the theoretical makes pricing problematic because everyday constrains vanish. The problems associated with economic impact studies in the arts illustrate the potential failing of the economic approach here (Snowball 2008). Furthermore, the moment that art is treated as having merit good qualities, such that there is a perceived undervaluation of the good due to inadequately informed preferences, there is the problematic assumption that there exists an authority, separate to the individual, that 'knows' true value. Just as it can be difficult to align prices with value in a housing bubble, another failing occurs where speculative activity in art or finance means that price detaches from expectation of true value and instead reflects "anticipating what average opinion expects the average opinion to be" (Keynes 1936: 156).

Once we move beyond the generalized problems that arise from equating price with value, a range of problems occur in relation to using economic theory as a framework for understanding the arts. One of these concerns the assumption that participant behavior conforms to instrumental reasoning. Throsby (2001) points out that producers, particularly in art, may not conform to profit maximizing behavior. As a result, they may under or oversupply art goods such that it becomes difficult to associate the corresponding price with a meaningful notion of relative value. I would go further. Economic analysis does not require that behavior is profit maximizing, however it does assume that participants employ a consequential logic to choices in order that they maximize utility. In my experience, art related choices do not necessarily correspond to a consequential logic. Therefore, the economic concept of value built from rational choice theory may simply not reflect the relative worth of goods.

An additional problem with economic value is that its instrumental logic, as well as the shadow pricing it implies, is odds with several precepts of modern art. These precepts include the notion that art is a gift and therefore should be exchanged as such (Nagel 2003; Sansi 2014; Abbing 2002). There is a tradition of assuming that great art can only be made and appreciated from a position of detached interest, something that the logic of economic incentives prohibits (Kant 1790). As art's social role has evolved to add a socio-critical function, art is expected to maintain a degree of separation from the economic system to fulfill this critical role (Taylor 2011). A third argument centers around Adorno and Horkheimer's (1947) thesis that, when viewed from an economic logic, technology coupled with capitalist exchange undermines art the loss of cultural diversity. A fourth argument holds the economic approach is an extension of reason and therefore is fundamentally at odds with the incommensurable quality of the sublime, an element often present in avant-garde art (Kant 1790; Lyotard 1992). Draws these ideas together, to be able to economically value art says that either art is wrong, or people's understanding of it is. Either way, this undermines the idea that current estimates of art's economic value can be an accurate representation of its worth.

Because of the failings of the modern economic approach to value more generally, and financial value in particular, numerous anomalies arise in art and finance. In art, the low average economics returns on artistic activity means economics has tried to explain an otherwise economically inconsistent choice via artists' lower risk aversion, poor information, lifestyle preferences, and psychological returns. In finance, there are also instances where it becomes difficult to argue that individuals follow rational utility maximization. For example, numerous studies indicate that the fee-adjusted returns of actively managed funds consistently under-performed investing in share indexes (Malkiel 2005), yet actively managed funds continue to flourish, as does amateur speculation. Where economic returns are an inadequate explanation of value, it becomes a compromised framework for evaluating the similarities and linkages between art and finance, and we are prompted to look to other value frameworks for assessing their relationship.

1.4 A cultural framing of art and finance

In contrast to the unity offered by financial value, cultural value does not reduce to any singular standard. Throsby's (2001) definition of cultural value, with its six elements - aesthetic value, spiritual value, social value, historical value, symbolic value, and authenticity value – shows the breadth of what cultural value captures. Cultural value is broader than artistic value, something that perhaps best aligns with Throsby's term 'aesthetic value'. Aspects such as social value, a shared sense of connection with others, and symbolic value, the value of meanings connected with goods, opens-up cultural value to being applied to a range of social fields beyond the arts. Therefore, we can interrogate where and how cultural value arises in art and finance, and we can use this to reflect on the ways that art and finance's 'goods' fulfill common and differentiated functions.

Setting up cultural value as something distinct from economic value raises the question: Why can't cultural value be captured by financial value? Several key ideas underlie the incomparability of cultural and economic value, and some of these have already been raised. Firstly, Throsby (2001) argues that goods with cultural value don't appeal to individual utility, although he doesn't elaborate. Klamer's (2003) argument that these goods are often 'shared goods' picks up on this thread. Like a conversation, shared goods cannot be privately owned but are instead collectively shared by those who contribute to their production. Rather than be used up through consumption, production jointly occurs through the act of consumption. Viewed this way, assigning a price as though a shared good could be bought or traded is incompatible with its nature. Secondly, a sub-set of goods with cultural value, particularly artistic goods, are often characterized by an 'unknowable' sublime quality. By definition, this renders the calculability and comparability of financial value impossible.

Finally, the modern economic framework is built on the instrumental logic that goods serve as instruments for maximization of 'pleasure', defined by utility. Where goods with cultural value are instruments for the attainment of utility, an individual can make direct utility comparisons against other priced goods and so value collapses to a monetary equivalent. For many goods with cultural value, value is in the good itself, not because the good is an instrument for another desired end. Which is to say the means and ends of the activity are the same thing. Here, we say a good has intrinsic value, or using the Aristotelian term, that it is a 'praxis'. Because the motivation for consuming this type of cultural good deviates from instrumental reasoning, and hence doesn't conform to the standard logic by which financial value is derived, price based value doesn't make sense.

An analysis of art and finance by cultural value therefore offers to capture some of non-economic motives for participation in each field, and offers a broader basis for comparing similarities and differences across their 'goods'.

1.4.1 A cultural value based analysis of art and finance

To analyze art and finance though cultural values, we look for the goods that are valued, how they are valued, and try to make sense of what this implies about the social function of those goods. A starting point then is to look at the different ways we observe culture being valued. Throsby (2001) notes that we may use several evaluation methods to appraise or rank elements of cultural value, including mapping, interpretive description, attitudinal analysis (survey methods), content analysis, and expert appraisal. At the same time, we may simply conclude that cultural value is non-measureable. For example, for something as abstract as spiritual value, measurement may make little sense.

The cultural valuation of art draws on all the evaluation methods Throsby (2001) mentions. How they are applied and what they mean signals how art is defined and understood by the person or group seeking to determine value (Blomkamp 2015). For example, mapping cultural activities across a broad range of artistic activities is used to determine levels of participation, diversity, interest areas, responses to cultural policy, and so on. Valuing art through a mapping exercise is often indicative that art is instrumental for a specific function. Academic and journalistic coverage of the arts from a descriptive rather than critical perspective serves to identify and contextualize cultural trends. Here, art's value may be as social record, entertainment, or aesthetic pioneer.

Attitudinal surveys of art are used to determine areas such as perceived emotional response, learning outcomes, communicative effectiveness, accessibility, likelihood of future usage, and so on. These measurement approaches might indicate a cathartic or educational function. Content appraisal, which might be indicative of art's aesthetic function, occurs through expert and non-expert readings of cultural objects and events. Finally, the expert appraisal of the arts, occurring through education, curation, intermediation, funding bodies, and reviews, is critical for establishing the values being judged as much as how the artistic good delivers on that value (De Marchi 2008; Dekker 2015).

Could finance be valued using the cultural approach, and if so, what values would it seek to assess? Using Throsby's (2001) definition of cultural value, finance is particularly suited to an analysis by social and aesthetic value. Elements of cultural valuation are already being done in areas of critical finance studies, as well as at the edges of the sociology of finance. Schinckus and Christiansen (2012) draw attention to the visual forms in finance - graphs, tables, charts – that, like art, can generate good, bad, or indifferent emotional responses. Gammon & Wiggan (2015) discuss finance's ability, like art, to act as marker of cultural distinction, separating the mathematically and technically savvy from those who must otherwise engage in 'productive work'. Like art, finance products differ in levels of sophistication. On this basis, financial products might be evaluated in terms of ability to serve as marker of distinction. Finance can be understood and evaluated in terms of its function as entertainment (Dorn & Sengmueller 2009), or the quality and impact of its aestheticized narratives of commercial battle, geopolitical games, and individual heroes and villains. Financial institutions recognize that financial narrative becomes a good, molding corporate identities and slogans around storytelling that is ranked and judged. Valued from a cultural perspective, then, finance takes on a set of values that are distinct from those that emerge from financial valuation.

1.4.2 Problems with the cultural approach to value

Evaluating art and finance from the perspective of the cultural values develops a broader picture of the function of both fields, especially finance. At the same time, a range of limitations and problems emerge from this form of analysis.

Despite efforts to clarify why cultural value is incommensurable with financial value, identifying where and when this incomparability holds is far from a simple task. Just because a good occurs in the art field does not imply that evaluation by cultural value is appropriate. One of the key factors used to differentiate cultural value from financial value is whether the good has intrinsic value or is a praxis. However, this is often difficult to clearly identify. As I know from experience, only slight differences in context can change something from a 'labor of love' to plain 'work'. In supporting his claim that art is a shared good, Klamer (2003) argues that "A Rembrandt is not for sale." (p.30) Indeed, Rembrandt's works are in the public domain, and the value of a single painting goes long beyond physical canvas. But can we say the same of a little-known painter? His or her collective *oeuvre* might have a voice in smaller circle of art's shared conversation, but an economic approach may capture a significant proportion of the value of any single work. Therefore, casting art's value in cultural terms alone may overlook the importance of financial value and economic related functions of art, and overlooks important relationships between cultural, financial, and other measures of value.

It perhaps goes without saying that we ignore a range of finance's social functions if we choose to analyze the field through cultural values. This needn't be a problem if we accept that the analysis is focused in discovering new relationships. However, other problems arise with a cultural analysis of finance. As with art, there can be a fine line between instrumental use of aesthetics in finance and financial aesthetics that are valued for their own sake. As such, we run into the problem that it is not always clear whether aesthetics have the cultural or financial value. More generally, because the standard metrics of valuation in finance are not cultural, we run the risk of over-playing the significance of cultural values once we search for them, and therefore risk a biased interpretation of finance's social functions.

An important limitation of applying a multi-element measure that cultural value entails is that it lacks the unity and internal consistency of other approaches, particularly in comparison to financial value measures. This renders direct comparison of the value of cultural goods problematic. Image you face the following choice that my partner and I had to make when we were visiting Tokyo. Given limited time, you need to choose between visiting the Tokyo Museum of Contemporary Art or spending some time at the Meiji Shrine, a popular Shinto shire in central Tokyo. At both locations you may experience objects of aesthetic and spiritual value. You may even be able to make some judgment about the relative aesthetic value of the museum in terms of the shrine. But if you conclude the museum has higher relative aesthetic value, while the shire has high relative spiritual value, the lack of a metric for comparability between aesthetic and spiritual values complicates the decision process. The economist might say this is not a problem - how you determine the value of the museum and the shrine is irrelevant and all that matters is your preferences (Bakhshi et al. 2009). But, as earlier discussed, this relies on an instrumental understanding of cultural value, something that collapses the distinction between cultural and the broader notion of economic value. When we approach value from a cultural rather than economic perspective, we are unable to avoid the problem caused by the incommensurability of different cultural values.

While the human brain is more than capable of resolving the complex choice when faced with incommensurate values, the researcher seeking to draw conclusions regarding relative cultural value based on observation of others runs into major difficulties. The incomparability of elements within cultural value means the researcher is forced to make assumptions about the psychological intent to estimate cultural value elements. Alternatively, we can rely on expert opinions, such as the curator's estimation of aesthetic value, but there is little guarantee his or her estimate will be reflected in others' appraisal of aesthetic value. Therefore, the researcher is forced between two problematic approaches to understanding value if they are to draw conclusions about cultural value for a collection of people. From the context of this study, the problem of estimating and comparing elements of cultural value means it is difficult to discuss the relative significance of the different social roles fulfilled by art and finance.

1.5 Inter-disciplinary and trans-disciplinary framing of art and finance

Moving to the third methodology for examining the similarities and linkages between art and finance, the interdisciplinary approach offers a vastly expanded range of value perspectives from which to assess where and why art and finance intersect. As earlier discussed, the inter-disciplinary approach offers the possibility of applying a wider range of value concepts for understanding the functions of art and finance, and therefore their similarities. What follows is a summary of key strands of inter-disciplinary research.

1.5.1 An inter-disciplinary and trans-disciplinary analysis of art and finance

i. Aesthetic capitalism

"When I worked at Morgan, the place was so strait-laced I felt my pyjamas had to be pressed before I went to bed." (Freytas-Tamura 2012) So describes an ex-JP Morgan employee of life working for the American bank in the 1960s. By the 1990s the bank was considered a major innovator, and like other major investment banks, was being marketed as a place where dreams became reality. Another investment bank, Lehman Brothers, had taken on the corporate slogan, 'Where vision gets built' at the time of its demise in 2008. What happened to finance to make it increasingly concerned with aestheticized forms and narratives? By drawing from cultural and economic theory, the theory of aesthetic capitalism offers a way to understand the increasingly important function of aesthetic values in finance.

Aesthetic capitalism broadly captures studies over the last 20 years that examine how capitalism has co-opted the artistic mode of production as an instrument for the extraction of economic rents in a period otherwise characterized by declining productivity. Boltanski and Chiapello (2005) write, "By helping to overthrow the conventions bound up with the domestic world, and also to overcome the inflexibilities of the industrial order – bureaucratic hierarchies and standardized production – the artistic critique opened up an opportunity for capitalism to base itself on new forms of control and commercialization, new, more individualized and 'authentic' goals" (p.467). Murphy and de la Fuente (2014) point out that the aesthetic aspect of aesthetic capitalism is not the art of the gallery, but rather captures some of art's production processes and the symbolic function of the art object.

The aesthetization of commerce and the mainstreaming of the bohemian worker (Florida 2000) can be viewed as the production of aesthetic values to complement the economic approach to value. In the framework of aesthetic capitalism, art and commerce's relationship moves from 'antagonistic complimentarity' to 'affirmative creativity' (Roberts 2012). Because finance represents and markets organizations that operate in the productive economy, and because it must also respond to consumer needs and labor management issues, the valorization of aesthetics also occurs in finance. The framework of aesthetic capitalism therefore provides a logic for understanding the aesthetization of finance and its corresponding movement towards art. It says that valorizing aesthetics also occurs in finance, but is done so for financial motives.

ii. Economic sociology

Every now and again I am fortunate enough to get a grant or some other form of funding for my art. For some reason I don't treat this money like the income I get from teaching or the other jobs I do. The money either goes towards art materials, equipment, or my partner and I use it for a trip to visit an exhibition. What's going here? When an artist's money is running very thin, friends, family or supporters will often magically appear and buy an art work. Is this realization of an economic value? Recent research within economic sociology combines economic theory with sociology's network theory to respond to some of these issues.

Viviana Zelizer's work on two connected theories, 'the social meaning of money' and 'circuits of commerce' offers a way of analyzing value concepts in art and finance that deviate from the purely economic and cultural frameworks. By suggesting that money can be categorized as 'clean', 'dirty', earmarked for gifts or specific expenses, and so on, Zelizer's (2011) challenges Simmel's (1900) understanding of money as the "incarnation and purest expression of the concept of economic value" (p.107), a uniform medium that conforms to the logic of rational economic exchange. Her approach, captured by what she terms the 'the social meaning of money', rejects both the economic theories of value in art and finance because it infers monetary exchanges in art and finance can have multiple meanings. Because the context of exchange determines its meaning, not all commercial exchanges of art infer financial values, just as it would be wrong to assume all monetary exchanges in finance conform to a purely economic logic. Otherwise said, we can't necessarily infer a good's social function by the observed medium of exchange.

Zelizer's theory of circuits of commerce compliments 'the social meaning of money' by explaining how economic exchanges, adapted for specific social circumstances and needs, often take place without the use of standardized money. Circuits of commerce therefore tell us that absence of money in art or finance does not implies absence of financial value. It is therefore partly a rebuke of cultural theories of value that are premised on an absence of monetary exchange. Zelizer (2011) argues circuits of commerce are characterized by distinct social relations among members where the economic activities occur, exchange follows a common accounting system, there is a shared understanding of the meaning of exchange, and there are boundaries that separate members from non-members and the extent that trade can go beyond the circuit. Circuits of commerce exists for a variety of reasons, but low trust and norms that prevent use of money are commonly associated with their use. The existence of circuit of commerce also suggest that non-economic values get mixed with economic ones. When applied to art and finance, as Velthuis (2005) and Cetina and Bruegger (2002) respectively do, economic sociology says we must study social context to understand the economic and non-economic values produced.

Zelizer's work in economic sociology can be used to build a more nuanced concept of 'valorization'. The need to make our cultural, social and economic values real via the valorization process can be achieved across a range of exchange mechanisms. Given conventional economics' preoccupation with financial value, the notion that we must look 'beyond price' to recognize values is a theme that has gained traction in recent studies that traverse economics, cultural studies and sociology. The essays edited by Throsby and Hutter (2008) and Beckert and Aspers (2011) make it clear that contextual analysis of exchange is needed to reveal values.

iii. Bourdieu's field of power

Are there reasons beyond fundamental differences in goods that drive art to champion non-financial values? Even within art there are significant differences in degree to which artists and galleries align or distance themselves to the market. Is there a way of explaining these differences in how value is presented?

Bourdieu's (1993) sociological study of power relations across and within social fields suggests observed values might in fact be representative of a broader struggle for power. His concept that art competes for position within the field of power signals the improbability of art's disinterest toward non-aesthetic values, and it provides a sociological framework for understanding the different values art must recognize and produce to maintain its social position.

Bourdieu's field provides a way to avoid the two extremities of 'the Marxist shortcut'. On one hand, it avoids the reductionism that Hauser's social history of art is accused of: that art reduces to a product of its social circumstances. On the other, it avoids the extremity of "bracketing [art] out of the social" (Bourdieu 1991: 34). The field of power consists of the collective set of social fields that dominate the broader field of social relations, and it is here that art and the economy jostle to maintain or improve their position. According to Bourdieu (1993), each field responds to two opposing principles of hierarchization: a heteronomous principle that relates to the hierarchy determined by position relative other fields, and an autonomous principle that sets a hierarchy of internal values. As such, both art and finance can be considered as having 'relative autonomy'.

Contextualized this way, art finds itself needing to maintain some balance between retaining relative autonomy by resisting a reduction to economic values and meeting its ongoing material needs through the realization of financial value. Within art, there is also tension that results from competing claimants to artistic authority. With the arrival of new art forms, "the previously dominant productions may, for example, be pushed into the status of outmodes [*déclassé*] or of classic works" (Bourdieu 1993: 32). Younger, less established artists will seek to usurp the dominant position of established artists by denying the economic basis on which their position is partly based. Finance, as a hierarchical element within the economic field, fights for dominance in the economic fields by creating relations of dependency, and seeking to be more market responsive than any other commercial manifestation (Ho 2009). Externally, it seeks to dominate art, just as it often relies on art to legitimize its social function.

By analyzing the shifting nature of these forces, Bourdieu's field of power maps art's relation with finance as an outcome of self-interest and value-related choices. Bourdieu's framework also prompts us to ask what is the point of having social power, and so facilitates the investigation of other values sought to be realized by the social power that art and finance potentially affords.

iv. Trans-disciplinary fields

If art and finance have moved closer, could it be part of a more generalized de-differentiation trend impacting all social fields? Building from the post-structuralist tradition, essentialist readings of art and finance have come under the scrutiny of several sociologists and philosophers who call our attention to the social process of de-differentiation that has gained momentum over the last 40 years. The trans-disciplinary is an important concept in this research. By offering a theoretical basis to redefine the logics of value, a trans-disciplinary approach to value offers new ways of understanding art and finance's contemporary functions and how they relate.

Introducing his concepts of the trans-aesthetic, trans-economic, and trans-sexual, Baudrillard (1993) sets out his anti-essentialist position by asserting the modernist search for truth has become an act of simulation. Describing modernity as an 'orgy' where all modes of production were liberated, he suggests that our only choice in the after-math ('after the orgy'), is to live as though every scenario had not already occurred. Baudrillard writes, "there is no point of reference at all, and value radiates in all directions, occupying all interstices, without reference to anything whatsoever, by virtue of pure contiguity" (p.6). As a result, objects have moved beyond use, exchange and sign value, to a 'fractal stage' where the notion of value can only be simulated. In this context, the trans-aesthetic describes the proliferation of aesthetic values *ad infinitum* in all aspects of life, and is an important element to the hyper-realized and simulated world Baudrillard describes.

"Art is gone" (p.14), he declares, which is to say the uniqueness of art has vanished as all aspects of life, including the economy, are aestheticized. With an understanding of aesthetics increasingly emptied of value on account of their proliferation and simulated quality, we are encouraged to conceive of art as the site of other (non-'aesthetic') values. In the same context, the trans-economic refers to capital's evolution to fictitious capital and the corresponding separation of the fictional from the real economy concerned with production. Where the term 'economy' is more closely aligned with the viral expansion and speculation, the economic values of art and finance are open to new meanings. Based on a redefined understanding of aesthetics and economy, the values and corresponding functions of art and finance can be assessed in a new way.

As an emerging field whose history barely spans 20 years, critical finance studies depart from what Forslund and Bay (2009) call 'Finance', the practice of turning economic means into financial ends. By making connection between Finance, philosophy, ethics, art and other fields, critical finance studies seek to recreate 'finance' (lower case) as an assemblage of diverse fields. Rather than analyzing finance from these fields separately, contributors to critical finance studies aims for new merged understanding of finance, something that builds on the critical tradition to recast finance as "a means serving no decidable purpose" (Forslunds & Bay 2009: 290). In this manner, it is more closely aligned with a trans-disciplinary than inter-disciplinary approach. From the context of this study, it provides a theoretical reference from which to characterize, compare and discuss the manner in which the values of finance intersect with those of art.

1.5.2 Problems with the inter-disciplinary and trans-disciplinary approach to value

The inter-disciplinary and trans-disciplinary approach to value enables a fuller analysis of art and finance, and allows for more complex relations. But even here we run into a range of problems that mean the methodological pathway is still far from clear.

The interdisciplinary approach provides a theoretical framework for certain values to be instrumental and therefore subordinate to other dominant value measures. Again, the problem with such strategies is the anomalies they often produce. For example, 'aesthetic capitalism' extends the economic approach to recognize a field may incorporate instrumental use of aesthetics. The weakness comes from the difficulty in discerning where a value is or isn't instrumental, leading to a tendency towards blanket assumptions regarding the instrumentality of a specific value. For example, assuming that the market's embrace of aesthetics is wholly motivated by economic ends fails to explain aesthetics in commerce and finance that serve no or little obvious instrumental purpose. When an investor with little or no working knowledge of derivatives enters the market and takes a risky position with derivatives, it is hard to argue that risk aesthetics, valued for their own sake, play no role.

In a similar manner, Bourdieu's field of power frames behavior in art and finance as partly a response to self-interest in the face of competition from within and outside a specific field. The logic implies the artist interacts with the economic to facilitate their aesthetic and social values, while the financier interacts with the aesthetic where necessary to realize social values. Making blanket assumptions about how art and banker behave, and their motivation for it, inevitably generates anomalies. Artist groups such as Bauhaus artists, situationalists, or community-focused artists, who have sought to remove the distinction between art and everyday life, appear to undermine art's position in the field of power. Bankers who make anonymous endowments to the arts appear to forego the opportunity to realize social and cultural values.

The interdisciplinary approach is also at odds with Luhmann's (2000) understanding of art and the economy as independent (autonomous) systems of communication. Being 'operatively closed', Luhmann says each system develops and reproduces its own logic internally. Although irritations between systems can lead to an element from one system being recoded into the irritated system, 'structural coupling' (as it is known), does not amount to a loss of each system's autonomy as the new element is recast in the logic of the system it has penetrated. Functionally differentiation, Luhmann argues, is based on each system having a binary code that establishes how positive and negative value is communicated. The binary code for determining value in the economic system is payment/non-payment, while for art the code is beauty/ugly. Because art and the economy remain autonomous despite structural coupling, and because their binary code of each systems organizes itself to provide functional differentiation, Luhmann presents a strongly differentiated model of value. The systems definition of art challenges the legitimacy of the interdisciplinary approach because it says once art communicates economic concepts, the act is in the economic rather than art system.

Moving beyond recognition of traditional discipline-based understandings of value, a trans-disciplinary conceptualization value offers a promising framework for re-examining art and finance. However, research remains very much in its infancy, and application to art and finance is still limited. Now close to 30 years since Baudrillard (1993) proclaimed art is all but finished, art (at least in its institutional form) appears alive and well. Therefore, how the phenomenon of the trans-aesthetic is impacting and changing the nature of art appears to be a somewhat neglected area of research. Understanding art as a trans-economic field also raises several anomalies. One important question to emerge from this theory is why contemporary art, understood as trans-economic, continues to uphold the rhetoric of anti-commercialization.

The trans-disciplinary approach attempts to remedy the issue that each approach to value – be it economic, cultural, or sociological – is inseparable from the moral position of the researcher. However, trans-disciplinary approach is also grounded in its own post-structuralist sociological tradition. Therefore, like other approaches, it faces the obstacle of providing an account of value in art and finance that can traverse its own methodological 'language'.

1.6 Values revisited and a methodological way forward

As the preceding discussion points to, an evaluation of the linkages and similarities between art and finance via a value-based analysis runs into a series of problems that no single-discipline or single-value approach is able to circumvent.

Zelizer's work in economic sociology points to a further problem that complicates analysis by an inter-disciplinary value framework; any single exchange may involve a multiplicity of values. Apart from the real-life difficulty of identifying the different incommensurable values that are in play, we run into the complication that the value we observe in an interaction mightn't correspond to the actual value being exchanged. For example, imagine a gallerist is in financial trouble. This is not rare. She calls a major collector and supporter to explain her situation. The next day he arrives at the gallery and selects a few works to buy. From the observer's perspective, an economic transaction occurs. But contextual understanding of the act reveals it to be about cultural or social value.

Why does this matter? After all the neo-classical economist will say that's what economic goods are good for, to be used as instruments. But if the act is truly driven by cultural value, and we treat cultural value as something that is distinct to financial value, then it is important to recognize the reasoning underlying an exchange. You might say, but he paid for the work and therefore he determines a monetary equivalent. Perhaps, but it might also be that he chose an amount that would help the gallery without embarrassing the gallerist.

To put this issue more concretely, drawing conclusions about art and finance's nature and relationship basis on solely on values exchanged can fail because we may overlook the underlying reason for an act in art or finance. In particular, we risk drawing false parallels between art and finance where we observe actions that appear to conform to maximization of financial value. For a commercially established artist, money may become a proxy for artistic quality. For the banker, money may be a proxy for intelligence or a means of boosting reproductive potential. In such a case, it would be wrong to conflate the artist's and banker's market behavior.

To compare art and finance therefore requires more subtlety than simply looking to the value instruments that participants in art or finance use. One must go beyond an analysis of the different values observed, and try to uncover the 'underlying values' being exchanged. But as researcher, how can we make inferences about underlying values if all we can observe are the instruments used? It is little wonder that economics has tried to circumvent the issue of value.

Facing this apparent dead-end, and mindful of proceeding in a way that doesn't ignore the importance underlying values in any comparison of art and finance, a possible solution is to work with the instruments of value that we observe, but make context delimited generalizations about underlying values based on evidence (stated aims, actual practices, and so on). In other words, we make assumptions about the reasoning behind actions based on the specific context of the exchange. From this the researcher assesses what is really being exchanged. The method does rely on a degree of 'folk psychology', the notion that nonscientific psychological methods are applied. However, this approach connects with research in economic sociology and, theoretically, provides a more nuanced understanding of the values attached to goods. Choosing the appropriate methodological approach is therefore a question of trade-offs and permissible compromise based on the specific context.

1.7 Philosophical framing of research

In this section, I wish to briefly contextualize my overall methodological approach within the Western philosophical tradition. By doing so, I also aim to contextualize the range of analytical tools employed, the basis of assumptions made throughout the dissertation, and the extent that findings can be generalized. The brief philosophical overview also aims to clarify why an interdisciplinary approach is important in exposing the problem of identifying an ‘essence’ to art and finance.

One of the suggestions this chapter makes is that to understand value in art and finance, and by extension actions and structures across both fields, it is necessary to take into account the context where an observed act of valorization occurs. In signaling the importance of context, the study reveals an analytical methodology that will attempt to avoid generalized epistemological resolution. Instead, the research methodology is built on an edifying philosophical perspective. In line with Richard Rorty's distinction between systematic and edifying philosophers, the latter approaches problems with a sensitivity to the contextual differences and displays a reluctance to make any claims that suggest a penetration of 'reality' (Llanera 2011).

Rorty’s philosophy is often characterized as neo-Pragmatism, making reference to its lineage to aspects of American Pragmatism. But it also draws from both Analytic and Continental philosophy. What makes Rorty’s philosophy fit within the edifying tradition is that it argues there is no essence of knowledge or nature of truth since anything we believe to be true is contingent on historical constructs that enable consensus. There isn’t space to reconstruct his argument, but it hinges on the idea that truth should correspond to reality. In conforming to this concept, his key idea is that there is no practical difference between justification and truth because we can never know something of meaning that doesn’t also serve as justification. Rorty is not saying truth is the same as justification, since some knowledge may yet to be revealed. However, attempts to get to the truth of things in the epistemological tradition are pointless because the justification we rely on is always contextually determined. He writes, “justification to one audience is not justification to another” (Rorty 1998: 41). Rorty takes an edifying philosophical position because he argues anything that we hold to be true, or to be associated with the search for truth, is ultimately a process of achieving a contextual consensus.

More important than presenting accurate pictures of reality, Rorty’s philosophy sees the goal of philosophy located in the project of finding new, innovative and more fruitful ways of speaking. The edifying philosopher does not seek to have their 'vocabulary' institutionalized or incorporated within existing traditions, and in this regard, the edifying perspective breaks with the traditional philosophical approach because they offer another set of terms for understanding a particular problem without making the claim that that these terms accurately represent the way things are (Llanera 2011). More generally, the edifying approach is hermeneutical in that it argues human relations cannot be explained by one methodology or one particular vocabulary, and that the while truths can be communicated in the human sciences, they cannot be verified through scientific method.

Broadly in line with Rorty's edifying philosophical approach, I approach this study of contemporary art and finance from the perspective that dominant understandings of their value, social roles, and nature are a product of socio-historically defined consensus rather than absolute truth. This does not imply that truth becomes relativist in the sense that any understanding of the concept is achievable. Rationality, justification and 'truth' emerge from ethnocentric ideas of a specific historical context (Allen 2008). While broadly adopting an edifying position permits a critique of truth, it does not permit 'anything' to be rendered true simply because there is agreement by a group or under a specific condition.

In stating this philosophical framing, some concrete qualities of the methodology applied can be identified. Firstly, rather than relying one specific methodological approach, I will make use of a range of methodological tools to analyze behaviors in art and finance depending on the particular context that is being examined. For example, in considering whether choices on a trading floor reflect the financial values of the relevant instruments, there are strong grounds to argue the context makes use of valuation methodologies within financial economics relevant. In the context of the day-trader or non-professional speculator in financial markets, it may be more relevant to examine value from a sociology of finance perspective, taking into account the non-monetary rewards from trading activity. In analyzing the extent to which artists and art professionals equate artistic value with price, it is necessary to take into account the context that the artist find him or herself in. It can be argued that less established artists perceive themselves to have more to gain from art gestures that signal artist type (avant-garde, technique-focus, etc.) than established artists. If true, this contextual difference may make it problematic to apply the same approach to understanding valuation for artists at different points in their career. In summary then, the paper will draw from a wide range of methodological approaches, many of which were briefly introduced in my earlier discussion of the inter-disciplinary approach to valuation.

In line with context specific application of methodology, my research approach seeks to avoid generalized conclusions, and will aim to dismantle illusionary generalizations concerning both social fields. Where a new thesis or understanding to a problem is proposed, it will be done so with the proviso that it is localized and context relevant rather than a generalized maxim. In doing so, and in line with the characteristics of edifying philosophy, the research follows a scientific praxis, presenting argumentation and evidence within a context, but a must be understood as research where truth remains non-verifiable. In the edifying tradition, the research aims to offer new ways of thinking about art and finance that might assist future work in both fields.

Employing an approach that aligns with the inter-disciplinary tradition, I have tried to be mindful of the set of challenges this also creates from an academic perspective. The first of these concerns the potential for language problems once entering an inter-disciplinary dialogue. As Wear (1999) and McCloskey (1998) note, economics and other fields communicate in specific languages and metaphors that provide communicative efficiency for the intended group, while excluding others. Furthermore, a single term can have different intended meanings depending on the discipline from which it originates. Both of these language issues create problems specific to inter-disciplinary research. Because audiences of published work come from varied backgrounds, language cannot follow a pre-defined system of metaphors or rely on assume meanings. Where possible, the meaning of language must be clarified in text, and lineage of principles cannot be assumed.

I am also mindful that inter-disciplinary research is a risky strategy in terms of academic appraisal. By departing from disciplinary traditions, and through the less efficient usage of language, it runs the risk of alienating those who approach similar themes within a single discipline context.

1.8 Dissertation structure

Using the concepts and concerns relating to the value in art and finance, the relationship between art and finance will be investigated through four related articles. The final section of this introduction outlines these papers, locates the 'languages' of the conversations they enter, and places them in context to the overall aims of my research.

Table 1: The four dissertation papers

Authors	**Title**	**Conference Presentations**	**Submission/Publications**
Booth, P.	The speculative social role of art and finance	18th International Conference on Cultural Economics, Montreal, Canada, June 24-27, 2014.	Published; European Journal of Cultural Studies 2016, 1(18), forthcoming
Booth, P.	Less hostile (financialized) worlds		1st round review; Journal of Cultural Economy; submitted 03/2017. Outcome: revise and resubmit (09/2017)
Booth, P.	Valuation morality and choices in art and finance	19th International Conference on Cultural Economics, Valladolid, Spain, June 21-24, 2016.	
Booth, P., & Klamer, A.	The valorization of art: what artists are up against		Published book chapter; In Brad Buckley and John Conomos (Eds.), Who Runs the Art World: Money, Power and Ethics. UK: Libri Publishing; forthcoming (2017)

i. 'The speculative social role of art and finance'

The first article builds on tensions of value in art and finance from the perspective of a value that is neither limited to economic nor cultural logics. I argue that art and finance art are increasingly valued for their speculative function, although a clearly defined manner or language of evaluating value in speculative terms has not and may never establish itself. This article seeks to bridge the language and conversations occurring within financial economics on efficient market hypothesis and financial market decoupling, within art theory on abstraction of meaning and authority, and within philosophy on the nature of belief.

In building the case that art and finance fulfil a speculative function, I begin by investigating what Lazzarato (2010) sees as the necessary conditions for acting beyond pre-determined knowledge and habit. From this, I develop the argument that semi-autonomy and abstraction are essential qualities of sites where belief based on confidence, rather than knowledge, occurs. It is this type of belief, I argue, that is necessary for the speculative act. Therefore, critical to the argument that art and finance fulfil a speculative role is that both fields are characterized by semi-autonomy and abstraction. I argue that finance can be characterized as semi-autonomous via repudiation of the efficient market-hypothesis, and application of theories from critical finance studies on financial market detachment. I argue art's semi-autonomy based on a discussion of art's ongoing tension between those seeking to maintain a Kantian tradition of disinterestedness and evidence that art is inseparable from the social context of its production. I then go on to investigate the abstract qualities of contemporary finance by applying Simmel's analysis of money. Finally, I argue contemporary art's abstraction by drawing from Luhmann's theory of art as a social system and how the notion of art as layers of observation implies a gradual detachment from meaning. Characterized by the properties of semi-autonomy and abstraction, I argue that art and finance represent ideal sites for belief-based speculation, and therefore have begun to mirror one another in the fulfillment of this particular social role. In an attempt to understand the meaning of art and finance's speculative social role, the paper concludes by evaluating why there is a demand for speculation, and the social role art and finance fulfill in this regard.

Rather than arguing that art and finance are converging, my broader contention is that their qualities can be increasingly characterized in a similar way, and this enables both fields to fulfill a common social role that is dependent on that characteristic. This is an important distinction as it allows both fields to retain their semi-autonomous property, both from each other and from other social fields. In the context of my overall investigation of the relationship between contemporary art and finance, this article proposes an emerging value common to both fields. Despite evidence to support the growing importance of speculation as a value in art and finance, participants seldom enunciate this value directly in these terms. As a consequence, a valuation approach that adequately addresses the nature of art and finance's speculative potential remains less developed, and speculative potential is often assessed via other more established valuation approaches in art and finance. The articles use the notion of value to examine areas where art and finance overlap, but it also proposes that one cannot take observed approaches to value at face value to reveal the true nature of that which is being valued.

ii. ‘Less hostile (financialized) worlds’

The second article looks at anomalies that arise in finance when values are understood from a purely economic perspective. It asks whether these anomalies could be better accounted for if finance’s values are conceptualized as being aesthetic, and appraised as one would evaluate aesthetics values in art. Therefore, this paper inverts the typically manner of comparing art and finance to ask what are the aesthetic values finance produces, and how these values can be used as a basis for understanding behaviors in finance. In doing so, this article seeks to create a dialogue between researchers in critical finance studies and sociology of finance who have pointed to the aesthetic and cultural aspects of finance, and researchers from art and cultural theory who draw attention to art’s ‘instrumental turn’ and its general movement towards a less antagonistic relationship with the market. A more ambitious aim is that this article enters the conversation within finance, and that it might contribute to the recognition that financial products also consist of cultural values, something that existing valuation metrics ignore.

The paper begins from the assertion that evidence of increased aestheticization of capitalist structures cannot be wholly understood from an instrumental perspective. I therefore ask whether a trans-disciplinary framework might be a better approach for understanding values associated with contemporary finance. Baurillard’s (1993) concepts of the ‘transaesthetic’ and ‘transeconomic’ offer a way of reconceiving contemporary finance as not so much a mixture of separate economic and cultural value elements, but as a social field consisting of economic and aesthetic elements that are no longer entirely in keeping with traditional definitions. Surveying more recent understandings of the meaning of aesthetics in art, I discuss the extent that similar properties are observable in finance. In the context of the broader anesthetization of social fields, I investigate the meaning of aesthetic value in both art and finance and what it says about their relationship.

iii. Valuation morality and choices in art and finance

The first two articles reflect on the different values located in art and finance. Recognizing and evaluating art and finance goods for their speculative or aesthetic qualities reveals a very different set of values, and another social function, than if the goods are appraised in economic terms alone.

Taking a different approach, the third article tackles the issue of morals in art and finance, and their impact on the artist’s and financier’s choices. The article begins with the assumption that the choice of value approach in art and finance is not only a reflection of the specific characteristics of the good being appraised, but that it is also a reflection of moral beliefs regarding how valuation *should* occur. In the context of professional choices, I argue that artists often consider non-monetary valuation as morally right, while finance professionals typically regard priced valuation as moral.

Rational choice theory, a model developed within economics for the analysis of choice behavior, argued to be applicable to the analysis of choices beyond economic goods, provides an analytical framework for choice (Becker 1976). Economists have investigated the potential for adjusting rational choice theory to allow for moral norms, and it is conceivable that these methods be applied to valuation morals as way of investigating the impact of valuation morality on choice.

Where the researcher seeks to predict behavior in art or finance in response to a potential intervention, a critical question is: What an appropriate way of modelling choice in the context of valuation morality? In response, this paper evaluates the benefits and limitations of two approaches. Firstly, I consider whether rational choice theory is capable of modelling the range of valuation morals that arise in art and finance. Secondly, and borrowing from Boudon's (1998) 'cognitive approach', I present an alternative method that says the researcher can develop behavioral scripts after context-delimited assessment of moral reasoning and the meaning of exchange.

By discussing moral norms in the context of choice and rationality, this article begins squarely as a conversation within economic philosophy. However, the concept of valuation morality sits between research in the rhetoric of economics and work within cultural economics on the relationship between value and approaches to valuation. Branching several disciplines, this conceptual paper examines some fundamental limitations of the economic framework for assessing value, and argues that beyond the narrowest of contexts the economic framework is unlikely to be a sufficient decision making tool in isolation. From the perspective of art and finance, this paper reinforces the need to consider the multiplicity of values that arise in each.

iv. The valorization of art: what artists are up against

The fourth article, written in collaboration with Arjo Klamer, was conceived in response to an invitation to contribute a chapter for a book titled *Who Runs the Artworld: Money, Power and Ethics.* In line with the overall ambitions of the book, the article aims to engage in the broader conversation of the arts professional – artists, curators, writers, and administrators. As cultural economists, we sought to create a conversational linkage between conceptual issues of value of concern to the economist, sociologist and philosopher, with the practical concerns of the arts producer.

Written from the perspective of the valorization choices an artist is obliged to navigate, the article raises themes that are equally relevant to the professional in finance, or other fields. By addressing the conflict between spheres of valorization (oikos, social, cultural, governmental, and the market), we aim to illustrate the dynamism and circularity between context, reasoning, valorization, and realized values. Illustrated thought the career choices of four artists, we demonstrate that social context changes the things we valorize and how we valorize them, just as valorization changes our social context. Particularly where choices are not instrumentally motivated, and even for the most singular-minded artist, we conclude that conflict and compromise between values is inevitable.

This article serves as a follow-up to the more conceptual third article on valuation morality. It illustrates many of the issues raised by the earlier article, and provides more concrete basis for following the process of moral reasoning to valorization through to act. The paper also discusses why a rational choice theory of value is particularly vulnerable to failure in the arts.

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2 The speculative social role of art and finance

Over the last decade, art and finance have been criticized for having lost their way. In particular, each is said to have changed to such an extent that it no longer fulfills a principal social role we are accustomed to. It is argued that once contemporary art has been commodified, corporatized, and financialized, its traditional critical role becomes impossible to maintain and it ends up reinforcing the structures that it traditionally questioned (Taylor, 2011). From a finance perspective, it is argued that the rise of speculative banking practices, particularly proprietary trading, is of little or no economic value and marks a sharp distinction from traditional banking practices that focus on financial intermediation between economically productive borrowers and lenders. While there is justification for this criticism, there is a tendency to assume the superiority of art and finance's traditional roles when their contemporary characteristics are examined.

Having worked in both art and investment banking, I believe there exists a mismatch between the emerging and traditional social roles of art and finance. Additionally, the shift responsible for this mismatch has placed art and finance on closer parallel such that they have begun to mirror one another in terms of the social roles they fulfill. In contrast to more generalized themes affecting tertiary industries such as immaterial labor, cognitive capitalism and financialization, what is specific to the characteristic linking art and finance is the shift toward each field functioning as a site for speculation. As I will develop in this article, art and finance are increasingly defined by the characteristics of semi-autonomy and abstraction. Most notably, finance has taken on some key qualities that have previously, to a less pronounced degree, characterized art. Based on an analysis of how semi-autonomy and abstraction relate to speculation, I argue that both fields now represent ideal sites for belief-based speculation and therefore have begun to mirror one another in the fulfillment of this particular social role.

The article begins by considering the relevance and potential implications of a change and convergence in the perceived social role of art and finance. I then outline how speculation can overlap with the concept of belief and demonstrate that *acting beyond knowledge* is a key property of speculation. I go on to argue that semi-autonomy and abstraction enable acts beyond knowledge: Moreover, art and finance are not only characterized by these qualities, they become ideal sites for speculation. The article evaluates why there is a demand for speculation, and the social role art and finance fulfill in this regard. More significant than the shift in art taking it closer to the characteristics of finance, I propose that, by increasingly fulfilling demand for a site where economically irrational speculative acts can prevail, finance has taken on some of the characteristics of art.

Speculation in art and finance should be understood as more than self-interested attempts to make money from money. The speculator can be considered as anyone who sacrifices money, time, reputation and labor in the interest of a possible future payoff. Not limited to the accumulation of 'capital', speculators enjoy other personal returns, and these are emerging as a key element of contemporary art and finance's social role. Speculation can then be defined as an individual acting under uncertainty, where a finite resource is placed at a minimum level of risk, with the aim of generating a possible monetary or non-monetary payoff for that individual or for a group with whom she identifies. Speculation is therefore by no means limited to finance and can be observed across multiple social fields.

Given that contemporary art and finance have become highly diverse fields, it is problematic to talk of either as a unified concept (Engelen et al., 2010; Hawkins, 2013). Particularly in art, but also true of finance, there are contemporary products that closely resemble those of an earlier age. It is therefore reasonable to ask which type of art is criticized for no longer fulfilling a principal social role of an earlier era, and by extension, which type of art is considered in this analysis. For this analysis, I restrict art to any object or act claiming to be art whose social and monetary value clearly cannot be accounted for by its immediate use value alone. This places more conceptual art forms at the center of this analysis, but it also covers more traditional art forms such as painting where the social or monetary value of the work relies, to a non-trivial degree, on a belief in the artist's and work's artistic significance rather than the work's immediate decorative or experiential value. The importance of this definition is that it implies that value cannot be justified by tangible and objective properties alone. I will argue that this definition of art demands a degree of belief.

2.1 Closing the gap between art and finance – in context

The social role of a field can be thought of as the broad set of factors that justify why human participants engage in that particular type of social exchange. If art and finance increasingly fulfill a speculative social role, it is natural to begin by asking whether this implies the merging of two previously distinct social fields or a co-optation of one (art) by the other (finance). There is certainly evidence to support the idea that the distinction between art and finance has blurred. Artists such as Atelier Van Lieshout, JSG Boggs, David Greg Hart, Marcel Duchamp and Damien Hirst have arguably attempted to turn art into a universal exchange medium (money). Others, such as Jens Hanning, Andreas Gursky and Jenny Holzer, have demonstrated the visual potency of exchange aesthetics. Taking Claes Oldenburg's store to the next level, artists such as Ben Kinmont have attempted to merge art with commerce through 'occupational realist' strategies. From the perspective of finance, Murphy and De la Fuente (2014) claim that we have entered a period of 'aesthetic capitalism' and raise the question of whether the recent Global Financial Crisis should be seen as 'a product of bad art, or a faulty imagination, as much as anything else' (p. 2).

In spite of these and other examples of apparent convergence, both fields presently retain a sufficient degree of independence from one another such that they can be deemed semi-autonomous fields. Just as art and religion can share a common social role of offering 'a position from which *something else* can be determined *as reality*', they can be considered separate fields due to a difference in how they achieve this possibility – art functions from the realm of perception, while religion functions from the realm of the imperceptible (Luhmann, 2000: 142). Importantly, similar characteristics or a common social role are unlikely to result in the effective convergence of two previously distinct social fields so long as the mechanism by which that role is fulfilled differs, or provided other diverging roles are fulfilled by the social fields. Given that art and finance continue to fulfill other social roles, it seems premature to speak of convergence. Nevertheless, the argument that art and finance increasingly fulfill a speculative role has a number of potential implications.

A speculative social function of art and finance implies a need for the reappraisal of the constituents of value in art and finance. The clarification of some value related terms will be useful here. In the absence of a universal measure, value is a relative concept. Given that many elements of value are based on future outcomes, we are unable to know true (relative) value under uncertainty. 'Intrinsic value', a term borrowed from economics, is then an estimate of true value based on economic knowns and forecasts. Where contemporary art and finance increasingly fulfill the common social role of providing a platform for speculation, many assumptions underlying the dominant theory of value in both fields need to incorporate the value impact of actionable risk-taking. Furthermore, since I will also argue that speculation can intersect with certain types of belief, demand for speculative sites not only implies there is value in risk but also that there is value in acting beyond what we know.

The second implication of convergence toward a common social role in art and finance will be a diminishing, or at least restructuring, of the authority that each field has traditionally relied upon. I do not suggest that we have reached the point where banks are treated with the same combination of reverence, wonder, skepticism and confusion with which many treat modern art galleries, but banks, post-2007, have shifted further from the notion that they embody transparent rationality based on objective estimates of true value. If the notion of financial market objectivity and efficiency is sufficiently under-mined, awareness of the market's self-referentiality opens the door to participants reflecting on an increasingly broad set of factors. Not quite a site for quiet social and philosophical reflection, but a general understanding of finance as something closer to art would have a self-reinforcing impact. If, due to art and finance being increasingly defined by their abstract and semi-autonomous properties, it is more broadly acknowledged that art is not only heavily reliant on capitalist structures but that it also mirrors finance in the provision of a specific social role, it will be increasingly difficult to sustain a veil of ignorance concerning art's independence and uniqueness. Like finance, beyond a certain point of awareness, art may be forced to adapt to a shifting public perception of its social role.

In this context, this article is concerned with the arguments for, and implications of, art and finance increasingly fulfilling the common social role of site for speculation. How this will ultimately affect both fields is an unknown, although the above discussion has tried to outline why this change will be important. The first step in building this argument is to demonstrate that speculation and belief are intersecting concepts.

2.2 When speculation and belief converge

Before considering the relationship between speculation and belief, it is useful to clarify the difference between speculation and the related concepts of investment and gambling. Keynes (1997 [1936]) argued that investment is the activity of forecasting the return on an asset over its entire lifetime, whereas speculation is concerned with forecasting the psychology of the market. Graham and Dodd (2009) characterize investment by safety of principle and an adequate return. What is common to these and other attempts to distinguish between speculation and investment is the risk tolerance of the actor. For the same level of risk, an investor would typically require a higher expected return than a speculator. At an extreme end of the spectrum, one finds pure gamblers. Here, despite the high risk, the expected net return is often negative, as is the case of many casino games. Consideration of the origin of risk is another way to distinguish between speculation and gambling. In most speculative acts, risks already exist in the market, and the act of speculation merely transfers risk from one party to another. In gambling, risk is typically created by the bet itself. In the context of this article, what ultimately matters in the distinction between gambling and speculation is whether an act embodies belief, something that many gambles fail to meet due to the random and non-forced nature of the act. This idea will be clearer as the concept of belief is discussed below.

I propose that a broad understanding of the term 'speculation' can blur into the concept of belief. To illustrate, in a critical reading of Max Weber's *Protestant Ethic and the Spirit of Capitalism*, Lipuma and Lee (2012) argue that the Calvinist churchmen who frowned upon various practices of Dutch capitalism were in fact speculators themselves. The authors argue,

> They too were immersed in a rather risky wager, albeit on the plane where the spiritual and the existential collide. If we cut into the Weberian thesis from another angle, it becomes clear that these pioneers of mercantile capitalism were attempting to arbitrage their very souls. (p. 10)

If we assume the churchmen to be speculators, speculation need not be defined by short-termism, monetary reward, nor an entirely individualistic act. What distinguishes the speculative act is a willingness to take on a level of risk for a potential future payoff.

The acts of the Calvinist churchmen can equally be framed as acts of belief. In 1896, William James set out several parameters defining the concept of belief. A belief must represent a *live hypothesis* in that the outcome of the belief holds some probability of occurring for the person. The act must be *forced* in that no third option or way to avoid the act is possible. Finally, the act must be *non-trivial*, meaning there must be an appropriate degree of risk associated with the act. Choosing to follow a religion superficially, on the basis of having nothing to lose if proven wrong, cannot be said to demonstrate belief since the act is trivial. James (1896) also states, '*In concreto*, the freedom to believe can only cover living options which the intellect of the individual cannot by itself resolve' (pp. 15–16). If an idea can be decided on purely intellectual grounds, then the alternative is, by definition, a 'dead option' or non-live hypothesis. Otherwise said, belief must involve uncertainty.

As the example of the Calvinist churchmen illustrates, there can be considerable overlap in the concepts of speculation and belief. However, for this idea to maintain its validity, some characteristics which are said to separate the two concepts must be addressed. The claim that belief, unlike speculation, is not motivated by personal benefit is weakened when we examine the considerable body of research into collective beliefs and the utility or 'network effects' a person derives from sharing beliefs with others even when the belief proves to be wrong (Watts, 2007). It is asserted that speculation tends to concentrate on a single act at a point in time, whereas belief demands repeated acts over time. If a person returns to the same site to carry out acts of speculation, the person displays repeated acts over time with respect to the 'site' itself. There is also the argument that the speculator's act is not forced since there is always the option to not act. But if all but one of the speculative options are ‘dead-options’, the person is forced to choose between the options of acting or not acting.

To summarize, speculation is not the same as belief. However, speculation and belief can intersect when each option has a possibility of occurring; the decision is forced, what is at stake is non-trivial, and there is an expectation of a personal payoff. In my opinion, acts which combine speculation and belief, what I refer to as *belief speculation*, are fundamental to the contemporary role of art and finance.

2.3 Speculation, semi-autonomy and abstraction

In his second book on cinema, Deleuze (1989) draws from Henri Bergson’s writing on perception when he observes,

> We do not perceive the image or the thing in its entirety, we always perceive less of it, we perceive only what we are interested in perceiving, or rather what is in our interest to perceive, by virtue of economic interests, ideological beliefs and psychological demands. We therefore normally only perceive clichés. (pp. 20–21)

Building on the idea that our perceptions are typically processed according to pre-defined patterns of belief, Lazzarato (2010) identifies three distinct types of belief. *Belief–habits* describe the beliefs we hold through pre-established taste. For example, a person’s moral beliefs often result from cultural environment and upbringing. *Belief– prejudices* describe the meanings we assign to things that make us think and act in a way that is already pre-determined. For example, we process both verbal and body language according to an existing structure of meaning. Finally, Lazzarato (2010) identifies *belief– confidence*, a belief that ‘no longer entails adhering to an idea or a given meaning, or of conforming to the force of habit, but rather implies creating a new idea or direction’ (p. 111). Belief–confidence is closer to James’ definition of belief since it implies that we must move beyond knowledge and what we can already perceive, and it forces us to take on a degree of risk. Extending this idea, acts of belief–speculation require sites where knowledge is sufficiently unstable such that there is a possibility of acts that elude habit-based cliché.

Semi-autonomous social fields offer possible sites for acts of belief–speculation, whereas autonomous or heteronomous fields struggle to move beyond pre-defined taste and meaning. If an autonomous field can be considered to be one existing in complete isolation and free of external constraints, then its polar opposite, the heteronomous field, is entirely dominated by constraints exerted by other social fields making it incapable of generating rules on its own. Although it might be tempting to associate autonomy with freedom from pre-determined taste and meaning, the perceived value of autonomy encourages a typically oppositional position to existing structures when they are perceived to threaten that autonomy. By linking autonomy with symbolic power, Bourdieu (1993) argues that social fields operating within the field of power have an incentive to defend and improve their position of autonomy by negating the positions taken by other fields. While a field’s relative positioning is under continual change, there is sufficient stability to know relevant strategies of negation at any point in time. The net effect is to entrench the strongly autonomous field in habit. When characterized by a ‘certainty’ associated with the rules of how each operates, autonomous and heteronomous acts of belief have a tendency to be reduced to a series of clichés.

Drawing on Moore’s (1972) work on the semi-autonomous social field, semi-autonomy can be said to exist where a field displays ‘the absence of autonomy or isolation, as well as focusing on the capacity to generate rules or induce or coerce conformity’ (p. 722). Definitionally, any field falling between the poles of autonomy and heteronomy can be said to have semi-autonomous properties. This doesn’t get us very far given the difficult of identifying strictly autonomous or heteronomous fields. For the purpose of this article, the semi-autonomous field is defined as one that displays discernible independence from the constraints of other fields, yet is neither clearly isolated nor free from external constraints. In contrast to autonomy and heteronomy, the in-between space or the semi-autonomous zone can offer emptiness in the sense that we cease to know the rules of the field, and the concept of knowledge is undermined. We are therefore required to demonstrate belief–confidence in order to act.

Two examples from art illustrate how semi-autonomy can offer the potential for acting beyond knowledge. In 1927, Marcel Duchamp hired a carpenter to make him a single door that could alternatively close on two frames that were positioned at a right angle. He later claimed, ‘... the proverb “*a door must be either open or closed*” was a flagrant act of inexactitude’ (Lazzarato, 2010: 103). According to Lazzarato, Duchamp was particularly successful in acts of belief that avoided both taste (belief–habit) and meaning (belief–prejudice), and that this was possible because Duchamp resisted understanding his own work via a dialectical opposition between strict autonomy and heteronomy. In the late 1990s, the Spanish artist Sierra Santiago made a series of controversial ‘line installations’ which involved paying specific groups of marginalized people to have a single line tattooed across their back. Santiago’s work has been characterized as ‘treading a thin line between detached conceptual criticism and complicity with the very economic exploitation and human objectification he is critiquing’ (Church, 2009: 164). Another interpretation is that we are uneasy about Santiago’s work because we are uncertain about how we *should* respond. Santiago’s work can be characterized as semi-autonomous due to the fact it raises, at the same time as dismisses, the issue of labor exploitation through aesthetics.

Abstraction is another means by which social fields can offer opportunities for belief–speculation. Abstraction can be a problematic term, particularly from an art context. Formalist abstraction of the modernist period can be considered an iconographic project that sought to move beyond visible appearances toward the materiality of the work itself, self-awareness of the art object and ultimately an attempt to obtain a higher truth. In this article, however, I propose a meaning of abstraction that neither implies a reduction to truth nor the evolution from pictorial to informatic. Instead it refers to the process whereby informational meaning is sufficiently degraded due to self-valorization such that it becomes problematic to rely on knowledge in acts of belief.

Where contemporary social relations are reduced to abstract exchange relations, one might ask whether any random exchange involves acting beyond meaning. So long as habits of taste and meaning can prevail under abstraction, evading habit-based meaning is not that simple. For example, monetary wage as a symbol of the value of labor does not escape reference to the meaning of labor's value and moral ideas of the importance of gainful employment. Goux's reading of Marx identifies different levels of abstraction in exchange relations and, importantly, suggests how we can understand the point whereby abstraction renders information external to the exchange itself effectively meaningless. Once social modes of production have progressively abstracted from fetish, to symbol and finally toward functioning as pure sign, they no longer have meaning outside of themselves (Goux, 1990). Where finance has abstracted toward functioning as pure sign, traded assets no longer lay claim to signifying an underlying materiality, be it the expected revenue streams of a company, input prices or other material-based factors, and financial trading occurs on the basis of self-reinforced value. Artworks that have abstracted toward pure sign cease to signify or reflect socially derived conditions, ideas or values, and the 'value' of a work becomes self-reinforced solely in relationship with other artworks.

In summary then, use and symbolic value become practically incalculable or unknowable in highly abstracted fields, and the information concerning that from which the object has been abstracted becomes essentially meaningless. Under such conditions, the characteristic of abstraction offers the potential for acts of belief–speculation.

2.4 Art and finance as semi-autonomous fields

Contrary to how art and finance are often characterized, both have evolved to become semi-autonomous fields in which neither can lay claim to being either entirely autonomous nor completely heteronomous by being fully merged with the 'real economy' (the section of the economy concerned with the production of goods and services that financial assets are assumed to directly reference). The argument proceeds along two lines. First, I demonstrate the capacity and likelihood of the exchange value of traded finance products to cease representing both true and intrinsic value. Second, given that a great portion of contemporary art is not traded, and that the concept of autonomy has been strongly associated with art since the late 18th century, I argue the semi-autonomy of art by rejecting the idea of art's autonomy.

The most direct way to argue the semi-autonomy of finance is via rejection of the efficient market hypothesis (EMH), which states that prices reflect available information. Where prices consistently cease to reflect available information, financial markets can be said to be at least partially autonomous because they detach themselves from the underlying economic activity that they are assumed to reference. Alternatively, one can argue for the idea of the semi-autonomy of finance without rejecting the EMH. Where abstraction and complexity render information increasingly meaningless, even if prices reflect available information, prices will cease to reflect the underlying value of the activity referenced. This argument is developed in the next section of the article, but it raises the issue that multiple fields may demonstrate semi-autonomous properties where abstraction of information is widespread. This issue is addressed in the section 'Art and finance as natural sites of "belief-speculation"'.

Attempts to explain, and where possible, provide evidence of financial detachment by repudiation of the EMH tend to fall into one of three main categories: non-rational cognitive bias, self-referential pricing in the assumed presence of 'noise traders' and hyper-real finance.

By questioning the assumption of rationality, Shiller's (2000) study of mob psychology within the field of behavioral economics suggests systematic price deviations from assumed intrinsic value can be explained by various forms of cognitive biases. In contrast, self-referential pricing theories avoid the assumption of irrationality. One can distinguish between two types of belief – individual opinion of true value and an individual's opinion of how a market will value a security in the future. If investors believe in the presence of irrational noise traders, even if no such traders exist, then a 'rational' speculator could decide to buy an asset for a price that exceeds their individual opinion of true value if they assume noise traders will push up the future price. In doing so, speculators inadvertently become trend chasers themselves, completing a self-fulfilling prophecy (Orléan 2005). In this way, markets become detached and self-referential. Drawing from Baudrillard's post-structuralist concept of hyperreality, McGoun (1997) suggests that 'hyper-reality' can occur in financial markets when exchange is done partly for the sake of the cultural value derived from the exchange itself. When financial trade begins to occur for the sake of the exchange (sign value), prices begin to detach themselves from conventional measures of intrinsic value.

While arbitrage theory suggests price divergence from intrinsic estimates would be short lived, arbitrage risks may prevent attempts to exploit perceived mispricing (Shleifer and Summers, 1990). The arbitrageur's measure of intrinsic value, itself based on random and subjective data, can be wrong. There is also the risk that the market will not correct in the holding period, meaning arbitrageurs must also take into account their expectations of future market opinion. If we cannot rely on arbitrage to correct mispricing, it is natural to ask whether financial market detachment is supported by empirical evidence. Unfortunately, direct empirical testing is problematic due to the typically uncertain and subjective nature of intrinsic value estimates that prices are compared to. The difficulty of obtaining objective inputs is further complicated by the fact that accounting valuation methods are increasingly market based, resulting in self-reinforcing measures of value (Macintosh et al., 2000). Despite testing limitations, the studies mentioned above provide support for not only the possibility, but also the likelihood, that prices show some divergence from underlying economic principles. If this can be sustained, financial markets can be said to operate at some point distant from pure heteronomy, in a semi-autonomous zone between complete heteronomy and autonomy.

Turning to contemporary art, the argument that art is not truly autonomous, but rather sits in a semi-autonomous zone, is a seemingly less controversial position to take. However, the question of autonomy is sensitive to how the structure of art is defined, so a more subtle analysis is required. Art's semi-autonomy can be argued via the rejection of autonomy in art as a subject-centric field. Alternatively, where we follow Luhmann's definition of art as a non-subject-centric communicative system, art retains the key property of requiring one to acting beyond knowledge even where the system itself is said to be autonomous.

Given that much of the rhetoric of art's autonomy can be traced to Romanticism of the late 18th century and the influence Immanuel Kant's writing had on this and related movements, a number of critics of the concept of autonomous art have focused on Kant. In Kant's (1952) *Critique of Judgement*, art's detachment from political, economic and social aspects of life is a necessary condition for the universal concept of beauty. Despite its persuasiveness, the concept of autonomy and its underpinning of universality have been criticized for reflecting the political ambitions of the bourgeoisie, indicating that it cannot be separated from the social condition from which it arose (Bürger, 1984). Focusing on differences in access to culture and education, Bourdieu (1984) similarly takes aim at Kant in arguing that aesthetic principles are not universal, but linked to particular interests that are determined by social and economic differences. Furthermore, permeation by forces of the 'field of power', a concept capturing the economic, political and other forms of capital that dominate the broader field of social relations, ensures fields such as art can only ever achieve 'relative autonomy' (Bourdieu, 1993). The rejection of autonomy in art is also evident in Arnold Hauser's (1985) influential *The Sociology of Art*, which proposed a methodology for understanding artworks from their social context rather than iconography, style or other traditional markers. More generally, the repudiation of autonomy stems from the fact that the human subject, with its competing set of social interests, is placed at the center of art activity in this framework, underlining the improbability of detachment.

By claiming the basis of the art 'system' to be the communicative acts occurring between subjects, Luhmann (2000) offers a non-subject-centric theory of art's autonomy. For Luhmann, a social system becomes autonomous once it achieves 'operative closure' or *autopoiesis*, by which he means it produces its own basic elements and creates its own continually evolving structure from within. Where autonomy lies in communication itself rather than social subjects, the complexity of the communicative act is often reduced for the sake of enabling meaning – something that suggests that acts revert to pre-defined habit and meaning. However, the unique communicative function that Luhmann (2000) assigns to art – 'integrating what is in principle incommunicable – namely, perception – into the communications network' – makes any reliance on meaning problematic and something that would undermines art's core function (p. 141). In this way, communicative acts in art are risky gestures since 'art communicates by using perceptions contrary to their primary purpose' (Luhmann, 2000: 22). Therefore, even if Luhmann's definition of art's autonomy can be sustained, the implied function of art demands participants to make communicative acts that can fail and are often beyond pre-defined communicative meaning. In this sense, acts within Luhmann's art system retain a speculative quality.

In summary, when we frame art and finance as subject-centered social fields, their semi-autonomous characteristics enable them to function as sites for belief–speculation. Defining art and finance as communicative acts, their speculative potential remains. While finance may have yet to achieve 'operative closure' from the 'real economy', the communicative meaning of finance-based acts often varies far enough from economic logic to destabilize meaning within the economic system. While art may be argued to be autonomous via its operative closure, the nature of art communication renders reliance on knowledge problematic such that speculation is integral to art's communicative acts.

2.5 Art and finance as highly abstracted fields

Warren Buffet (2003) famously described derivatives as 'financial weapons of mass destruction' due to their complexity and abstraction (p. 15). While abstraction of financial assets is evident in the massive growth of traded derivative products since the late 1980s, it is also at the core of the most basic financial product, company shares. The contemporary-listed company requires a degree of market and product diversification to manage global risk, and it therefore engages in numerous derivative-based hedging strategies. The valuation of the free-floating currencies that underlie revenue streams are themselves increasingly abstracted as currency trades become subject to a broader and more complex set of public and private currency strategies. As a consequence, investors are unable to understand many of the products being traded today, much less generate a concrete picture of expected revenue streams.

In the context of market-based accounting valuation techniques and the problem of self-referential pricing discussed earlier, investors, speculators and risk managers are the receivers of increasingly abstract and meaningless information. Despite disagreement as to whether the informational quality of financial information has declined over time, particularly given differences in definitional and methodological approaches, there is less disputable evidence that the individual company's share price volatility or 'idiosyncratic volatility' has increased over the last 40 years (Rajgopal and Venkatachalam, 2011). Given that overall market volatility has not increased similarly, this suggests the average investor's uncertainty regarding value has increased. Despite a lack of consensus on the topic, there is evidence that the most common measure of financial performance, quarterly earnings, has declined in informational quality over the past four decades (Rajgopal and Venkatachalam, 2011). If true, this outcome is consistent with the abstraction of financial data to the point whereby it ceases to provide a usable reference to the underlying economic acts referenced by financial instruments.

The highly abstract nature of financial assets is supported by Simmel's argument that money, a key determinant of the value and role of financial assets, must be sufficiently abstract to function. The greater role money has in concentrating values, by which he means the quantity and breadth of goods and services that money determines relative value for, 'the less it will need to be tied to a material substance' (Simmel, 2004: 197). He writes, 'Only to the extent that the material element recedes does money become real money, that is a real integration and a point of unification of interacting elements of value, which only the mind can accomplish' (Simmel, 2004: 198). By abstracting to increasingly immaterial forms, money has enabled us to find a universal, numerical unit of measurement that allows comparability of systems as disparate as environmental responsibility (carbon trading) and weather conditions in the Alps (weather derivative products for ski resorts). The growth of financialization since the 1970s has expanded money's reach and, following the above logic, accelerated money's abstraction. Given money's importance for the use and symbolic value of assets, the expansion of finance has then effectively contributed to its own abstraction and further destabilized meaning behind financial information.

Turning to art, Lütticken (2008) argues we should not mistake contemporary art's visual and physical characteristics as art bucking the broader trend toward greater abstraction of exchange relations. Contemporary art's reluctance to abandon the visual and physical makes it no more 'concrete' as its reference points are themselves already so abstracted that the concept of 'abstract art' becomes essentially meaningless. Drawing from Luhmann and Simmel, I argue that art's abstract nature can be located in three related themes: the layered nature of observation in art, art's predilection for utterance over information and how distance from the object is particularly crucial to art's valuation.

Luhmann (2000) argues that communicative acts in art are the outcome of layers of observation. 'First-order observation' concerns *what* a viewer observes and involves abstraction since one must choose between what and what not to observe, as well as the form to indicate that observation (perceptions, visual communication, etc.). 'Second-order observation' is the observation of an observation, while 'third-order observation' is an observation of an observation of an observation. In second and higher order observation, the concentration shifts from *what* is observed to *how* the lower order observation is observed. Movement to second and higher order observation requires abstracting from an already abstracted position and thus knowledge associated with lower order observations, which may reference systems external to art, is rendered progressively meaningless. Luhmann argues that art is second or higher order observation because, as a communicative system rather than subject-centric field, only art can define itself. Consequently, human observations of art become observations of observations. Commentary on and responses to artistic styles are similarly observations of observations. Furthermore, the movement away from representation to activating the reader's self-experience pushes the role of art to one of observing what has been observed.

Not only is art positioned to become self-referential through its higher order observational quality, but Luhmann (2000) argues that art has developed a *preference* for self-reference, which he refers to as 'utterance'. The tendency toward the self-referentiality of utterance can be located across numerous directions in art since the late 1960s. Self-referentiality can be seen in the 'masks' of Andy Warhol, Cindy Sherman and Paul McCarthy. It is located in the private language of Matthew Barney's 'Cremaster Cycle' series and Tricia Donnelly's dismantling of external logic and meaning. It is tempting to attribute this tendency in contemporary art to the post-modern condition and its preference for a playful and parodic temporal mix of styles. However, what is different is that contemporary art appears to have lost its parodic quality, and in doing so has perhaps ended a final act of communicative meaning that resonates in a broader political and social realm.

Finally, art's abstraction can be located in the particular role 'distance' plays in creating value. Simmel (2004) argues that, provided there is greater desire in what is longed for than what is reached, value is created by potential users experiencing a degree of distance from the desired object. Distance can result from difficulty of obtainability relating to price, scarcity or other factors, as well as forms of abstraction which make 'ownership' challenging. Typically, the degree of distance between subject and object must not be so great that it prevents development of the psychological desire associated with *potential* consumption. Simmel argues that art is different. The positive relationship between distance and value holds at higher levels of abstraction because 'contemplation' replaces 'consumption' and thus the fear of making potential possession too vague recedes since we will never *own* the art object anyway.

The process of rendering information effectively meaningless through abstraction is a broad phenomenon in contemporary finance and art. Like the quality of semi-autonomy, abstraction in art and finance has made knowledge-based acts problematic in both areas and created ideal conditions for acts of speculative belief.

2.6 Art and finance as natural sites of 'belief–speculation'

If semi-autonomy and abstraction can be linked to destabilization of informational meaning, yet these properties impact many modes of production and exchange, then what makes art and finance different from science, law or software design? More generally, *what makes the semi-autonomous and abstract qualities of art and finance exceptional such that these two fields should be singled out as ideal sites for speculative acts?*

Two primary factors distinguish art and finance. First, the naturally abstract quality of art and finance results in informational meaning being more exposed to degradation than other fields. While the high-order observation quality of art has been outlined in the previous section, financial assets equally embody the quality of layered observation. Even the simplest financial asset, the company share, is a derivative of the currency measure of an underlying asset. From their inception, then, financial assets are a derivative of a derivative and are therefore susceptible to self-referentiality occurring in both the money form and the financial trading process. By typically referencing another traded financial product, 'derivative products' are characterized by a further layer of abstraction and a new potential for informational degradation. In what Martin (2014) and Appadurai (2011) refer to as the 'logic of the derivative', progressive political approval of the concept that risks can be managed if they are able to be packaged and traded has led to the enormous growth of derivative products over the past four decades. Martin (2014) argues that, due to the size of the notional value of derivative contracts traded, derivatives involve not only the trade of risk but they also manufacture risk for the financial system itself. As such, they contribute to the exceptionally speculative quality of finance.

The second distinguishing feature of art and finance is their consumability. In comparison to a field such as science, art and finance are structured in such a way that they offer more consumable platforms. The knowledge barriers to entry in many abstract fields limit their accessibility as a platform for speculation. Art and finance, on the other hand, offer more a democratized means to speculate. While this should be evident in financial markets, with the rise of market-based pension funds since the 1980s and the growth of low cost online brokerages since the 1990s, one may question whether the same is true for art. Speculation in art is not limited to the act of art making or art buying, and it includes any activity where time, money or reputation is placed at risk in the broader field of art. Of course, art has a more restricted audience than finance, and although knowledge can be perceived as a barrier to entry, this does not necessarily mean that knowledge plays gatekeeper. The growth of arts-based education among young adults in many developed economies illustrates this point.

That actions involving art and finance occur within a semi-autonomous zone does not necessarily make them unique fields. That art and finance require us to act beyond knowledge only make them candidates for speculative activity. What separates art and finance from other fields and makes them ideal candidates for speculation is their more pronounced positioning with the semi-autonomous zone and their consumable natures.

2.7 The role of speculation in art and finance

If art and finance have become ideal sites for speculation, what do participants hope to achieve from their speculative acts? Underlying much speculative activity is the desire to accumulate various forms of capital. In finance, the generation of economic capital is firmly understood as the objective of speculation. In the context of art, speculation may correspond to the aim of accumulating cultural capital with the intention of converting this to economic capital later in their career. Nevertheless, capital accumulation seems to be an inadequate explanation for why people seek out speculative opportunities in art and finance.

Diederichsen (2008) argues that inherent to artistic innovation is the imperative to demonstrate the *Mehrwert* or surplus from the activity. *Mehrwert* can accrue via monetary returns on investment or the non-monetary 'payoff' of innovation. Since value need not equate to price, art participants might speculate on the surplus they feel is being produced, but is yet to be recognized in exchange price terms. Although this would align art participants with rational choice theory, there are some major obstacles to pursuing this logic. The average income from art-related work in Norway was close to one quarter of the national average in 2013 (Heian et al., 2015). Given the disproportional rise in the number of artists and creative workers over the last 30 years, few will ever be in a position to convert cultural capital to economic capital, and even less so for less visible contributors to the arts. Smaller arts organizations often commission work of less established artists knowing that any value created will be effectively deferred until it can be later realized by larger arts organizations with closer market links (Thelwall, 2011). Overall, the level of risk relative to expected return appears irreconcilable with a fiscal understanding of rational behavior.

The prevalence of people willing to speculate in creative fields can be partly accounted for by the trend toward valorizing creativity as a means of producing subjectivity (Illes and Vishmidt, 2011). While this can represent a return on the speculative art act, not all actions in art are favorable to producing subjectivity, so this is unlikely to ensure that art participants are labeled rational from an economic framework. From the perspective of art buyers, the historical under-performance of art investment on a risk-adjusted basis is usually explained by its 'psychic return' – something which captures aesthetic and symbolic benefits. Given the difficulty of explaining other speculative acts in art through the lens of capital accumulation coupled with rational utility maximization, it would be wrong, in my view, to treat buyers of art differently. Speculative acts in art cannot be understood purely from the perspective of rational utility maximization.

Turning to finance, advantages in information, skill, technology and other areas mean that certain classes of speculators will, over time, profit at the expense of other speculators through the act of short-term trades. In contrast to 'hold' strategies, short-term traders aim to make money by buying below intrinsic value and selling when price exceeds it. This particular trade is a zero-sum game, where one trader's gain is another's loss. For many, speculative trading is a more attractive option to 'hold' speculative strategies – it's quicker, potentially more profitable and requires less capital at stake. The 'advantaged' trader then represents a group of speculators whose behavior approximates the idea of the rational self-interested agent who is motivated to accumulate money. But if there is a loser for every winner, there must be classes of agents prepared to trade even though they are more likely to lose out from the exchange (Harris, 1993). While the disadvantaged trader may still conform to the rational utility maximization model, trading for a variety of risk or cash management reasons, this also opens up the idea that people also trade for entertainment and other non-monetary reasons.

In my opinion, a factor driving demand for speculative sites relates to a human desire to commit to an act of belief in the face of uncertainty. Keynes referred to 'animal spirits' as the quality that enables action under uncertainty. He described it as 'a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities' (Keynes, 1979[1936]: 161). Animal spirits are closely linked to the idea of speculation as it requires a degree of confidence in the context of uncertainty that goes beyond a rational approach to decision-making. Furthermore, to enjoy the potential payoff from speculation, in whatever form it takes, there must be a collective future if the reward is to be enjoyed in the context of others. While the philosophical notion of 'speculative realism' has recently been embraced by art for its potential to re-examine the object through non-human-centric thought, I treat speculation as something fundamentally human-centric due to the inseparability of self and social context in forming the perceived payoff.

Building on Keynes' animal spirits from a different perspective, de Duve claims that notions of absence and doubt that characterize secularized society have created demand for a site where one can act on belief. The act of speculation represents a type of defiance against the skepticism of an otherwise belief-less contemporary society (De Duve, 2001). Knorr Cetina and Bruegger (2002) also argue that absence remains central to financial market speculation by proposing that our notion of self is partly defined by a permanent 'lack' associated with an idealized version of self. They argue that participation in financial markets helps deal with our lacks, just as the market's complexity serves to make us more aware of our lack and the general absence. One trader in their study even describes the market as a 'greater being'. So while financial markets do not enable resolution, they crucially provide us with a platform to respond to absence. In comparison, art may not have the reach of financial markets, but contemporary art can equally be characterized as elusive and an indeterminately broad field. For some, art can function as a means to respond to personal 'lacks', just as it can remind us of our incompleteness.

2.8 Conclusion

The implications of the shifting role of art and finance are difficult to predict, but we are nevertheless already beginning to see some outcomes. As art shifts further from its critical function, it becomes at the same time more elusive and accessible. Art becomes more elusive in the sense that layers of abstraction make the idea of 'knowledge' problematic. It becomes more accessible because once abstraction reaches a tipping point, an individual's connection with art increasingly relies on belief, something that is not limited by theoretical grounding or other training. Therefore, assuming art's social role is increasingly recognized as a platform for belief–speculation, more people may feel willing to engage with art and on new terms.

As the concept of finance as objective, measurable and fulfilling a narrow set of social functions gives ground to the idea that it also fulfills a metaphysical need, various social, economic and cultural impacts are sure to follow. Despite the problem of reconciling exchange value with true value in semi-autonomous fields, if actors derive value from the speculative nature of trading financial assets, then it seems reasonable to assume an 'act of belief' premium be tied to more speculative financial assets. This will presumably impact demand for particular financial products and potentially favor more speculative industries. It is less clear how finance will respond to growing pressure to satisfy competing and often opposing social demands. Increased recognition of the cultural properties of finance will further erode traditional perceptions of finance's objectivity and measurability. With greater perceived uncertainty, the market can be expected to over-correct more often, display higher volatility and generally provide increased speculative potential. Given finance's very real social impact, regulatory authorities face the difficult task of ensuring confidence, transparency and measurability in the global financial system with the aim of dampening the characteristics described above. The problem is that these aims increasingly run counter to the nature of advanced finance. Placed in the middle of the competing demands of regulators, traditional investors and those seeking a platform for belief–speculation, finance practitioners will need to have a greater appreciation of client needs as well as the limitations of their own quantitative modeling. Regardless of the goals of the client, reversion to the traditional quality of 'trust' seems unavoidable.

Van Maanen (2009) argues that art's preference toward self-referentiality could not exist without the acknowledgment of a hetero-referentiality from which self-referentiality derives meaning. Following this reasoning, the ability of art and finance to fulfill a speculative role appears dependent on the acknowledgment that they fulfill other social roles that provide the semblance of a payoff outside of the speculative act itself. With art and finance's trajectory toward greater abstraction, both fields will increasingly be acknowledged for their speculative properties. While other social roles can be expected to remain in place, the relative importance of speculation for the overall social function of art or finance could increase to such an extent that it becomes necessary to begin thinking about implications of the convergence of art and finance or the co-optation of one by the other.

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3 Less hostile (financialized) worlds

In recent years, art has demonstrated a growing willingness to engage with the market in a manner that goes beyond traditional strategies of critique, détournement and play. Aspects of the contemporary relationship display hallmarks of the market's domination of art. Art has moved closer to the market through professionalization of art education, as well as through the increased synchronization of behaviors and language used by artists to represent themselves (Elkins 2009; Palmer 2016). With artworks increasingly made for auctions, packaged for investment funds, and valued using financial metrics, the financialization of art is pressuring art to confirm to a market logic (Taylor 2012; Velthuis & Coslor 2012). However, there is also evidence that art's relationship to the market is shifting due to a growing acknowledgement of the market's aesthetic qualities. With exhibition spaces are set up as shops, art practices based around modes of exchange, and the abstract nature of price fulfilling a critical artistic component for several high-profile artists, art has begun to look to the market as aesthetic source.

In the context of these developments, this study offers a reading of the narrowing distance between art and the market that avoids the essentialism inherent within the two dominant theories that frame their relationship. On one hand, the 'hostile worlds' theory says that market logic is fundamentality incomparable with the logic of art. A narrowing of the distance between the two is therefore viewed as the outcome of market colonization. On the other hand, the 'nothing but' theory holds that art is nothing but a commodity that confirms to an economic logic. According to this theory, reduced distance between art and the market is the outcome of a willingness to accept openly a relationship that has always existed.

Both theories derive from an understanding of art and the market that I argue does not reflect their contemporary transdisciplinary natures. Specific to this paper, I argue that the market is increasingly characterized by aesthetic properties traditionally associated with art, and this is causing a recalibration of art's relationship to the market that is based on neither reluctant capitulation nor a reappraisal of art's true nature. Evidence of art's reduced hostility towards the market stems, I argue, from a recognition that a transdisciplinary market has become not so very different from art itself.

Important to my overall approach is the assumption that the aesthetic and cultural changes that are causing the market to exhibit art-like qualities are quite distinct from Boltanski and Chiapello's (2006) framing of aestheticized capitalism. According to Boltanski and Chiapello, the aestheticization of capitalism reflects a deliberate desire on the part of industrialists to shift capitalism in a way that captures changing individual preferences and to embrace aesthetic preferences that are bound in commodities, labor offerings, and production processes. I argue that many of the more recent changes associated with financialized capitalism have occurred independent of industrialists' intentions. In some cases, they have occurred in spite of them. This is an important distinction as it represents the difference between framing art's relationship to the market as the outcome of aestheticization for the production of economic capital, and the outcome of a relationship informed by attributes and values that increasingly overlap on a more fundamental level.

In building the argument that the market has taken on art-like characteristics, I argue that our understanding of the market is formed increasingly by the nature of financial markets. The phenomenon of financialization, whereby an increasing number of goods are packaged into securitized forms in order to be priced and traded on financial markets, is primarily responsible for this cognitive shift. The last decade has seen a small but growing body of research that supports the argument that finance has taken on qualities traditionally associated with art. Murphy and De la Fuente (2014) provocatively ask whether the Global Financial Crisis of the late 2000s should be seen as "a product of bad art, or a faulty imagination, as much as anything else" (p.2). Researchers contributing the emerging field of critical finance studies have begun to investigate the aesthetic, iconographic, and self-referential aspects of finance as a way of highlighting finance's cultural aspects (Belfrage 2011; Schinckus 2011, 2012; Schinckus and Christiansen 2012). While these contributions call for a timely rethink about the cultural aspects of finance and draw attention to the normativity beneath finance's scientific rhetoric, this study's contribution will be to step back from finance and ask how a more 'artistic' version of finance is impacting art's relationship to the market.

This paper begins by laying out the theoretical framework for a transdisciplinary reading of art and finance, arguing how recognition of art and finance's transdisciplinary qualities facilitates a less hostile relationship between the two. The paper draws from aesthetic philosophy to identify several defining qualities of art against which contemporary finance can be compared. Core analytical work then follows. Transdisciplinary art and finance necessitates that each takes on elements traditionally found in the other. Given the short format of this article, the first part of the analysis is restricted to an evaluation of qualities of art as present in contemporary finance. The second part of the paper considers implications for the relationship between art and commerce.

3.1 A transeconomic/transaesthetic approach

The assumption that aesthetics only serve an instrumental role in industry is at the core of Boltanski and Chiapello's (2006) reading of aestheticized capitalism. This view accords with Thyssen's (2012) distinction between pure and applied arts. The pure arts, in the Kantian tradition, serve no purpose external to art itself. The industrial organization, therefore, has "no ambition to pure art, but adopts an instrumental view of aesthetics" (Thyssen, 2012, p.54). While 'pure art' may intersect with the organization, for example through art sponsorship, Thyssen argues that art nevertheless remains 'external' to the organization because the logic of pure art does not become integrated into the organization. He argues that, in contrast, the applied arts or aesthetics, such as design or company narratives, are routinely made 'internal' within organizations.

Despite instrumental interaction, a differentiation between art and industry underlies the approaches of both Boltanski and Chiapello (2006) and Thyssen (2012). Differentiating art and the market based on binary themes such as instrumentality and intrinsicity, applied art and pure art, and externality and internality is problematic because it remains dependent on modernist notions of essence and separability. As Gran (2008) observes, this differentiation ultimately fails to capture new forms of interaction between art and the market.

The argument that art and the market have begun to share characteristics builds upon Baudrillard's (1993) concept of the 'transaesthetic' and the 'transeconomic', which holds that art and the economy are understood as transdisciplinary fields. Elements from one field can be found in the other without necessarily corroding or destroying it. When this approach is taken, the relationship between art and the market escapes the dualism of a contest between cultural and economic value, and it opens the scope for exploration of a broader set of relational connections.

Through her theory of 'connected lives', Zelizer (2005) offers a framework for understanding art's relationship to the market that avoids the dichotomy of an essentialist approach to art and the market. Importantly, her work provides a basis to refute the notion that aesthetics in commerce must fulfil an instrumental function. Although conceived as a theory to explain how commerce can occur in intimate relations without undermining them, it can be readily extended to art. Her core argument is that people navigate commerce in intimate relationships by shifting roles and setting specific areas where commerce can occur with minimal negative effects (Zelizer, 2005). Key to the notion that monetary exchange can occur for non-economic reasons, Zelizer argues that, despite being a generalized medium, money is not a uniform concept and can have multiple meanings depending on social context (Zelizer 2005). Because of this, any hostility towards an economic exchange is rarely directed towards the exchange itself, but is instead concerned with the meaning of the exchange. When understood as being infused by elements from social or intimate relations, markets exist in multiple forms depending on the context of exchange. Therefore, it becomes problematic to consider art and the market as unified concepts and to discuss their relationship in these terms.

By arguing there is a poststructuralist element to Zelizer's approach, Ertman (2009) points to an issue that further questions the assumed instrumentality of aesthetics within commerce. Ertman notes that for poststructural feminists, gender is viewed as socially rather than biologically determined. Similar to rejecting the idea of gender as based on an essential difference, Zelizer rejects the essentialism inherent within the view that differences between commerce and intimacy mean that they can only remain intact by remaining separate (Ertman 2009). Applying Zelizer's logic to the fields of art and finance implies that we should approach each as a social construct rather than as a field with a defining core. By extension, we can conceive of art as a transdisciplinary field comprised of aesthetic, economic, religious and other elements. Likewise, finance can be conceived of as a transdisciplinary structure that incorporates multiple elements, including the aesthetic.

The more recent impact of financialization and digitalization in creating asocial or anonymous exchanges compounds Baudrillard and Zelizer's observations regarding the transdisciplinary natures of art and economics. Following Zelizer's (2005) logic, virtual exchange is denied the physical context that often determines an exchange's meaning. Consequently, virtual exchange must be increasingly incorporate aesthetic and other aspects into the exchange itself where non-economic meanings are intended. What we exchange, how we conduct exchange, and even how much we pay, must all become tools for expressing meaning in the virtual world. In a virtual marketplace, rather than being purely an instrument for realizing economic ends, the aesthetics of exchange have become increasingly integral to deriving a variety of exchange meanings.

When the aesthetic qualities of exchange become an instrument for the creation of a non-economic meaning, or an objective unto itself, art has a diminished space for rejecting commerce on ideological grounds. Furthermore, it becomes problematic to view art and the economy as differentiated fields. Taking a transdisciplinary view, we enable a greater range of outcomes to be explored and free the analysis from the normativism that typically accompanies the 'hostile worlds' and 'nothing but' theories. However, recognizing the transdisciplinary nature of art and the finance does not necessarily relinquish art's incentive to keep its distance from the market. In a society characterized by Baudrillard's (1993) concept of the transaesthetic, Gran (2003) raises an important question facing art: What happens to art when everything has been aestheticized? As I will return to later, in order to understand art's relationship to the market, it is also necessary to consider the strategic options available to art in a transaesthetic world.

3.2 The characteristics of art

Where art is understood as a social construct, and a field subject to ongoing change rather than anchored to a fixed set of properties, defining art at a point in time need not be inconsistent with the anti-essentialist approach taken elsewhere in this paper. Therefore, I continue from the presumption that certain features of art are identifiable at a point in time, and these features may be used as a reference to consider the 'artistic' qualities of contemporary finance, and the market more generally.

Niklas Luhmann (2000) offers a systems definition of art based on the idea that the 'operative closure' of human psychic systems means that communications, rather than humans, communicate. Consequently, Luhmann defines art, similar to other social systems, as a communicative system based on "a recursive relation to other communications" (Luhmann, 2012, p.42). In this framework, several characteristics of art are identified. Firstly, art fulfils the specific role of mediating between conscious perception and communication - art enables the incommunicable to be communicated. Secondly, to distinguish itself from other social systems, art communication restricts its language to the aesthetic and to reactions to the aesthetic (reviews, debates, etc.). Thirdly, by drawing attention to that which is overlooked in perception, Luhmann (2000) argues that art uses perception to offer "a position from which *something else* can be determined as reality" (p.142). Fourthly, Luhmann applies a binary code to each social system as a means of determining whether a communicative event belongs to that system or not. He struggles in art's case, but settles upon the notion that art primarily involves 'fit' versus 'lack of fit' with regards to form. Ignoring the conceptual problems that this definition presents, form need not be reduced to aesthetics and can allow for perceptual 'reading' of conceptual art.

Different to Luhmann's approach, subject-centric definitions of art have dominated attempts to define art in modern aesthetic philosophy. Despite disagreement, approaches to defining art are typically grouped into variants of either functionalist or procedural theories (Davies 2013; Lopes 2008). Functionalist theories assert that art can be identified according to the function it fulfils. Understanding art as an aesthetic form, a site of expression and freedom, a critical mirror on society, or by another role, is captured within this approach. Procedural theories hold that "something becomes an artwork only if it is made according to the appropriate process or formula, regardless of how well it serves the purpose of art" (Davies 2013, p.216). The most well-known procedural theory is the 'institutional theory of art', proposed by George Dickie (2000), which argues that art is an artifact "which has had conferred upon it the status of candidate for appreciation by some person or persons acting on behalf of the Artworld" (p.96).

In contrast to these approaches, art as 'cluster concept' is based on the idea that it is inherently problematic to outline a firm set of necessary conditions before something can be considered art. It is better to think of art as something that shares 'family resemblances' to other forms we may designate as art. Cluster theorists argue that art is something that meets a sufficient number of criteria that are associated with art, none of which must be met individually to qualify as art (Gaut 2000). What is particularly appealing about cluster theories of art is the flexibility they provide. New or non-institutionalized art forms can thus be recognized as art, avoiding the mono-cultural bias of procedural theories of art (Tavinor 2009). Although cluster theories of art lack the ability to unequivocally designate what is or isn't art, my aim is to investigate the degree to which finance has taken on art-like qualities rather than to specifically determine whether finance is art. Therefore, this criticism is less applicable. Furthermore, while cluster theories do not set out a specific set of criteria against which objects are to be measured, Gaut (2000) and Dutton (2006) offer criteria that could be used.

Because of the flexibility of cluster theories and the fact that my aim is to determine the extent to which contemporary finance has taken on art like qualities, a cluster theory of art appears well suited to this analysis. To evaluate finance against a Luhmann's systems interpretation of art, I will also examine whether the merging of elements across art and finance can be considered more than merely temporary structural couplings.

3.3 The artistic properties of contemporary finance

3.3.1 Possessing positive aesthetic properties

Both Gaut (2000) and Dutton (2006) suggest that artistic artefacts are often valued as a source of experiential pleasure in themselves, and that their attraction is not based primarily upon their utilitarian qualities. Approached from a different framework, Luhmann's (2000) observation that the art system is distinguished via the binary logic of 'fit' or 'lack of fit' of form also corresponds to this quality.

Screen-based pictorial forms dominate how financial information is packaged and processed. From the dynamic time-series illustration of price movement to the visual clutter that allegorically denotes activity, the digitization of financial markets has transformed finance to become screen centric. The post 1990s influx of first time investor-consumers to the market, who are more comfortable with finance's pictorial forms, has accentuated this outcome. According to Knorr Cetina & Bruegger (2002), the aesthetics of the screen have enabled the market to be understood for the first time as an entity in its own right, bringing together geographically dispersed but relevant information to one location on the screen. However, as a representation of disparate actors, the screen lacks object-ness and so it becomes an *epistemic consumption* object. Importantly, 'doing investing' has become the act of managing windows on the screen. Through their relationship to the market as 'entity', and through the way that screens are visually organized to follow narratives, the screen has become a pleasure generating aesthetic good. As Zwick and Dholakia (2006) assert, "The market-on-screen writes drama. Stories of decline and ascension, wins and losses, twists and turns abound" (p.17).

Moving from the macro drama of the screen to the micro picture of its contents, graphs and charts have become a decision tool and a means of market interaction for both sophisticated and less sophisticated investors. This is particularly true in the practice of technical analysis. While shunned by many sophisticated investors for its tendency to weight psychology over 'fundamentals' of value, technical analysis is an investment approach based on recognizing and capitalizing on pricing patterns that repeat. As visual representations of the market, numerous patterns are defined in technical analysis literature (Bulkowski 2005). For example, prices that follow a 'U' shape before experiencing a less pronounced price dip, are said to confirm to the 'cup and handle' price trajectory (Bulkowski 2005). Technical analysts suggest that 'cup and handles' are followed by rapid price rises. Rather than being uniquely tied to the utilitarian function of making money, beauty is associated with these patterns through their ability to represent moments of perfect visual alignment and through their potential rather a specific outcome. Simmel's (2004) argument that there is greater desire in the things we long for than in those we obtain suggests that a chart's pictorial beauty lies in its ability to capture moments of perfect potential. Writing on the state of the market in September 2002, money manager Kennith Fisher clearly expresses this quality of beauty:

> The market is sheer beauty – the most stunning I've ever seen clearly. Maybe not as beautiful as 1974, but perhaps as a young man I didn't see that right…How beautiful? Count the ways. First, big beautiful. Big bear markets are followed by big rallies. There are no exceptions. This bear, with a 48% decline in the S&P 500 at its worst point this summer falls in the middle of the range of the seven biggest bear markets of the last century" (Fisher 2002)

The aesthetic quality of contemporary finance is not limited to the visual. Ever since Edmund Burke (1756) first argued that there can be aesthetic delight in the terror of that which we cannot grasp, the sublime has held an important place in aesthetics and art. Contemporary finance reveals an aesthetic quality through its potential to enact the sublime. Through the market's size and potential to wreak havoc when it makes big swings, the trepidation brought on by financial market risk produces a kind of ecstasy that is representative of the sublime.

The sublime is also a quality that is connected to the incomprehensibility of the market. One may argue that the market has always evaded participant understanding, as each successive market crash suggests. Nevertheless, financialization has resulted the expansion of both the range and complexity of financial products in a way that the concept of knowledge becomes increasingly problematic (Booth 2016). Combined with the rhetoric of 'market discipline' (Ho 2009; McCloskey 1994), the contemporary market is viewed by many as an incomprehensible yet all-knowing being. Knorr Cetina and Bruegger (2002) observe that market participants refer to the market as a 'life form' or a 'greater being'. Despite wanting markets to display completeness and unity, as visual representations of the market try to achieve, we are often reminded that markets are just aggregates of exchange participants.

The market therefore reminds us of our own incompleteness and lacks that bring us to it in the first place (Knorr Cetina and Bruegger 2002). By their size, incomprehensibility, god-like status, and the ability to remind us of our own incompleteness, financial markets provide aesthetic experience by enabling the sensation of the sublime.

3.3.2 Skill or virtuosity

According to both Gaut (2000) and Dutton (2006), the making of artistic artefacts is often associated with the demonstration of special talents that are admired for more than purely intellectual reasons.

In August 2015, across several days that saw the Japanese stock market experience its largest fall in two years, a Japanese day trader known by his online identity ‘CIS’ posted a play-by-play narration of the trades that he claimed had earned him $34 million over several days (Clenfield and Nakamura 2015). This level of profit is not unusual for a professional trader working at a global investment bank or hedge fund on a very good day. More surprising was that he, like other day-traders, was essentially a lone individual working from a small rented office, or more likely, a second bedroom. In a 2014 interview, ‘CIS’ claimed to have made over $150 million in a decade by working mostly from a second bedroom (Clenfield, 2014). Because of his success and his provocative comments on social media, he is also a celebrity in the day trading community with over 375,000 Twitter followers. ‘CIS’ is certainly an exception among day traders and he is perceived as embodying the virtuosity normally associated with artists and greatly admired innovators.

In the broader context of finance’s recent history, ‘CIS’ is not alone. Finance is filled with heroes and villains who, for better or worse, have been lauded for their virtuosity. Michael Milken, John Meriwether, Blythe Masters, David Pullman, Warren Buffet, and many others have at some time in the last 40 years been lauded for their virtuosic financial ability.

Not only does finance have a wide number of exemplars of virtuosity, it also enacts rituals that can be understood partly as an attempt to nurture virtuosic potential from its workers. The title of Michael Lewis’ 1989 book, *Liar’s Poker*, refers to a ritual game played at Salomon Brothers to test the two skills demanded of a skilled trader – statistical reasoning and bluffing. In Zaloom’s (2004) sociological study of commodity traders, she observes that colleagues would play juvenile games to test each other’s ability to maintain emotional control under pressure. Taken together, there is evidence that to be considered proficient at ‘doing finance’, one is expected to have achieved a degree of virtuosity in the field.

3.3.3 Novelty and creativity

Gaut (2000) proposes several related but separate properties that can be associated with art: being intellectually challenging, having the capacity to convey complex meaning, and being an exercise of creative imagination. Dutton (2006) largely captures these features in a single property which he terms ‘novelty and creativity’ (p.370). For simplicity, I follow Dutton’s terminology with the understanding that it encompasses Gaut’s broader set of features.

In the weeks preceding the onset of the late 2000s financial crisis, a Goldman Sachs salesman infamously described a bond he helped create as “a product of pure intellectual masturbation, the type of thing which you invent telling yourself: ‘Well, what if we created a 'thing', which has no purpose, which is absolutely conceptual and highly theoretical and which nobody knows how to price?’" (New York Times 2010).

Describing the bond in these terms may appear contrary to the utilitarian aims of price discovery and liquidity that traditionally characterized the role of financial instruments. However, the trader’s description reflects another reality of finance. Innovation and creativity are highly prized qualities, even to the extent that they may eclipse economic-based goals. This finding is mirrored in Lépinay’s (2011) study of the rise of financial engineering in investment banking. Unsurprisingly, he observes that the creation and selling of new products is the business of a bank, and that the odds of a non-innovating financial organization doing well are low. Although innovation creates temporary rents for the innovator, Lépinay (2011) suggests that financial institutions are often positioned to lose from innovation yet nevertheless champion it. The uncertainty associated with financial innovation means trading rooms often function to determine the value of financial innovation rather than realize profit from it. Middle office risk assessments often rely on advice of front office staff for more complex products, so bankers often have a short-term status and financial incentive to present, through intellectual ability and creativity, otherwise risky deals as low risk.

Gammon and Wigan (2015) go further in arguing that innovation in *haute finance* often defies its presumed role as instrument for economic aims. Drawing on Veblen, they associate financial innovation with leisure through the notion that it embodies disengagement of useful or productive labor. Gammon and Wigan argue that financial innovation is often done to maintain invidious distinctions between the elite and ordinary banker, between front office and back office, and between finance and everyone else. In achieving this distinction through inaccessible quantitative products, financial innovation often sabotages the functioning of the economy through added risk rather contributing to its efficiency and completeness.

Led by ‘quant jocks’, the financial innovation boom since the 1990s shares parallels with art’s avant-garde tradition. In both, creativity serves partly an instrumental function through the generation of professional ‘payoff’, be it economic, reputational, or some other reward. As the earlier mentioned Goldman Sachs salesman alludes to, creativity in finance, just like art, can also be understood as an end unto itself.

3.3.4 Representation

Dutton (2006) contends that artistic objects or gestures are often characterized by the ability to represent or imitate real or imaginary experiences in the world. While representation can be linked to ‘realistic depiction’, it can also be linked to the ability to expose an underlying truth.

Most introductory books on financial theory will explain that securitization involves taking otherwise illiquid assets and packing them into tradeable units to be sold on financial exchanges, thereby enabling both price discovery and liquidity. Representation of value, then, is a core function of financial markets. Schinckus (2011) argues that financial prices serve as an icon for the 'true value' of the asset or assets underlying the securitized form. The iconic property of market price is enhanced by the understanding that, although the true value of an asset exists, it is neither observable nor knowable. As a representation of the illusive concept of truth, financial prices become a numerical icon of the complicated picture that they seek to capture.

The iconic role played by financial prices is more pronounced in financialized society. Ho (2009) observes that, when the theory of shareholder value becomes indoctrinated, price is perceived to be such a good representation of true value that the process of packaging and trading on the market takes on a moral dimension. The demand that more goods be subject to market-based price discovery means that a greater number of complex relations are being reduced to numerical icons.

Price is not the only way that finance seeks to represent value and relationships. In the roughly 60 years since finance has aligned itself with scientific methods, financial research has produced numerous models to represent market behavior and financial relationships. Contributions such as the capital asset pricing model (CAPM), the efficient market hypothesis (EMH), the Black & Scholes option pricing model, and Modigliani & Miller's model on the irrelevance of capital structure, all seek to represent the truth of functioning capital markets. Each of these models becomes a narrative of the market and a general representation of human behavior.

Closer inspection of these equations reveals that finance's models also go beyond a desire for accurate representation. They are sometimes principally structured to represent an ideal. Atiyah (2010) rejects the characterization of science as objective, arguing that science is more akin to the collection of facts that need to be ordered in such a way as to fit a theory able to be structured in the human mind. Because it is human choice, he argues that science is decided on by simplicity or beauty. Finance's usage of scientific techniques, and mathematics in particular, enables an aesthetic experience for participants in financial markets. Dirac (1963) argues more forcefully that "It is more important to have beauty in one's equations than to have them fit experiment" (p.47). By this, he implies that where an elegant equation does not fit nature, the problem may lie with the aspect of nature that the equation is applied to, rather than the equation itself. Financial equations can therefore also be understood as an aesthetically derived means of ordering and coping with an unattainable truth. The simple beauty of an equation such as the Black & Scholes option pricing model enables market participants to move beyond uncertainty, knowing that even if the model is an imperfect representation of reality, it is aesthetically attractive enough that each user knows that others will also use it.

3.3.5 Special focus

Dutton (2006) argues that works of art and artistic practices are often separated from ordinary life so that they can facilitate an experience that is distinct from the mundane. Luhmann's (2000) suggestion that art offers "a position from which *something else* can be determined as *reality*" (p.142) provides a parallel to this concept.

It may be tempting to conclude that, through their intention to represent economic value generated in the industrial and service sectors, financial markets fail to offer a degree of separation from ordinary (economic) lives. While there may be grounds to draw this conclusion for finance of a pre-financialization era, contemporary finance has taken on the autonomous properties that enable this separation. These properties can be illustrated through two themes that characterize contemporary finance: hyper-reality and abstraction.

Contemporary finance is described as 'hyperreal' when the prices of financial securities detach from the elements in the 'real economy' whose financial value they purport to reference. When financial market detachment occurs, changes in the financial market begin to dominate changes taking place in the real economy (McGoun, 1997). As a result, financial market-based exchange becomes more real than the real economy, hence 'hyperreal'. Hyperreality is more likely in the financialized era because, with the democratization of finance providing access to unsophisticated investors, the average investor is more willing to let price deviate from their own estimates of value due the presumed existence of noise traders or trend followers (Orléan, 2005). Hyperreality is also driven by the abstraction of financial products. When investors are increasingly unable to unravel a financial asset's complex structuring to examine its fundamentals, detachment from true value is more probable (Booth 2016).

McGoun (1997) offers an insight into how hyperreal financial markets provide a site for separateness of experience, "Hyperreal money is exchange without use value or even symbolic value. It doesn't stand for any *thing*. It is pure sign. The hyperreal economy is an economy of signs, detached from real things, but nevertheless having the ability to affect real things" (p.108). Even though financial markets can impact our everyday lives, their hyperreal quality means that they remain somewhat separate from the economic elements we believe we can control: labor, productivity, and risk. Therefore, hyperreal finance shares a similarity with religion and art in that it provides a platform for dramatic experience that can be highly abstracted from the everyday. Where it may differ, however, is in its greater potential to have a real economic impact when things go wrong.

3.3.6 Emotional saturation

Dutton (2006) argues that the experience of art occurs partly through an emotional element. Emotions are either linked to represented content, or occur via an emotional response to something intrinsic to the artwork itself.

The application of scientific methodology to finance, broadly captured by the discipline 'financial economics', has historically relied heavily on the assumption of rationality. There has been much written about the appropriateness of this assumption, and the degree to which definitions of rationality can be relaxed. However, McCloskey (1983) argues that the assumption of rationality has been embraced, in part, because it facilitates optimization techniques grounded in mathematics. Due to the rhetorical neatness of the economic theory that is built upon the assumption of rationality, and the financial 'engineering' it allows, financial participation occurs under an unmistakable moral logic that a financial participant *should* act rationally. Callon (1998) refers to the situation whereby economic theory begins to alter the environment that it seeks to describe as 'performativity'. When the rhetoric of rationality is combined with financial performativity, it may be tempting to assume that behavior tends towards rationality and that the scope for emotional saturation in finance is limited. An important question is, therefore: do financial participants actually behave rationally?

Both Keynes (1979 [1936]) and Akerloff and Shiller (2009) argue that financial participants often deviate from rationality in order to be guided by their 'animal spirits'. Keynes (1979 [1936]) describes animal spirits as a "spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities" (p.161). Importantly, Akerloff and Shiller (2009) link animal spirits to confidence and the absence of it, something that is compounded by the emotional impact of stock market gains and losses. Evidence that financial market behavior departs from rationality is supported by numerous studies in behavioral finance in the last 15 years. Zaloom (2006) sums up the common misnomer of emotional detachment in finance: "In contrast to the dispassionate affect that money ideally encourages, humor and hot-blooded behavior mark the trading floor and dealing room. Traders engage ardently with money; they do not perform their economic calculations with detached reason" (p.112).

Finance enables its participants to derive an emotional response both from what it represents and from features intrinsic to the marketplace itself. Measuring physiological characteristics typically associated with emotional response to stimuli (skin conductance, blood volume pulse, etc.), Lo and Repin (2002) find evidence that financial market events are associated with physiological displays of emotion. Furthermore, the authors find that professional investors are less emotionally impacted than non-professional investors. Given that financialization has led to a large increase in market participation by relatively inexperienced investors, the ability for financial to illicit an emotional response can be assumed to have increased for the average investor.

Irrespective of the economic outcomes of financial participation, the processes of finance alone are sufficient to produce an emotional response. This is something that various trading platforms are well-aware of, thus structuring their architecture to enable the desired emotional response to aesthetics. Digitized finance means that open trading floors are no longer necessary. However, investment banks purposely create an architectural environment that facilities the noise and chaos of a physical market with the intention that traders will benefit from the market's emotional energy. Likewise, online trading screens are organized to capture some of this chaos, noise, and emotion for the virtual participant.

Finance enables an emotional saturation quite distinct from that of art. If the emotional response to art ranges from disgust and sadness to quiet elation, the emotional response to finance is more physical, with emotions ranging from genuine fear to uncontrolled joy. In terms to sheer strength, the emotional response finance offers is on par, at least, with art.

3.3.7 Art traditions and institutions, and the intention to be art

In their lists of properties normally associated with art, both Gaut (2000) and Dutton (2006) include properties deriving from institutional theories of art. Unsurprisingly, it is in this area that finance shares few similarities with art. Despite a marked increase in artists' thematic interest in economic issues since 2000, and a long tradition of financial institutions sponsoring the arts, there is little to suggest that everyday financial practice is being indoctrinated into the artistic tradition or into art's institutions. Moreover, even if they otherwise suspect it, few financial practitioners are willing to publicly identify themselves as artists.

3.4 Art as a transdisciplinary field

As the preceding analysis argues, finance has become a more transdisciplinary field by taking on many of the characteristics traditionally associated with art. The identified properties are by no means exhaustive, and there are also certainly other artistic properties that have gradually found their way into finance over last 40 years, just as there are other properties of art that remain distant to finance. More important than any specific property being met is the recognition that finance is significantly more transdisciplinary today than it was for most of the twentieth century. Also important is the recognition that aesthetics in finance serve as more than an instrument for the extraction of economic capital.

While art goes further than finance in acknowledging its transdisciplinary qualities, the commercial element in art is typically seen as the outcome of an unavoidable compromise necessary for realizing cultural goods and values. Greenberg's (1939) infamous quote that art is attached to the ruling class "by an umbilical cord of gold" (p.30) sums up the dominant position which says that commerce only enters the artist's arena via a relationship of economic dependency. While this view captures one element of the transdisciplinary nature the arts, it falls short of what Baudrillard refers to as 'transeconomics'. Not limited to commerce, Baudrillard (1993) described the transeconomic when he writes, "Ours is a society founded on proliferation, on growth which continues even though it cannot be measured against any clear goals" (p.31).

Art is not entirely immune to the idea that its relationship to commerce extends beyond a reluctant dependency, and can even be a core element of contemporary art. Diederichsen (2008) argues that integral to artistic practice is the imperative to demonstrate the *Mehrwert* or surplus from the activity. Artists can accrue *Mehrwert* via monetary returns on their investment or via the non-monetary 'payoffs' of innovation: recognition, power, or 'artistic growth'. Given that the reference points for determining surplus in art are unstable, this logic aligns closely with Baudrillard's description of the transeconomic and contemporary commerce more generally.

Compared to the arts, finance (and commerce generally) is even less willing to acknowledge the extent of its hybridity. There is undoubtedly a relation between aesthetics and economic value. However, so long as we are willing to assume that consumers increasingly express needs in aesthetic terms, it is problematic to assume that suppliers fulfil these needs from purely economically derived motives. Once we accept a growing demand for aesthetic values, it must be acknowledged that the aestheticization of commerce can also mean realization of aesthetic values at the *expense* of economic value.

3.5 Re-evaluating art's relationship to a transdisciplinary (aesthetic) market

What happens to art when everything has been aestheticized, including the very thing art has often positioned itself in opposition to? In evaluating the impact, a distinction can be made between two outcomes which are not mutually-exclusive. 'Deliberate colonization of the arts' by the market implies the strategic adoption of art's aesthetic qualities for the instrumental realization of economic aims. In contrast, 'casting a long shadow' captures the market's incidental impact on art through the increasing use of aesthetics to realize non-economic aims.

Evaluating what happens to art is dependent on how art is defined, so I begin from the perspective of a subject-centric definition. From the ideological perspective of its participants, the difference between the market as 'colonizer' and 'long shadow' has importance. As 'long shadow', the market's evolution into a transdisciplinary form does not threaten to destroy cultural values in the same way that an embrace of aesthetics for economics sake does. This can be illustrated by the negation of three arguments traditionally used to support art's separation from the market once the market is understood as transdisciplinary.

The demand that art be separated from commerce on the basis that art is fundamentally a gift, and therefore should be exchanged as such, falters on the basis of Zelizer's (2005) logic that monetary exchange has multiple meanings. When exchange occurs for reasons other than self-interested economic rationalism, it becomes apparent that there is an element of excess in many exchanges that are akin to gifts. A second argument asserts that great art can only be made and appreciated from a position of detached interest, something that financial interest prevents commerce from achieving. This argument has long been criticized on the grounds that it is impossible to separate art from the social condition from which it arose, thus rendering disinterest improbable (Bürger, 1984). Transdisciplinary commerce further undermines this ideology by raising the possibility that commercial trade can occur for reasons other than economic or social gain. Rather, trade may be motivated by the beauty of commercial aesthetics alone.

A third argument concerns Adorno and Horkheimer's (1947) thesis that technology coupled with capitalist exchange leads to a loss of cultural diversity. This argument, however, stumbles in the context of an aestheticized economy that is capable of embracing difference for both economic and aesthetic motives. The transdisciplinary nature of the market means that the view of commerce, upon which 'hostile worlds' theories are based, no longer reflects contemporary reality. Art's opposition to commercial exchange thus loses much of its ideological strength.

With the ideological basis of art's separation from commerce weakened by a transaesthetic market, it is interesting to consider the habitus-based arguments for art resisting further integration with commerce. Using Bourdieu's (1983) framework of art as a field within a broader set of power relations, the ideological difference between the market as 'long shadow' and 'colonizer' hardly matters to art's ongoing relevance and position. Regardless, art increasingly struggles to differentiate its core features from other social fields. To lose its autonomy would mean that art loses its position within the field of power and should be treated no differently than other ordinary economic goods. Bourdieu's framework therefore provides a clear habitus-based motive for art to retain the *perception* of separateness from commerce.

In view of the ideological and strategic changes brought about by a transaesthetic market and transeconomic art, art has a limited number of strategic options, each of which infers a different relationship to the market. Art's first option is the 'do nothing' option. Here, art accepts that, in the context of a transaesthetic market, it cannot maintain sufficient autonomy to maintain perception of difference. Art thus reluctantly forfeits its position within the field of power, and the hierarchical separation between the art and crafts all but disappears. Because this outcome is understood as different to unwilling colonization, art continues with a more collaborative market relationship. Shiner (2001) makes a similar prediction, pointing out that non-Western aesthetics traditions demonstrate greater comfort with utilitarian and aesthetic values, constructed in a way that enables artistic goods to function in commercial markets.

Art's second option is a variant on its first. Here art accepts generalized aestheticization across various forms of exchange, including market-related. However, art holds itself out as an exemplar site for the production and experience of aestheticization. As Groys (2008) argues, the proliferation of the aesthetic from non-art sources does not amount to a levelling of aesthetic quality. Using the example of the media's proliferation of images, he argues, "the variety of images circulating in the mass media is much more limited than the range of images preserved, for example, in museums or produced by contemporary art" (Groys, 2008, p.17). Although aestheticization of the market casts a long shadow, art can attempt to hold its position through the communication and delivery of aesthetic quality and diversity.

The rise of art events that relocate elements from the everyday, including market processes, behavior and imagery, to a gallery space or formal art context illustrates a third conceivable option for art. Since there is art in all forms of life in a transaesthetic world, art can choose to switch from trying to be art to fulfilling the role of 'art documentation' (Groys, 2008). While this echoes elements of mid-20th century avant-garde's aim of merging art and life, it differs in that art retains the very specific role of documenter. To the extent that art fulfils this role, art will need to work with market mechanisms without an obvious critical or ironical interference, such that the art of the market can be art.

When we consider art to be a non-subject-centric communicative system, what happens to art when everything including the market has been aestheticized? Rather than a temporary 'irritation' between two communicative systems, the transdisciplinary quality of art and the market is better understood as the internalization of elements of one system in that of another. While the autonomy of each may remain intact, the language of art and the economic system has presumably shifted to allow for new communicative concepts. With each system following its own self-generated logic, there is an infinite range of outcomes possible within the art system. As such, it is problematic to predict how art will respond. Nevertheless, it is unlikely that art's relationship to the market will continue to resemble that of the 20th century. Furthermore, it is not improbable that the increased frequency by which art and the market communicate similar concepts leads to a reduced hostility in how each communicates with the other.

3.6 Conclusion

Evidence that there has been a recent shift in artists' willingness to borrow market behaviors, mechanisms, and symbols cannot be reduced to art's capitulation to economic logic. Instead, it partly reflects the transdisciplinary nature of contemporary art and the current market, accelerated by financialization and digitalization since the late 1970s. The transaesthetic quality of contemporary markets do not imply end of instrumental use of aesthetics to realize economic aims, but signals that the nature of the market has changed over the last 30 years. In addition to being an instrument for economic and non-economic aims, aesthetics are being used as an end unto themselves, and at times in spite of economic aims.

For most of the past two centuries, the essentialist characterizations of art and the market have provided a counterpoint by which art has defined itself and, to an extent, its purpose. In the present context of 'post-factual' society, with the corresponding dominance of narrative, art must now contend with the transaesthetic quality of many fields, the market being just one. There are many ways that art is and will respond, but the rhetoric of hostility that defined art's relationship to the market over the twentieth century has clear grounds to change.

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4 Valuation morality and choices in art and finance

Understanding and predicting choice behavior is important for aligning policy objectives with outcomes for industry or social groups where external intervention occurs. Rational choice theory (RCT) has been the dominant framework for the analysis of individual economic choice since the second half of the 20th century. More controversially, it is argued to be applicable to the analysis of choice beyond the economic domain (Becker 1976). RCT is based on the consequentialist logic that the relative 'goodness' of any single choice derives from the benefits it produces less the costs it incurs. Acting rationally, it says our choices correspond to the those which maximize our utility outcomes. In the wake of Sen's (1977) 'Rational Fools', McCloskey's research on the ethical rhetoric behind the neo-classical approach, and a vast array of research that questions the assumptions necessary to invoke RCT, the ability of RCT to adequately model the decision process remains a contested issue within economics, sociology and philosophy.

One notable area of contention relates to the suitability of the RCT framework where choice is influenced by moral principles that deviate from the self-interested instrumental logic that the standard RCT model assumes (Boudon 1998). Economists widely accept that other-oriented choice may be captured by preferences, and therefore be consistent with self-interest (Manzo 2013). Understood as a type of preference, however, the collective manner by which moral principles are often formed threatens the assumption that preferences relate to 'atomized actors'. Furthermore, moral preferences that shift in line with identity and context undermine the preference consistency that RCT requires. Moral principles derived from non-consequential reasoning, namely deontology and virtue ethics, create additional modelling challenges for RCT. Others go further, questioning whether behavior guided by moral principle can be adequately dealt with within the single framework of RCT, and so suggest other frameworks are required for modelling moral choices (Etzioni 1988; Boudon 1998).

RCT runs into a specific set of conceptual challenges where the moral principle that impacts choice concerns how goods should be valued. I refer to this as 'valuation morality'. Where it is accepted that there are multiple approaches to valuing goods, valuation morality reflects a view that there is a morally 'right' way to determine the value of one or more goods. Valuation morals complicate attempts to model choice behavior within RCT because they potentially impact the range of goods that are priced, and therefore render the decision maker's budget constraint endogenous. Furthermore, the presence of valuation morals signals a potential for reasoning based on morals, rather than expected pleasure, to dominate choice behavior. Given moral reasoning isn't limited to the instrumental logic of consequentialism, valuation morals represent a significant challenge to generalized application of RCT.

While there are numerous fields where valuation morals arise, this paper draws from two fields where valuation morals feature strongly in choice. Art and finance are singled out for this study because their often-contrasting valuation morals enables a broad analysis of valuation morality's impact on choice. Moreover, given art and finance are subject to forms of policy intervention in the form of subsidies and regulation, there are potential benefits from being able to model valuation morals in a way that allows accurate prediction of individual choice in response to exogenous intervention. Of course, differences exist among practitioners in both fields, however this paper build on the premise that artists typically consider cultural rather monetary valuation of artistic goods as moral, while finance professionals typically associate monetary valuation with moral behavior.

Given the modelling complications that arise in the presence of valuation morals, this paper aims to respond to the question: *How should we model choice behavior so that it best reflects the range of valuation morals we observe in art and finance*? I respond by presenting and comparing two conceptual frameworks that offer a potential way forward. Recognizing the limitations of RCT, I nevertheless begin by examining the how far different models within this framework can be pushed before it is unable to accommodate valuation morality. Secondly, I present Boudon's (1996; 1998) 'cognitive model' as an alternative choice framework. As a broader framework that facilitates both instrumental and non-instrumental reasoning, the cognitivist approach incorporates RCT as one of several possible context-specific modelling methods. As I argue, the breadth of the cognitivist approach comes at the expense of disconnected choice and the risk of interpretive error. Through presenting and analyzing the two approaches, the paper explores the nature and impact of a specific type of morality that has otherwise received little direct attention in economic choice literature. By applying theoretical work on choice behavior to valuation morality, this paper seeks to fill a gap between empirical and theoretical evidence of valuation choices in art and finance, and an understanding of what we can expect from any formalized predictive model.

The paper begins by developing the meaning and implications of valuation morality, and sets up the modelling challenges for both RCT and the cognitivist approach. Section two motivates a real-life need to resolve this modelling challenge through evidence that choices in art and finance are impacted by morals concerning how valuation should proceed. Section three investigates whether RCT can be adapted for valuation morals. I begin by outlining the general modelling challenges posed by valuation morals, before adapting two existing models to account for moral norms regarding pricing and endogenous budget constraints. The section concludes with a discussion of key issues that restrict RCT's usefulness in the presence of valuation morals, most notably its limited ability to model choice grounded in non-consequential reasoning. Section four outlines the cognitivist approach, and argues why its ability to capture non-consequentialist reasoning is particularly important in terms of representing choices in art. I also outline how the cognitivist approach is applied in practice, arguing it can leverage recent work in economic sociology. The cognitivist approach is also beset by not insubstantial limitations, which this section discusses. With both approaches subject to limitations, the paper concludes with a reflection on how to identify the correct modelling approach, and the role valuation models play here too.

4.1 Valuation morality

Valuation morals can be considered the principles that determine the right conduct for appraising the value of goods. Closer inspection reveals that there are two dimensions to valuation morality. Firstly, it can refer to the moral appropriateness of the different *instruments* used to measure a good's value. For example, an artist might determine that cultural valuation of art to be moral, while a banker determines price based valuation of the same good is moral. Notably, the core issue in determining this understanding of valuation morality is rarely the exchange instrument itself, but is instead typically connected to the meanings and outcomes of the exchange.

This leads to the second dimension of valuation morals. When asked to state the *reasoning* behind their valuation morals, an artist or banker will indicate one or more logics. Neo-classical economic models imply the outcome ranking associated with self-interested instrumental reasoning determines our choice. Depending on whether the decision-maker associates their choices with consequential reasoning, choices may or may not contain a normative element. Ranking outcomes to self and a select group of others corresponds with altruistic consequentialism, while ranking according the well-being of all accords with utilitarian reasoning. In addition to instrumental reasoning, an agent may employ deontological reasoning to rank valuation options based on how they conform to self-imposed moral duties. Unlike the 'doing' focus of consequentialism and deontology, employing the virtue ethics approach means the agent considers which valuation approach corresponds to good character and enables an honorable, harmonic, well-lived life.

Supporting the notion that the reasoning behind our choices needn't be instrumental, Weber (1922) draws a distinction between instrumental rationality (*Zweckrationalität*) and axiological rationality (*Wertrationalität*). Instrumental rationality can be considered the logic which says our acts serve as an instrument to achieve a desired end. Acts that result from consequential reasoning are instrumental because value is not located in the act itself, but in the outcome associated with it. 'Axiological rationality', on the other hand, refers to the often context-dependent reasons that are valid to the decision maker in forming the normative view that X is good, bad, legitimate, or fair (Boudon 2003). Axiological or *ought*-statements may be derived from instrumental arguments, as in the case of utilitarianism, but it is not a necessary condition. For example, a person artist may form a strong view on the pricing of art even though they have no person sense of the associated outcomes. Instrumental reasoning that is not connected with an *ought*-statement does not, by definition, take on a moral quality. In summary then, deliberate exchange choices in art and finance involve multiple reasoning techniques: they can be based on axiological or non-axiological reasoning that may or may not be derived from instrumental reasoning.

Figure 1: Principle categories of reasoning

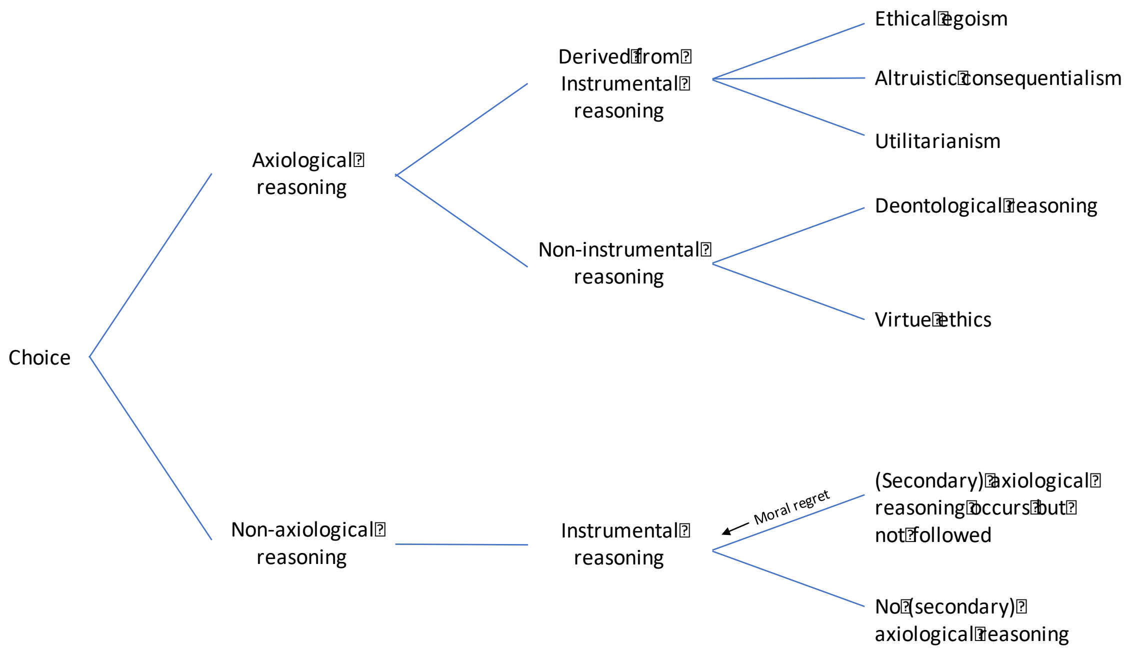

Figure 1 summarizes the principle combinations of reasoning that stand behind choices ultimately taken. The axiological – non-axiological split indicates that some choices conform to a moral principle, while others do not. Where choice corresponds to axiological reasoning, it is assumed that the act embodies a moral quality that prevents moral regret. When one acts in line with a non-axiological instrumental rationality, the act has no moral quality. If an agent follows this reasoning, and there is no secondary axiological reasoning that is ignored, choice occurs without moral regret. However, if one acts in line with non-axiological instrumental reasoning whilst ignoring moral reasoning that says to do otherwise, the agent experiences moral regret.

In view of the range of reasoning scenarios illustrated by Figure 1, it is useful to clarify what is expected of either RCT or the cognitivist approach if they are to be labelled 'adequate' for dealing with valuation morality. Ostrom's (2010) distinction between framework, theory and model is useful here. A framework can be considered the general set of relevant variables across the various instructional settings (in this case art and finance) where human choice occurs. A theory specifies which elements of the framework can be used to explain diverse outcomes and the nature of their relationship. Finally, models make precise assumptions about a limited number of variables in a theory to enable the prediction of consequences. To be adequate in dealing with valuation morality in art and finance, RCT and the cognitivist approach must at the very least function as a framework. By emphasizing specific variables that are relevant to choice, RCT is closer to theory than framework. The cognitivist approach, as will be discussed, can be considered a framework. Therefore, in terms being able to adequately cover the breadth of choice process that the existence of valuation morality implies, RCT faces a more onerous task.

4.2 Valuation morals in art and finance

To illustrate the problems of valuation morals through their occurrence in art and finance, it is important to demonstrate that choices these fields are impacted by valuation morals and that we can characterize the general valuation norms that result.

Broadly in line with values that have dominated Western art since the Romantic era, valuation morals in art can be understood as the view that financial motives should be denied and art appraised in non-economic terms. In their study of recent and more experienced art graduates, Røyseng et al. (2007) find evidence of anti-market sentiment that impacts the kinds of work artists are prepared to do, and designates the areas that are to be kept 'pure' from commercialization. There is evidence of a similar moral norm in Velthuis' (2005) observation of a distinct 'front-room' for art that is separated from the 'back-room' designated for commerce, and in Abbing's (2002) observation that art payments are often presented as gifts to avoid the moral failing of valuing art directly in monetary terms. The existence of valuation morals does not automatically imply artists deviate from an instrumental logic, or even self-interest. However, it does create potential for other-oriented choice and non-instrumental reasoning. Modelling art related choices, then, is more nuanced than asking what option maximizes the artist's own self-focused outcomes.

Whilst finance is typically viewed as a field where behavior corresponds to narrow self-interested maximization of economic returns, several researchers draw attention to the moral basis of pricing in finance. A less contentious argument for associating pricing with morality is grounded in utilitarianism. Pareto efficiency, the condition whereby benefits of exchange have been exhausted such that it is not possible to make someone better off without making others worse off, is understood by many economists and finance professionals as *the* single ethical justification for market exchange. Compared to an exchange encumbered by imprecise qualitative measures of value or an inflexible value measure, priced exchange is argued to lead to more efficient allocation of resources. Financial concepts such as the price discovery, efficient market theory, market discipline and arbitrage routinely embody the Protestant-grounded ethic that efficiency is good (Frankfurter & McGoun 1999; McCloskey 1996). Ho's (2009) sociological study of investment banking produces an example of this moral logic in action. Having lost his job through the investment banking philosophy that everything and everyone should be priced (and if necessary traded) to maximize shareholder value, the banker interviewed remains firmly in support of the moral logic of pricing.

Beyond associating price with the 'good' of efficiency, finance deems monetary valuation moral via other forms of utilitarian and deontological reasoning. Employing a utilitarian logic, priced markets are argued to be the most effective method for achieving the liberal good of autonomy (Keat 2013). "Money", declares Hayek (2006; 93), "is one of the greatest instruments of freedom invented by man". Autonomy can be argued to stem from the market's ability to allows individuals to pursue their own goals based on their own determinations of value. Addressing the American Bankers Association, Financial Services Committee Chairman Jeb Hensarling (2016) reiterates the connection between freedom and pricing. "We believe our true source of prosperity has and will always be freedom, free markets and free enterprise. We believe well-functioning, transparent and efficient capital markets provide a ladder of opportunity." In economics and finance, pricing is also considered a moral extension of the deontological principles of truth and transparency (McCloskey 1983; Zaloom 2006). Finance's embrace of 'marking to market' accounting, seen as conforming to the fiduciary duty of truth and accuracy, demonstrates this moral principle in action (Alexander & Archer 2012). Given the range of moral principles attached to pricing, Goldman Sachs CEO Lloyd Blankfein's declaration, "I am doing God's work" (Arlidge 2009), should come as no surprise.

4.3 A rational choice theory approach to modelling valuation morals

4.3.1 Challenges posed by valuation moral norms

Economic models of consumer choice have struggled to deal with how to incorporate moral norms more generally, as they challenge some of RCT's key underlying assumptions. Elster (1983) outlines a 'thin' definition of rationality that enables optimization techniques to arrive at predictable modelling results. Thin rationality implies the consistency of fixed exogenous preferences, self-interest, and conformity to appropriate axioms of choice. It is thin, Elster explains, "in that it leaves unexamined the beliefs and the desires that form the reasons for the action whose rationality we are assessing" (p.1).

Taking a thin definition of rationality as a starting point, several issues are immediately raised once morality impacts choice. Firstly, the potential for morality to change over time threatens the assumption of preference stability. Secondly, the assumption of exogenously formed preferences is threatened by the collective manner that many moral norms develop before being internalized at the individual level. With collectively formed preferences, the assumption of self-interest and utility maximization is potentially lost, and so corresponding predictions using optimization techniques may poorly reflect actual choices (Wildavsky 1987). A third issue relates to the assumption that individuals smoothly substitute one good for the other as relative prices change. In the context of moral sentiment, not only does this potentially imply we all have our price, it also implies morality is innately gradable. Non-gradable and non-price-able morality threatens, or at least complicates, this assumption. A fourth issue concerns specific forms of morality that threaten the assumption that agents are rational utility maximizers. The possibility of the truly selfless act, what Sen (1977) refers to as an act of commitment, is problematic because it implies an individual's choices can detach from preferences.

Once valuation becomes the morally contested issue, modelling choices via RCT faces two additional challenges. The first is that the agent's consumption constraint shifts from being exogenously to endogenously determined. By forming a moral position regarding the how exchange should occur, the range of goods and services offered for sale is impacted, which in turn influences the agent's budget constraint. Therefore, depending on whether monetary valuation is considered moral or immoral, the agent's budget constraint shifts in line with the degree to which valuation moral norms are followed. The second challenge is that reasoning may cease to follow the instrumental logic upon which RCT is argued to be dependent. Beyond modeling how valuation morals impact choices that ultimately conform to an instrumental logic, the modelling viability of RCT in the context of valuation morals is dependent on it being able to deal with choice that follows non-instrumental forms of reasoning.

With these initial challenges in mind, three principle approaches offer a potential way forward for incorporating valuation moral norms into RCT models: morality as a decision rule, morality as preference, and morality as constraint.

4.3.2 Morality as a decision rule

While the standard decision rule assumes individuals seek to optimize based on narrow self-interest, interaction with others may cause agents to realize that narrow self-interest leads to poorer outcomes, and they come to perceive a need for an altruistic element to their interactions. Consequently, they may develop a decision rule that incorporates moral concerns. The repeated prisoner's dilemma game provides a commonly cited example. This approach is often favored by economists for the reason that the actor continues to behave in a 'narrowly self-interested' way, only from a more sophisticated game theoretic perspective. Thus calculus techniques of optimization can still be applied (Goldfarb and Griffith 1991). A limitation of the approach is that incorporating moral norms in decision rules need not result in optimized behavior. In such cases, we are left without an explanation for the norm generating processes. More generally, this approach relies on a narrow view of altruism that is in line with biological concepts of kin and group selection, and so is unable to deal with choices that do not accord with an egoistic consequential logic. As such, it appears to be an inappropriate framework for the modelling of valuation moral norms in art and finance.

4.3.3 RCT and valuation morals grounded in consequentialist reasoning

The dominant method for incorporating moral sentiment into consumer choice modeling is to treat morality as part of an agent’s preferences. Taking a strong position concerning this logic, Becker (1976) considers economics as the study of all ends, both material and moral, subject to scarcity. Becker does not dispute the notion that others wellbeing may feature in our preferences, but he embraces the view that one can simply substitute a moral good for another bundle of goods generating equivalent utility and be psychologically indifferent. The implication of Becker's model is that morals, like other goods, can be valued in monetary terms, and moral ‘consumption’ is therefore price sensitive. Given Becker’s logic, this approach is clearly best suited to morality derived from consequential reasoning.

Khalil (1997) identifies two immediate problems with Becker’s amoralist position. Firstly, evidence casts doubt on the assumption of smooth substitution of moral goods for non-moral ones. Secondly, moving from a moral to immoral position the same indifference curve makes the occurrence of shame hard to explain. Like the other variants of RCT, the model is also limited by the requirement that the dominant mode of reasoning conforms to an instrumental logic.

If we ignore the limitation of assuming the dominant mode of reasoning is consequential, Dowel et al. (1998) propose an approach that permits trading off moral preferences with those of other goods, while recognizing this trade-off is 'lumpy'. This reflects the idea that we tend to view immorality as a series of stages or 'moral cliffs' rather than a smooth transition from slightly immoral to the completely immoral. The model enables variation of the impact of immoral acts to reflect the seriousness of the act. With this in mind, we can write the utility function for the individual who places ethical value on how valuation occurs as follows:

$$U = A(I)f(X_1, X_2, ...X_n)$$

where X_i are the consumption goods, and I is an index of immoral behavior with respect to valuation. *A()* is a function that shifts the utility for any given X values. The greater the immoral behavior, *I,* the lower the *A()* function. This model implies that immoral behavior affects the utility received across all goods through inward or outward shifts of the individual's utility curves.

Dowel et al.'s (1998) model can be modified for valuation morality by assuming each agent's wealth changes depending on the range of goods they are willing to value in monetary terms. Agents then needs to consider the consumption bundle that maximizes their utility subject to their endogenous budget constraint. Depending on the perceived morality or immorality of monetary valuation, moral position *I* is a reflection of the range of goods that are priced. We can write the budget constraint associated with moral position *I* as

$$W(I) = f(P_1X_1 + P_2X_2 + \dots +P_mX_m)$$

and where $m \leq n$ to reflect that some consumption goods may not be monetarily valued. The individual can increase their wealth constraint by expanding the set of goods they are willing to price and sell such that total number of priced goods, *m,* approaches *n*.

Where monetary valuation is seen as *immoral*, expanding the number of priced goods from *m* to *n*, causes an outward expansion of the budget constraint from $W(I_m)$ to $W(I_n)$, but at the expense of an inward shift of that person's utility functions. If this is considered a minor deviation from the moral position, their utility function experiences only a slight inward shift. However, once an ethical 'cliff' has been passed a significant inward shift of the utility function results.

For an individual who deems monetary valuation of certain goods to be *immoral*, the relationship between monetary valuation, budget constraint and utility function can be represented as follows:

$$W(I_n) > W(I_m)$$

$$U = A(I_n)f(X_1, X_2, ...X_i) < U = A(I_m)f(X_1, X_2, ...X_i) \quad \text{for all } X_i$$

For an artist who considers monetary valuation of certain goods immoral, this says that increasing the increasing their budget constrain by pricing more goods will cause a reduction in the utility received across all goods consumed. The model predicts artists will have an incentive to deviate from valuation-linked moral norms and increase the number of goods that are monetarily valued when the individual's budget constraint shifts outward to such an extent that the net utility effect of greater consumption possibilities, countered by reduced utility derived on each consumption good, is positive. Because utility drops after each successive moral cliff, artists typically have an incentive to deviate up to the edge of a moral cliff without crossing it. Where artists are incentivized to cross a moral cliff, there will typically be an incentive to deviate all the way up the edge of the next moral cliff.

Where monetary valuation is considered *moral,* we can also draw some conclusions regarding to the banker's choice behavior. Acting in line with valuation morals and pricing more goods expands the banker's income constraint, leading to higher utility from greater consumption choices. Secondly, the banker derives higher utility for every good consumed from knowing they have acted closer to their moral ideal. The banker has an incentive to cease monetarizing goods where the marginal moral benefit from monetarizing goods is outweighed by a high cost of monetarizing 'non-suitable' goods, which in turn causes wealth and consumption possibilities to contract.

4.3.4 RCT and valuation morals grounded in deontological reasoning

Another approach is to treat moral sentiment as an element of an agent's constraint, an exogenous variable in the sense that it is conceptualized as something externally imposed like other constraints (Goldfarb and Griffith 1991). In addition to the typical budget constraint, the agent must act within a set of self-imposed moral principles that constrain choices. From a theoretical perspective, this modelling approach is suited to deontological-based moral norms, since utilitarian moral norms would imply a choice flexibility that departs substantially from the non-breakable quality we expect from constraints (Tippit 2014). Of course, deontological-based moral norms are internally applied, so are in fact breakable. Nevertheless, there is greater conceptual consistency in terms of how principles inform choices in modeling deontological norms as a constraint.

Kuran's (1998) model of breakable constraints is constructed to reflect how a person responds to a self-imposed obligation to consume a *minimum* amount of a moral good, such as a donation. Agent's in Kuran's model therefore choose their consumption bundle subject to a regular budget constraint as well as a moral constraint. Again, the model presumes instrumental reasoning dominates choice logic.

In Kuran's model, the utility an individual receives is the product of both intrinsic utility, $I(x)$, or utility derived directly from the good that is actually exchanged, and moral utility, $M(x,x^m)$, the psychological benefit generated from acting in line with our moral values, x^m.

$$U(x) = I(x) + M(x, x^m)$$

Kuran defines an individual's 'moral base' as the *minimum* amount of a good that an agent should include in their chosen consumption bundle. An agent only generates moral utility by exceeding the requirements of their moral base, while they experience moral disutility by under-consuming that amount. From the perspective of finance, acting in line with moral norms could be conceptualized as ensuring a minimum amount of goods, from the vector of *n* exchange goods, be valued and consumed in monetary terms. The framework can also be used to model a moral constraint that sets a minimum level of goods to be non-monetarily valued. If we conceptualize art and other cultural goods as a type of gift then, not dissimilar to the act of donating, artists 'gift' their art by allocating a proportion of their budget constraint for the time and materials it takes to realize the art-goods that others can then enjoy without payment. Artists act in line with moral norms when they ‘consume’ a minimum number of art gifts (i.e. when they donate their artwork).

When the moral dissonance resulting from breaking moral norms is outweighed by the increase in intrinsic utility, an agent’s total utility increases by breaking moral norms, and the agent has an incentive to deviate from valuation morals. Therefore, we can write that there is an incentive to break valuation morals where:

$$\Delta I(x) \ > \ \Delta M(x, x^m)$$

The basic model is complicated by the fact that an agent’s budget constraint is expected to change in relation to the range of goods they are willing to monetarily value. It is assumed that as an individual increases the number of goods valued in monetary terms from *i* to *j*, their budget constraint increases from *W(i)* to *W(j).*

$$W(j) = f(P_1X_1 + \ P_2X_2 + \cdots + \ P_jX_j) \ > \ W(i) = f(P_1X_1 + \ P_2X_2 + \cdots + \ P_iX_i)$$

This means that the range of goods an individual ultimately chooses to monetarily value reflects three factors: 1) their moral base regarding the minimum number of a set of goods that should either be monetarily or non-monetarily valued, 2) the responsiveness of their intrinsic utility compared to their moral dissonance when deviating from moral norms, and 3) how their budget constraint changes from acting more and less in line with valuation morals.

Putting this together, let the bundle *a* be the consumption choice when an individual acts in line with their deontological moral principles. The model predicts an incentive to break valuation related moral convictions when the total utility associated with consumption bundle *b*, $U(x^b)$, exceeds the utility of moral consumption bundle *a*, $U(x^a)$.

$$\begin{array}{ccc} U(x^b) = I(x^b) + M(x^b, x^m) & > & U(x^a) = I(x^a) + M(x^a, x^m) \\ s.t.\ W(j) = f(P_1X_1 + \ P_2X_2 + \cdots + \ P_jX_j) & & s.t.\ W(i) = f(P_1X_1 + \ P_2X_2 + \cdots + \ P_iX_i) \end{array}$$

For an artist who deems *non-monetary valuation* to be a moral duty, all else equal, the stronger the moral sentiment experienced, the fewer the art goods she will value and exchange in monetary terms. The artist has an incentive to deviate from her moral opportunity set when the increase in intrinsic utility that accrues from consuming other private goods instead of art exceeds the moral disutility experienced from the immoral act. Furthermore, the artist may have an incentive to deviate from moral consumption bundles where doing so causes ‘effective income’ to increase. If the artist begins to sell her art instead of gifting it, or ceases to produce art, she expands the range of non-art goods that can be consumed. Where the corresponding increase in intrinsic utility exceeds the corresponding moral disutility, there is a further incentive to deviate from valuation moral norms.

For the finance professional who deems *monetary valuation* moral, all else equal, the stronger the moral sentiment experienced, the greater number of the goods she will value and exchange in monetary terms. In contrast to the artist's situation, following moral norms is expected to lead to an expansion of the finance professional's budget constraint. Beyond the benefits of higher moral utility, the banker is incentivized to increase the range of goods valued in monetary terms because it expands their 'effective' budget constraint, enabling higher levels of intrinsic utility. Again, there is an incentive to cease monetarizing goods where the marginal moral utility from monetarizing goods is outweighed by a high cost of monetarizing 'non-suitable' goods, which in turn causes wealth and intrinsic utility to contract.

4.3.5 RCT and valuation moral norms grounded in virtue ethics

The models above indicate that valuation morals, derived from consequential or deontological reasoning, can be integrated with RCT when it is assumed that one choice cannot be compartmentalized from others and instrumental reasoning dominates the overall choice logic. The obvious next step is to ask whether RCT can integrate valuation morals derived from virtue ethics reasoning.

Because context, practical wisdom and the entirety of our choices determines which virtue is sought to be realized in a choice, an immediate problem is that one cannot easily correlate an act with the guiding virtue (van Staveren 2007). This limits prior identification of the values to be optimized in given situation, implying the choice problem does not reduce to a variant of utility maximization (Jonsson 2011). A second problem is that, unlike morals grounded in consequential or deontological reasoning, the 'being' rather than 'doing' quality of virtue ethics means that it is not directly tied to the consumption of goods. Indeed, evidence suggest concern for optimizing choices has a diminishing impact on the well-being that we associate with acting virtuously (Jonsson 2011).

Is there any way of adapting a utility function to incorporate virtue ethics? If the pursuit of virtue generates higher utility than the pursuit of pleasure, then acting virtuously can be framed as a form of enlightened self-interest. Conceptually, it could then be argued that utility is derived from virtues, such that virtue becomes an input in a utility function (Jonsson 2011). This apparent way forward is blocked by two significant issues. The utility impact of virtue is context-dependent, suggesting a different utility function for different contexts. Furthermore, virtue ethics hold that acting virtuously over time causes ethical behavior to become a habit, leading to a change in the individual's character (Ricoeur 1992). By extension, preferences change as a result of acting virtuously. Therefore, virtue ethics quickly undermines the assumption of preference stability that is demanded of RCT.

The potential for integrating virtue ethics within RCT does not looking promising, but there is an addition path to investigate. MacIntyre (2007) argues that the characteristics of 'good' in the economy, as defined by virtue ethics, cannot be defined outside the specific economic context determined by time, location, activities and other factors. This suggests that the scientific logic of rational self-interest might be virtuous in a financial context, causing an alignment between virtue ethics and the self-interest assumed of RCT. However, MacIntyre scuttles this solution by noting that 'economic practice' is the set of economic activities that create value among related parties in a *sustained* manner. This implies that the virtuous characteristics of economic practice cannot be so instrumental that they undermine the sustenance of the practice. In other words, even if a context has a traditional of self-interested instrumentalism, as one might suggest of finance, acting in line with virtue ethics cannot collapse to purely utility maximization as doing so would destroy the cooperative activity associated with the practice.

In summary then, while the RCT framework could conceivably incorporate the choice impact of virtue ethics through a complex utility function, the combination of uncertainties, preference instability and the imprecise cooperative aspect of virtuous behavior render such a function practically unsolvable from a modelling perspective.

4.3.6 Evidence of robustness of preference assumptions

As earlier mentioned, RCT relies on the assumption of consistent individual preferences, something that may be threatened by inter-temporal preference change, and preferences that are collectively formed rather than corresponding to 'atomized actors'. Evidence that valuation morals in art and finance are susceptible to both issues presents an additional modelling hurdle for RCT.

Particularly relevant to valuation moral formation, Wildavsky's (1987) 'cultural theory' holds that it is improbable to think that preferences are individually formed after a considerable amount of cognitive reasoning given how little of this we typically do. According to 'cultural theory', we develop preferences by letting cultural associations lead our choices. Evidence from art and finance broadly supports the notion that moral preference are formed in line with Wildavsky's cultural theory. Both artist and banker typically identify as member of a well-defined cultural group. Artists are encouraged to form preferences in alignment with the group once they have made the career choice. Particularly where taught art theory champions the ideology of autonomous art, it is not surprising that valuation morals rapidly align around collective norms. Those entering banking display similar collective formation of preferences. The way this occurs at elite US colleges is brought into focus when Ho (2009) asks, "How do so many undergraduates who enter these institutions without any prior knowledge of investment banking, who once aspired to become, say writers or teachers, 'realize' by the time they graduate that they have always wanted to go to Wall Street?" (p.44) With a group so primed for achievement and prone to reinforcing elite identities, it is not surprising that the formation of preferences for banking rapidly translate to a collectively formed moral norm associated with pricing.

The second issue, inter-temporal preference instability, can be connected to evidence that multiplicity of identity undermines the consistency of valuation moral preferences. The modelling approach presented so far assumes valuation morals concern a single identity. In reality, artists and bankers fulfil other social roles and identities, particularly once they become partners, parents, employers, and so on. Not dissimilar to MacIntyre's (2007) argument that ethical conduct is context-based, LaBoeuf et al. (2010) find evidence that people exhibit different preferences depending on which identity is made salient at the moment of choice. Consequently, valuation morals are subject to change depending on the identity made salient when acting. As artist, an agent may seek to deny monetary valuation of their work. As parent or partner, they may sense a moral obligation to realize the financial value of their profession. Cohn et al. (2014) test this theory in relation to financial workers and find evidence that moral preference for honesty changes according to whether professional identity is made salient or not. With evidence that valuation morals change in line with salient identity, a key assumption of RCT becomes difficult to support.

The issues of collective formed moral preferences and the destabilizing impact of identity change does not necessarily create an insurmountable problem for RCT. Akerlof and Kranton's (2001) article 'Economics and identity', and the body of work that has followed within the sub-field known as 'identity economics', investigates how RCT might allow for both collectively formed preferences and preferences that modify in response to different identities. They argue that, depending on 'situation' (defined as the specific matching of people and context), we learn to internalize prescriptive sets of values that conform to a particular group. Akerlof and Kranton develop a utility function where, based on chosen identity, payoffs accrue from own and others' actions after reconciling whether identity norms are followed. Therefore, an individual conforming to collective norms or an apparent inconsistency of preferences can theoretically be constructed as conforming to self-interested utility maximizing in view of context. Because identity related rewards and repercussions are often invisible to the observer, moving from theoretic to practical application of such a model runs into a new set of challenges.

4.3.7 RCT when instrumental reasoning ceases to dominate choice

The difficulties of practical application aside, the above analysis indicates RCT's flexibility in accommodating a range of moral norms and variations on how preferences are formed. Manzo (2013) argues that other-facing interest, subjecting belief, and identity factors can be incorporated into RCT by developing complex utility functions that render otherwise 'irrational' actions rational. Even if we can activate these complex models in real life, all of this assumes that choice ultimately conforms to the principle of utility maximization. A more substantial problem occurs where the reasoning that dominates choice deviates from an instrumental cost-benefit logic.

Boudon (1998) distinguishes between instrumental rationality, where reasoning is based on maximizing any cost-benefit balance, and 'cognitive rationality', which only requires one to "to check whether, to the best of his knowledge, an idea is acceptable". (Boudon 1998: 824) Instrumental rationality is therefore a category of cognitive rationality, but there are other forms of reasoning that don't conform to the cost-benefit logic of instrumental rationality. "In some circumstances actors do X not because they expect any desirable consequence, but because they are convinced that X is good, since it is grounded on strong reasons." (Boudon 1998: 825). To counter the argument that all reasoning is instrumental on a deeper level, Boudon argues that although some axiological choices are ultimately motivated by self-interest, "It is hard, though, to accept the view that *all* beliefs are generated by their psychological or social function" (p.819). RCT's inability to function as a generalized theory of choice therefore hinges on the critical idea that reasoning grounded in deontology or virtue ethics does not ultimately fulfil an instrumental function at a deeper level.

4.4 A cognitivist approach to modelling valuation morals

By lifting the restriction that an agent's reasoning is always of the cost-benefit type corresponding to instrumental reasoning, the cognitivist approach moves from theory of choice to framework of choice. Allowing for a range of reasoning forms, the cognitivist approach facilitates beliefs that are formed through instrumental and non-instrumental reasoning which may be of either a positive or normative type. The broader framework of the cognitivist approach infers several properties concerning reasoning and values. Most obviously, it implies that moral and non-moral beliefs are not uniquely the product of rational calculation. But it also infers that there is a degree of non-commensurability between goods, and that the economic system resides within a more complex social system.

4.4.1 The cognitivist approach and non-instrumental forms of reasoning

The cognitivist approach enables choice, including economic choice, to proceed from multiple forms of rationality. An artist may decide to focus on selling her work because she forms the non-moral, instrumentally derived belief that it will increase her consumption possibilities. She may equally reason that she has a duty as artist to communicate her work or support her family, and so forms a moral belief that pricing to sell is the ‘right’ choice. Dekker and Klamer (2016) take a stronger position, implying moral choice does not proceed from instrumental reasoning. Regarding moral choices, they write, “They will never be a matter of rational calculation at all, but rather a matter of practical wisdom *(phronesis)*, involving experience, examples of good practices, beliefs, and a critical environment, among other factors” (p.102).

Beach’s (1998) ‘image theory’ develops a similar argument, rejecting the notion that choices involve probabilistic calculation of cost and benefit. Image theory holds that people make choices according to whether they fit with their personal principles, goals and plans that together form the three ‘images’ that are relevant for decision making. Image theory frames choices as a response to intuitive elements, rules learned from experience, and own principles (Morrell 2004). For choices that follow *phronesis* or image theory, it is not lack of calculative accuracy that ensures deviation from instrumental reasoning, as instrumental reasoning only demands that choices accord with expected subjective utility. Rather, it is *phronesis* and image theory’s assumption that reasoning is grounded in moral principles or evaluation of virtues.

In art, both empirical and theoretical evidence support the idea that calculative instrumental reasoning is unlikely to be a good representation of choices. In their study of Dutch visual artists, Klamer and Petrova (2007) conclude that creativity is primarily the result of intrinsic incentives, although it can be a response to external instrumental influences. Frey and Oberholzer-Gee’s (1997) research on ‘crowding out’ also points to notion that the motivation for acts in art are often located in the act itself rather than an ‘end’ that the act helps to realize. For crowding out to occur, they argue that artists must have a level of intrinsic motivation which is then considered to be eroded when an artist perceives an intervention undermines their independence.

Addition support for non-instrumentality of reasoning in art comes from Schumpter’s characterization of the entrepreneur, whose intrinsic motivation to create parallels that of the artist (Dekker 2017). Schumpter (1934) writes the entrepreneur is not instrumentally motivated, but is instead motived by (a) the “dream and the will to found a private kingdom”, (b) “the will to conquer: the impulse to fight, to prove oneself superior to others, to succeed for the sake, not for the fruits of success, but of success itself”, and (c) the “joy of creating, of getting things done, or simply of exercising one’s energy and ingenuity” (p.93). Following a similar argument, cultural economists evoke the Aristotlian understanding of *praxis*, whereby the means and ends of an activity are the same thing, to draw attention to the non-instrumental motivation (the praxis) behind art activity (Klamer 2016; Abbing 2002).

In contrast to art, the finance professional is generally considered to be the embodiment of *homo economicus*, an individual whose actions adhere to the instrumental motivation of money. I don't wish to challenge this as a general assumption, however there are situations where behavior appears to be a response to non-instrumental motivation. Polillo (2011) refers to the 'market utopian' as a type of financial market innovator "dedicated to a utopian project of market freedom that creates the ideological and cultural conditions for financial innovation" (p.349). Importantly, he argues the market utopian practices the expansion of finance not necessarily from the motive of pecuniary returns. The 'market utopian' accords closely to Schumpter's description of the entrepreneur with the implication that financial innovation functions as a praxis and therefore is not necessarily the outcome of instrumental motivation. Ho (2009) points to further evidence of non-instrumental reasoning through her study of the social connections between elite US universities and investment banks. Ho (2009) writes, "Wall Street and elite universities work together to foster and exploit this need to 'find the next Harvard', in the process creating a symbiotic relationship that furthers each institution's dreams, goals, and practices." (p.58) This suggest the reasoning for entering the finance profession may be as much the result of a (manipulated) version of moral duty to self as it has to do with monetary, status, or other instrumental reward.

4.4.2 Non-commensurability of choice

Rather than price or any other instrument, it is the concept that choice options can be reduced to a subjective expected utility that signals the commensurability of choices within RCT. Commensurability of choices, and the ranking that it enables, implies all acts have a utility equivalent. The cognitivist framework, on the other hand, is premised on the notion that incommensurability between some choices means reasoning does not reduce to the instrumental type.

An example from art illustrates why non-instrumental reasoning results in incommensurability across the broader set of choices. Image an must choose between one of two options for a public art submission: a) a 'fun' organic sculpture that has a high chance of getting selected, and b) a work that explores a problematic issue specific to the town that has a low change of selection. If the evaluation of the two choices proceeds from deontological rather than consequential reasoning, then although one can invoke an opportunity cost and argue the options are commensurable in terms of expected funding, and therefore compare them against further outcomes, it is essentially meaningless in relation to the deontological choice process. Modelling choice in a RCT framework would therefore be a poor reflection of decision making. The distinction that Etzioni's (1988) draws between moral and non-moral (pleasure) choices reflects a similar notion of that beyond a limited range of economic choices, non-commensurability of choice is common place.

Theories of value in economics and sociology point to the non-commensurability of values within and across goods. This, I argue, is integral to the argument that non-instrumental reasoning occurs. In economics, Throsby (2001) distinguishes between economic and cultural value, where the latter is multi-dimensional and consisting of aesthetic, spiritual, social, historical, symbolic, and authenticity elements. Klamer (2016) argues different approaches to valuing goods occurs across the five different spheres where we valorize goods: market, government, social, cultural, and the home spheres. In sociology, Luhmann (2000) identifies art and economics as difference communicative systems, each with its own internally generated systems of appraisal. Bourdieu (1984) draws a distinction between instrumental values of the economic field and symbolic values of the cultural field. And there are numerous other ways in which distinct values are identified in the social sciences. While there is evidence of interaction between value forms, essential to the separateness of value concepts is their non-commensurability.

Where an individual is required to make choices that involve incommensurable values, what is ultimately at stake is that the basis of value is not grounded in the instrumental type reasoning that would facilitate a utility based comparison. Røyseng et al. (2007) provide an example of why incommensurable values implies at least one value contains non-instrumental reasoning. A common choice for stage actors is whether to supplement their generally low incomes with more lucrative work in advertising. In the case of an actor interviewed in their study, the choice between money and principle becomes incommensurable when the actor uses deontological reasoning to firmly rule out "prostituting myself" (p.13) in marketing certain products. When a banker feels it necessary to change employers for ethical reasons, and remains resolute in the face of counter-offers of more money and other benefits, the incommensurability of values and their connection to reasoning becomes apparent. Multiplicity of value therefore implies an element of non-instrumental reasoning that prevents generalized comparison, and so it is important to the broader argument that RCT is unable to serve as generalized theory of choice.

4.4.3 RCT as a particular case of the cognitivist framework

Although evidence suggests that non-instrumental forms of reasoning occurs, the cognitivist approach does not reject RCT, but instead holds it applies to a restricted class of choices. Beginning from the recognition that economic behavior is just a specific case of action that occurs in the broader social sphere, Zafirovsky (2000) argues economists typically recognize RCT does not apply to most choices. "Neo-classical economists treat social welfare as more than just material well-being, economic wealth, or instrumental value, in contrast to the presumed equivalence or substitutability between the two in much of rational choice theory" (p.454). Zafirovsky argues the complexity of the social system implies a broad range of instrumental and non-instrumental rationality occurs, as well as emotional, traditional, and other non-calculable behavior. He therefore concludes that neo-classical economics, and RCT as a theory of choice, represents a relatively limited conceptual framework that is designated for modelling market behavior. Boudon (1998) takes a similar view: rational choice is useful in certain situations where agents follow a cost-benefit logic, but this form of rationality is not universal. RCT can therefore be considered a particular case of the cognitivist approach.

4.4.4 Application of the cognitivist approach

Application of the cognitivist approach begins from contextual analysis of choice to determine underlying reasoning and the meaning of exchange such that context-based behavioral scripts (models) can be identified. The challenge for the researcher is that it is often not possible to directly observe the normative and non-normative motivations for acts. According to Crawford & Ostrom (1995), where repercussion and tangible rewards are not observable the researcher must rely on participant accounts to determine the reasoning for an action. The approach of trying to understand what is going on in the agent's mind is often referred to by the Weberian term *Verstehen* (Jonge 2012). The problem with *Verstehen*, Jonge argues, is that we have no way of knowing whether the reasoning we conclude took place reflects what really happened in the agent's mind. This idea is more generally captured in economics via the derogatory notion of 'folk psychology', or the need for the economist to make inferences regarding the psychology of the decision process. Rosenberg (1992) contends that lack of advancement in developing scientific laws of individual and social behavior means economic modelling often relies on 'folk psychology'. Although RCT remains dependent on an extended form of 'folk psychology' though the assumption of instrumental reasoning, the less developed cognitivist approach is particularly exposed to this accusation. Although economic sociology offers a great number of insights into exchange behavior that deviate from *homo economicus*, most studies to date are not grounded in rigorous psychological science.

With this caution in mind, application of the cognitivist approach to valuation morals aligns itself with two concepts from economic sociology that assist identification of reasoning and help formulate context-based behavioral scripts.

Zelizer's (2004; 2011) notion of 'circuits of commerce' provides a way to conceptualize how unique forms of commercial exchange, separate to generalized market exchange, occur within defined social groups. Circuits arise where economic activities occur within distinct sets of social relations, where a common accounting system for exchange is in place, where economic activities carry shared meanings and boundaries separate members from non-members (Zelizer 2011). Identifying circuits of commerce assists the analysis of exchange because they are typically established to as a response to specific forms of reasoning. Where the researcher cannot make direct inferences as to an agents reasoning, looking for circuits of commerce can assist identification of the specific values that circuits are often set up to exchange. Interrogation of those values provides an insight into the underlying reasoning for action, from which behavior scripts can then be identified.

In art, Velthuis (2005) and Solhjell & Øien (2012) identify distinct relational circuits among artists, gallerists, curators, and collectors that are arranged according to ideology, status, and ambition. For example, prices set by commercial galleries are often lower than which could be achieved by selling art at an auction house. Conservative pricing, coupled with restrictions on who can buy, is indicative of the gallerist's reasoning that stability and long term price growth is best for the artist, collector and gallery (Velthuis 2005). In other circuits, art is exchanged as a 'shared good' (Klamer 2004). With no economic rights to ownership in this circuit, art's value is located in the knowledge and debate (the 'conversation') around the artworks rather that the objects themselves. Because the exchange is indicative of a praxis, the researcher can make the context delimiting assumption that non-instrumental reasoning drives behavior.

In finance, Knorr Cetina & Bruegger (2002) identify the non-priced exchange of information among traders as a distinct circuit. Where pricing informational exchange risks breaking financial regulations, we may make the context delimiting assumptions that reasoning follows self-interest rather than an axiological form. Finally, where art and finance goods get exchanged in the general exchange circuit, we may also use that knowledge to make assumptions regarding reasoning, what is exchanged, and any pricing script followed.

The second useful concept from economic sociology is what Zelizer (2011) terms 'the social meaning of money'. This concept implies the researcher must look beyond the instrument of exchange to determine reasoning and the corresponding meaning of the exchange. Zelizer argues that money has multiple meanings based on relational context. "There are a plurality of different kinds of monies; each special money is shaped by a particular set of cultural and social factors and is thus qualitatively distinct" (p.100). As such, different monies imply different moral positions, so we cannot rely on the instrument of exchange alone as an indicator of 'right' and 'wrong' behavior. Where money has different meanings based on context or usage, artists are less likely to automatically associate monetary valuation with moral failure. Similarly, bankers are less likely to view all monetary valuations as a reflection of morally right allocation of resources. Context delimited assessment of the meaning of money therefore provides an additional means of developing accurate scripts of choice behavior in the presence of valuation morals.

As a particular case of the cognitivist approach, we must also consider contexts where RCT is appropriate for the analysis of choice and valuation morals. Satz and Ferejohn (1994) write, "rational-choice explanations are most plausible in settings in which individual action is severely constrained, and thus where the theory gets its explanatory power from structure-generated interests and not from actual individual psychology" (p.72). Gintis (2009: 210) states that RCT is suited to, "choice situations where ambiguities are absent, the choice set is clearly delineated, and payoffs are unmediated, so that no deliberation is involved beyond the comparison of feasible alternatives". As an extension of this logic, anonymous and regulated market exchange is less likely to deviate from an economic meaning and instrumental reasoning. This suggests choices made in the context of financial markets are more likely to be consistent with economic interest. This also implies very few exchanges in art are suited by RCT.

Allowing for both instrumental and non-instrumental reasoning is both a strength and weakness of the cognitivist approach. We recognize that valuation morals concern both the medium of exchange and the overall choice rationale. The cognitivist approach also directly addresses the idea that the choice framework followed is connected to the social or institutional setting. These advantages, however, are offset by an important limitation: we relinquish a generalized theory for modelling choice across all goods by assuming a disconnect between choices. Where the researcher is interesting in examining the relationship between choices that cross value measures or occur between different specific social or institutional contexts, the cognitivist approach provides little guidance on how analysis should proceed.

4.5 Conclusion

Having presented and evaluated the two approaches, we can now draw some conclusions regarding how best evaluate the impact of valuation morals in art and finance. The academic tradition says the best approach accords with empirical and conceptually accuracy. Beyond restricted contexts, thin definitions of RCT have proven to be poor predictors of actual behavior (Gintis 2009). Certainly, this approach would be even less accurate in modelling art related choice in the presence of valuation morals. Thick definitions of RCT have had mixed predictive results, indicating any single model is only as good as the assumptions from which a model is derived. In both cases, the conceptual accuracy of RCT is limited by its inability model choice based on non-instrumental reasoning. The conceptual flexibility of the cognitivist framework means that theories such as circuits of commerce have been more effective in capturing the mechanisms of valuation in art and other fields. However, the qualitative nature sociological studies in art and finance means measures of predictive strength and external validation has not been the focus. A best approach, therefore, would combine the ex-ante predictive power of RCT with the conceptual realism of the cognitivist approach.

A possible solution is built on two elements. The first concerns how we can identify reasoning logic once the assumption of instrumental reasoning is dropped. Manzo (2012) argues structural or individual-level factors may trigger types of reasoning, and he proposes that classes of heuristics, social identity, and emotions serve as this type of trigger. This essentially formalizes what an investigation of circuits of commerce and contextual analysis of the social meaning of money does. Rather than looking for optimized behavior, interrogating the imperfect but 'practical in-context' decision logic behind valuation scripts should help reveal imbedded reasoning. The same identity issues that undermine preference stability in RCT can be used to build empirical associations between context-based identity and reasoning. Other factors, such as linking research on how reasoning responds to emotional states, may also contribute to an empirically-supported mapping of contextual triggers and associated reasoning.

Once reasoning triggers are identified, the second element involves building a predictive model of choice. Taking Manzo's (2012) cue, the solution here may be found the application of modeling techniques within analytic sociology that emphasize the relation and relational structures that, among other things, prompt enactment of valuation morals. Agent-based modelling techniques enable the researcher to program behavior from a variety of individual rules, to incorporate structural features and mechanisms that enable heterogeneous agents to interact, and to enable choices to follow real world heuristics rather than mathematical optimization. By providing causal explanations of how different systems work, including linkages between valuation morals and choices, models can then be verified via comparison to empirical observation. Given the relative structural freedom in decision making, agent-based modelling is particularly suited to modelling choice in art. The structural restrictions and the instrumental basis of choice suggests RCT modelling, adjusted for valuation morals, will generally function as an approximation of behavior in finance. However, agent-based modelling would enable agent heterogeneity, and therefore permit valuation morals to differ in a manner more consistent with real life. Future research that develops and tests agent-based models, particularly in art, would serve as an important extension to this and other theoretical accounts of the artist's choice process.

One final consideration remains. This paper began with the aim of identifying the best method for capturing the impact of valuation morals on choice. Consistent with what is argued throughout this paper, it is important to recognize 'best method' is inseparable from the reasoning that defines judgement criteria. Implicit to the analytical approach I've followed, best is defined as most empirically and conceptually accurate. Even across these two concepts there is cause for disagreement. But there are other ways that best method might be defined. It could be defined as the approach which is most meaningful in terms of engaging in the language, metaphors and narratives of the intended audience. The consequential logic here is that an approach is only as good as its ability to engage its target user group. The best approach might also be defined as the one which most aligns with own interest, however defined. The researcher is by no means immune to these other forms of reasoning. We can say that the researcher, like those in other professions, is influenced by valuation morals. With this in mind, continued disagreement between advocates of RCT and others seeking to recast how choice is modelled is unsurprising.

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5 The valorisation of art: what artists are up against

Artists are about making art. In the execution of their art virtually all of them will have to cope with systems of governance and markets. Some are able to embrace those systems; many experience them as conflicting with their artistic practice, overpowering it even, and resist or avoid them in whatever way they can. In this chapter, we want to show artists what they are dealing with, why the tensions that they may experience make sense, and point out various coping mechanisms. In the process, we bring to bear a range of texts that highlight the academic discussions pertaining to the subject.

We, the authors, are a banker who became an artist who is becoming a cultural economist with a PhD, and a cultural economist who combines his professorship with a political position. Accordingly, we bring a range of contrasting experiences to this joint project.

5.1 What are the issues? What are the questions?

This article is written as a contribution to a book on the themes of power and politics with the world of the arts. The academic custom would be to seek a distant perspective in order to chart the world of the arts and to get a good overview. We will do so, at least to some extent, but our point of departure is the life of artists. We attempt to reason from their point of view. It is a matter of the type of questions we start with.

A question that pops up every now and then among artists is: “what am I doing ‘it’ for?”. Especially when the income is low, and disappointments are great, the question gets some urgency. Even when you are clear about the purpose, you may have questions about the ways in which you can get your art recognised, appreciated, discussed and financed. Can you really find a way to sustain yourself and those dependent on you?

Of course, the answers will vary dependent on whether you practice art in a country with a tradition of governmental support or one that lacks a cultural policy and a cultural infrastructure. In many western countries, you may have to deal not only with governmental institutions but also with an art market for “big money” next to a world of artists who barely subsist. Then there are the walls that museums put up, the art academies with their limited access, selective and commercial galleries, and art critics. All these institutions will mark and fill the context in which you do your thing. And then there are all those non-artists who sometimes are interested in the work of artists and most often are not. Indeed, what is your art good for?

Faced with governmental institutions (including foundations) you may find the pressure to “professionalise” as “they” tell you. First and foremost, this pressure is exerted through education networks and filtering that result in a growing necessity to attend a “high status” art institution (Flisbäck & Lund 2015). In addition, you need to be organised, initiate and maintain relationships with a great variety of people, employ an accountant, have a good website, operate in social media, and carefully plan your calendar with appointments, visits to openings, meetings and the like. In that way, you work on your “branding”.

Even if you are not inclined to wonder what your art is good for, people in your environment will pose the question. Policy makers have recently been keen on the economic impact of art, that is its potential to generate income and jobs. In the wake of Richard Florida's popularised research that links a city's pool of creative workers to economic growth, there is a presumption that art can (or should) have a positive economic impact (Florida 2002). In that logic, your art has to be good for the economy. Particularly from the 1990s onwards, interest shifted to the public or "instrumental" value of art, that is its societal and social relevance (McCarthy et al. 2004). Accordingly, your art has to be good for involving immigrants and minorities, for example, or for the restoration of local neighbourhoods, for political awareness, or for schools. Engaged artists point to the political relevance of their work. Others claim the cognitive and emotional relevance of art: it can make you see the world differently, and it can generate shocks, disturbances, excitement, delight and other emotionally charged responses. Is it possible that art is also good for its own sake, as "autonomous" artists may insist.

Especially the latter group, together with their supporters, often resist and protest the grip that governmental and market systems have on the world of the arts. The influence of big money is too big, they say, and they question the procedures that governmental institutions follow.

5.2 The value of art: a thing, a conversation, or something else?

In order to pave the way for our discussion and to clarify a few things to practicing artists, we present a picture and a few concepts that correspond to the idea of value in the arts.
We start with the presumption that you, the artist, are doing something that is important for you. Otherwise you would not have initiated the daunting process of getting into an academy, put up with the endless exercises, critical sessions, tuition fees, and the uncertainties that characterise an artistic life, such as insecurities about the quality of your work, its reception and your finances. In spite of everything, you are determined to work as an artist. There must be something of importance in that work for you.

In our value-based approach that we bring to the discussion, we would say that you have values—for that is what you call whatever is important to you. The value could be "understanding your world", "doing something with your creative urge", "expressing yourself," "freedom", "independence", "making a difference," or "creating beautiful, surprising, or just strange things". Being aware of the relevant values appears to be a good start.

The subsequent question is how artists realise their values. They do so, obviously, by engaging in the practice that is called art. As we are economists, the expectation could be that we propose to think in terms of artists producing works of art that then become products or commodities for sale in the market. Rather than take this approach, we follow Bakhtin (1990) and Klamer (2016) in postulating that art is a practice, or a conversation to which artists contribute with their work, activities and performances, and in which all kinds of other people and organizations, including art critics, galleries, museums, curators, art historians, and art lovers participate. Borrowing a concept from economics, we can also call that conversation a commons. A commons is something, a space, a field, or a conversation, that has value, is shared by the members without ownership being clearly defined, and which is excludable to non-members. Shared pastoral land is an often-cited example of a commons (Ostrom 1990). When understood as a conversation, art practice is also a type of commons, a creative commons (Klamer 2004).

It follows that art is not a product that you can sell or buy. You can buy a physical object, a canvas with paint on it, but you need to do something in order to make the object into art. It is like with this book. You can purchase it for a price, but when you have done so, you just have the physical book. In order to gain the knowledge that it contains, you have to read it, think about its offerings, decide on what is important or useful to you, and what is nonsense, useless, rubbish or whatever. That is the labour of reading, interpretation that is required in order to make the book your own. Art, therefore, is a practice, with art works functioning as incidents that you need to negotiate in order to have access to that practice.

When you, the artist, realise your values and know the practice of which you want to be part, you need to figure out how you are going to make true on your values. Acting on your values nearly always requires an interaction with someone else, and this is particularly true in the case of shared goods. As we would say, you need to valorise yourself as an artist and your work as art. You will face all kinds of opportunities but also daunting forces of resistance and opposition. As is all too well known, the life of an artist is none too easy.

5.3 Different spheres, different logics

The recognition of different types of value, or valorisation, occurs in different spheres where each has their own logic. We are going to distinguish five spheres of logics that artists have to deal with.

It all starts at home, in the sphere of the oikos (the Greek term for home). Artists usually begin their art practice at home, with the support of their parents, or at least with their acquiescence. The support is usually financial. When the budding artists leave the home, they will need to convince the members of their new home, or just themselves when they live by themselves, that they should have the life of an artist and all involved will bear the burdens, suffer the disappointments, and enjoy the fruits together. A partner may need to work to pay the bills. In these ways artists valorise the life of an artist in accordance with the logics of the oikos.

The next logic that comes into play is the cultural logic, or the logic of the artistic conversation. In order to be an artist, artists need to be part of one artistic conversation or another, to give artistic meaning to their work. It may be the genre in which they work, or the work of others to which they relate. The cultural logic prescribes ways of working and ways of talking about the work. It is all about making sense and being made sense of. The artistic logic is enabling but also may be a formidable power.

The social logic encompasses all the social interactions in which artists engage to be artists, to gain approval and appreciate the work of others, the networking they do, the relations they maintain, the endless social interactions, the participation in clubs and groups and so on. It is the logic of inclusion and exclusion, of reputation, and of recognition. It is the social logic that impels artists to go to openings, to attend events, and so on. The socializing begins for most artists at an art academy. There they learn what is expected from artists, how to engage with the work of others and how to bring their own work into the conversation.

It is in the combination of the social and cultural logic that art comes about. Socially speaking art is a shared practice, or, as we noted earlier, a conversation. By seeing art as a conversation we stress the social reality of engagement in a common practice. By contributing to the conversation, artists are part of it. The same applies to other artists: they, too, need to contribute in order to be part of the conversation. Art is an ongoing practice both in a social and in a cultural sense.

In the market logic, art comes in the form of products with a price attached. Subjecting art to this logic is a strange move in a way, as it reduces a practice to a product. One piece gets singled out as if it were just on its own, whereas in reality it is a contribution to a social and cultural practice that is called art. Yet, the reduction to a product or commodity is the most practical and instrumental way to generate the means, usually in the form of a monetary amount, that enables the purchase of goods and services that are important to artists and their families, such as food, a house, and materials.

The problematic character of the reduction of art to a commodity status shows in the visceral reactions that many artists have against it. Other artists such as Damien Hirsch and Jeff Koons take advantage of it, and are successful playing with the market logic. Anyhow, the market logic enables artists to valorise their work in exchange for means of purchase.

Another logic that artists utilise to generate financial means is that of governance. Governmental logic operates whenever artists deal with organizations, governments and foundations in particular. When they try to valorise their work by soliciting a subsidy, they have to deal with this logic. It comes in the form of procedures, checklists, forms, selection committees, accounts, bookkeeping rules and the like. Some artists are good at the governmental games; others loath them. For the latter, it may feel that governments and foundations overpower them.

As a rule, artists will use all spheres to valorise their work. Distinguishing them allows for all kinds of observations. The following examples will demonstrate how artists make use of these spheres, and how the valorising in one sphere can conflict with existing values in another. By understanding the process of valorisation, we begin to see how power comes about in each of these spheres, and how it is distributed across the art field more generally.

5.4 Valorisation, value conflict and power often starts at home

Due to their positive and negative impacts on artistic practice, commentators are quick to point out the significance of valorisation in the market and governmental spheres. What all too often gets overlooked is the importance of valorisation that follows the logic of the oikos and social spheres. We'd like to begin by discussing how art get valorised in the artist's oikos or home, and how this logic links art's valuation to other spheres.

The often unstable and isolated nature of an artist's work means valorisation in the oikos becomes a critical way for an artist's values to be realised. Artists have a long tradition of being financially, creatively, and psychologically supported by partners, parents and family. Importantly, art's valorisation in the oikos can reduce the necessity to valorise in the market or governmental spheres, and so can be a boon for artistic innovation. On the other hand, artists that embrace an oikos logic often experience a fall in art's relative value, and a corresponding conflict with art's valorisation in other spheres results.

In a 2014 interview, the British artist Tracey Emin reignited debate about a particular form of conflict that arises from oikos-based valorisation of art. Emin stated, "There are goods artists that have children. Of course there are. They are called men." (Groskop 2016). Emin's comment mirrors Cyril Connolly's (1938) famous phrase on creativity and parenthood: "There is no more sombre enemy of good art than the pram in the hall" (p.116). This can of course be applied equally to male and female artists. But Emin's comment also reflects a commonly held view that female artists pay a greater price as parents than their male counterparts.

Both issues - the impact of parenthood on the creative process and the allocation of domestic roles - often have a much more significant impact on artists and their work than how the artist engages with the market or governmental spheres. Like Tracey Emin, many artists view parenthood or other values associated with the oikos sphere as having too great a negative impact on the creative process and so do their best to minimise valorisation in this sphere. Artists may choose to live in their studio as a way to restrict the size and reach of the oikos logic, or they use other strategies to resist the notion of settling down. Most choose to engage in the oikos on some level, but understand that it may come at the cost of diminished artistic quality and output.

In an interview on the career challenges of being an artist, the Norway-based artist Camille Norment acknowledges the compromise involved in being an artist, parent and partner. After commenting on the range of artistic and administrative tasks she has to do in her daily routine, she adds, "All of this [must be done] before 3:00pm when I have to collect my kids. And very few understand how this hangs together, so I have begun to say it straight out: I am a mother – this is my other fulltime job, and yes I take it seriously" (Norment 2016, 24). In Norway, kindergartens are heavily subsidised and parents receive some childrearing assistance, so one may wonder whether parenthood demands significant artistic compromise. Or in Tracey Emin's case, commercial success means she has had the financial means to pay for help in raising a child. Both artists allude to the fact that the real cost of parenthood is not economic, but instead the time and emotional commitment required. There is by no means universal agreement on the issue, but it can be argued that children impede the kind of mental and emotional detachment that is sometimes required to make good art.

Obstacles to the valorisation of art in the oikos sphere are not limited to parenthood. Particularly when artists form domestic relationships with non-artists, there is potential that an artist's lack of income or income stability becomes a source of tension or even resentment in the relationship. Some relationships don't survive, but in many cases the low relative value that emerges from valorising art in the oikos sphere means artists choose to take on an amount of stable work outside of art. Coupled with children or the desire to own a physical building to base the "home", valorisation of art in the oikos has the potential to alter artistic practice in a profound way. Artists are often forced to choose between reducing time devoted to art, increasing market valorisation of their work, or increasing governmental valorisation where subsidies are available.

What does valorisation and evidence of artistic compromise have to do with the distribution of power in the arts? Power has two sides. On one side, power is the ability to realise one's values. On the other, it is what stands in the way of, or obstructs, the realizing of one's values. When artists value an artistic life, the practice of art, they are empowered when their oikos supports them in achieving such an end and face obstruction when their situation at home stands in their way (because of children, an unsupportive partner, the necessity to earn the monetary means by way of a boring job). When artists are able to generate a means by way of the market logic, and thus free themselves from obstacles at home, we might say that the market has empowered them in the sphere of the oikos. The point is that actual power is dependent on one's standpoint, on the sphere in which one operates and on the values that this person seeks to realise. (If parenthood is the more relevant value the oikos will be less likely experienced as an obstacle than if an artistic life is the most relevant value.) Importantly, this says there is no single power structure of the arts, but a different one for each artist.

As someone who is been very clear about not letting her art be encumbered by an oikos logic, Tracey Emin's perspective of the power structure of the arts is presumably dominated by the elements of the cultural, social, market and governmental spheres. A 40-year old male artist with limited commercial success and second child on the way is likely to view the power structure of the arts somewhat differently.

5.5 Valorisation, compromise, and power in the governmental sphere

In 2008, an artwork proposed by the Norwegian artist, Lars Ø Ramberg, was selected by the Oslo Municipality to be realised as part of the redevelopment of the harbourside Bjørvika area in Oslo. The work, *Yersenia pestis*, involved decorating two large concrete towers with light diodes arranged in a pattern that matched the genetic barcode of the black plague bacteria. The work would have particular resonance for the area given the plague's historic role in shifting Oslo's centre away from Bjørvika towards its current more western position, not to mention the plague's significance in forcing Norway into a 400-year union with Denmark, which effectively meant the end of political and cultural self-determination over that period.

Shortly after the commission was awarded, the State-owned road authority responsible for the project, Vegvesenet, announced the they did not have the funding needed to build and maintain the artwork. The artist made a series of interviews to try to put public pressure on Vegvesenet, and in 2010 the artist was asked to a new meeting where it was proposed he present an alternative project that could be realised for less money. The meeting took place, but since neither side could come to an agreed compromise, plans to decorate the concrete towers were dropped. Partly because of this project, Ramberg is associated with the notion of the "uncompromising artist" (Weirsholm 2016).

The case of Lars Ø Ramberg illustrates the importance of art's valorisation in the governmental sphere, and the obstacle that arises when an artist rebels against and within this sphere. Like in the oikos, the governmental sphere is empowering for those who are able to handle it and take advantage of its sources, yet becomes a serious obstruction to those unwilling to compromise with its logic. Even those who actively seek to resist governmental valorisation, such as the artist who is willing to walk away from a significant commission because it denigrates his or her artistic vision, find it very difficult to truly deny its power and influence. This makes sense if we look at Ramberg's unrealised tower artwork in the broader context of his career.

The same artist is in fact better known for another work that was also not realised. To mark the 100-year anniversary of Norway's independence from its union with Sweden, the Norwegian government, through its public art agency, launched a competition for an artwork that would be positioned on the site where the country's original constitution was signed. The winning submission, a proposal by Lars Ø Ramberg, consisted of installing three functional JCDecaux toilets that had been removed from Paris' streets and painted red, white and blue. The work, which came to be known as *Liberté*, was intended as a reflection on the various influences to the Norwegian constitution, and the egalitarian principles that both the constitution and a public toilet symbolise. After the work was announced as the winner, the public art agency reversed its decision. Officially, this was due to the problem of having a commercial agent sponsoring a public monument. But the reality is that was belatedly deemed inappropriate to have a row of toilets as a monument to Norwegian independence.

In both instances Ramberg may have had grounds to pursue legal action. That none was taken (as far as has been made public), and that Ramberg moderated his criticism of the involved parties, alludes to Ramberg's recognition of values that originate in the governmental sphere, and the power the governmental asserts over artists.

A closer look at Ramberg's career reveals how deeply he, like most other professional artists, is immersed in government values. Although based in Berlin, he studied at the Oslo National Academy of the Arts and he continues his engagement with the institution through teaching. He has previously been a member of the committee that awards national arts stipends, and he is himself a recipient of a stipend that, if necessary, provides him with a minimum income until his retirement. Despite his public criticism of the cancellation of *Liberté*, Ramberg agreed to present the work as part of the Nordic Pavilion in the 2006 Venice Biennale, and later-on was willing to have it installed in front of the National Museum. In both instances, the work was installed at locations quite removed from the site specific constitutional reference the work was intended to have. After further controversy, and much behind the scenes work, *Liberté* now stands in a public space in front of the Norwegian parliament building. Despite little indication his tower work will ever be realised, he was recently awarded a major public art commission for the new city library in the same redevelopment area that the concrete towers stand.

Exhibit 1: Lars Ø Ramberg's Liberté, installed at Eidsvolls Place in central Oslo
Image courtesy of Studio Ramberg

Although this brief overview of Ramberg's valorisation in the governmental sphere certainly glosses over many of the subtler details of the two projects, Ramberg's critical restraint and subsequent flexibility illustrates the reality that artists are required to make trade-offs and compromise once they seek valorisation in the governmental sphere.

When artists recognise and take on values that originate in the governmental sphere, arts-related behaviours, processes and thinking changes in line with those values. This by no means implies negative artistic consequences. By freeing up the financial or reputational resources needed to realise otherwise unrealizable projects, following arts-based structures and procedures can have a positive impact on artistic outcomes.

However, there are also many ways that art can be negatively affected by the recognition of government values. The acceptance of an anti-market logic in educational institutions places an early limit on the type of work artists make, and who they make it for. The possibility for stipends and grants tends to direct art-making toward the vision of those on the selection committees, and means a considerable amount of studio time is directed towards writing applications. Recognizing governmental values means book keeping, completing tax returns, working with professional arts organizations, and political engagement – all of which encourage a type of social responsibility that can be destructive to artistic irresponsibility that is sometimes needed for innovation.

How then does valorisation in the governmental sphere impact the power structure of the arts from Ramberg's perspective? By placing limits on how he allows his work to be valued in the governmental sphere, the artist demonstrates his acknowledgement of the power of the cultural and social spheres. By regularly returning to the governmental sphere to seek artistic valorisation, he also recognises and accords power to the governmental sphere. While the governmental sphere empowers his artistic work by providing the means and recognition that he needs to realise himself as an artist, it appears as an obstructive power as it shows in the compromises that he has to make.

5.6 No man or woman is an island

Tracey Emin and Lars Ø Ramberg represent the "professional" artist in the sense that they not only make a living from their art, but they actively engage with the notion that the artist has a particular role to play *in* society. This relates to the thematic concerns of their art, but it also relates to their active embrace of valorisation according to many of the social, cultural, oikos, market and governmental logics. This raises the question: What about the hermetic artist, the loner who shuns society and who makes art purely for art's sake? Does not he or she avoid valorisation complications and simply make art? Art's history is sprinkled with artists that reject certain artworld structures – Van Gough, Paul Gauguin, Cady Noland, the list goes on. In order to consider what happens to valorisation in each of the five spheres when artistic isolation is pushed to its limit, we will consider valorisation in the context of the Scottish-born artist Ian Fairweather.

When Ian Fairweather died in 1974, aged 82, he had spent the final 20 years of his life living in squalid conditions resulting from self-imposed isolation on Bribie Island in Queensland, Australia. Even in the broader context of art history, his personal story is quite remarkable. In 1952, aged 60, living in the cabin of an abandoned ship in Darwin harbour, and in general state of despair, the classically trained painter set off from Darwin on a raft built from three aircraft fuel tanks scrounged from the local tip. The *Kon Tiki* inspired raft was meant to carry Fairweather to Timor, and miraculously Fairweather ended up reaching the island of Roti, Indonesia, 16 days later. Rather than finding paradise, he was incarcerated and eventually deported to the UK. By the time Fairweather managed to return to Australia in 1953, he was more or less a penniless artist who had nevertheless built strong local reputation for his post-impressionist painting. Fairweather travelled to the then isolated and sparsely populated Bribie Island, built himself a hut from sticks and bark, and made it his home and studio. It would be the most artistically productive period of his life.

In many regards, Fairweather was an artist who sought to disengage with valorisation in social, market and governmental spheres. The isolation he sought on Bribie Island follows a long trajectory of acts towards social disengagement and an apparent disinterest in valorising his art the social sphere. Fairweather, who had become estranged from his family at 37, had a lifetime fascination with islands and the isolation they offer. In his late 30s he spent a winter in complete isolation on Canada's Prevost Island; and it became a lost ideal for the remainder of his life (Bail 1981). While renting a studio in Melbourne, he is said to have nailed his door closed and crawled out the window to avoid being disturbed (Olley 2009). For all his artistic success in Australia, Fairweather shunned openings of his exhibitions, only ever attending one (Allison 2012).

Exhibit 2: Artist Ian Fairweather outside his studio and living quarters at Bribie Island, 1972.
Photo by Bob Barnes / Newspix

Throughout his life, Fairweather demonstrated a general disinterest in money and material possessions. Although he was able to finance his travels throughout East-Asia by sending work to London's Redfern Gallery and having a former class mate at the Slate School, Jim Ede, wire him the proceeds, Fairweather's only interest in money appear to be its ability to fulfil the basic functions of food, shelter, and art materials (Bail 1981). Referring to his experience as a soldier in the first world war, he reflects, "perhaps, those years I spent as a prisoner of war were some of the happiest of my life—no responsibility for practical things like money, food, and shelter" (Abbott-Smith 1978, 19). When Fairweather began to be represented by Sydney's Macquarie Gallery, Fairweather made the unusual request that the gallery handle his money and send him regular payments that were no more than that necessary to sustain life (Bail 1981).

Fairweather also displayed a general disinterest in valorising his art and life via governmental logic. When Fairweather arrived on Bribe Island, he simply found a piece of isolated land and built his hut. No local government permission was requested and none was granted, and it was perhaps only by his fame that the local council later granted him a lease over the land he was using (Bail 1981). The raft journey which ended in his incarceration in Indonesia and Singapore was the outcome of being oblivious to the issue of a visa. In the years that Macquarie Gallery acted as his banker, excess money was paid into a bank account on which Fairweather failed to pay tax. And perhaps his most significant infringement of procedure was the manner in which he made art. For an artist trained at London's Slade School, Fairweather's attitude to materials and their longevity continues to infuriate art historians. A great many of his works are said to have literally disintegrated on transportation due to inappropriate materials and poor packing (Allison 2012).

To be sure, there are few artists who take the notion of detachment as far as Ian Fairweather. Nevertheless, how do we make sense of an artist who apparently denies the logic of valorisation in so many spheres? Like the other artists considered in this chapter, one must consider Fairweather's artistic practice in a broader perspective to reveal the various logics of valorisation that occur. Fairweather clearly sought to valorise his art practice in the cultural sphere, but closer analysis of his practice suggests he also pursued valorisation in the social and market spheres.

The social isolation sought on Bribe Island and other places belies Fairweather's desire to remain engaged in a broader artistic conversation. On his return to Melbourne at the end of the Second World War, Fairweather spent two years living with an enclave of artists, and he maintained long-term relationships with fellow Slade student Jim Ede and Melbourne artists Jock Frater and Lina Bryans (Allison 2012). Although these artistic relationships were often based on Fairweather's financial and artistic needs, they nevertheless demanded a mutual valorisation of his art according to a social logic.

Although his monetary needs were very modest, there are several indicators that Fairweather placed importance on market valorisation of his art, and showed respect for the meaning of money more generally. Two acts in Fairweather's life illustrate this point. In 1947, Fairweather sent 130 rolled paintings from Melbourne to Redfern Gallery in London. The paint had not dried properly and the paintings arrived ruined. Because sales proceeds never arrived, Fairweather suspected he was being cheated and he later made several comments about missing money in his unpublished manuscript, *Amorales* (Abbott-Smith 1978). Secondly, letters between Fairweather and Ede indicate that Fairweather kept very precise records of money he borrowed from different people (Allison 2012). Rather than having an ambivalent attitude towards market valorisation, this suggests Fairweather placed high value on self-sufficiency and he recognised money played a role in both enabling and undermining this.

The power structure of the arts from Ian Fairweather's perspective was undoubtedly very different to that perceived by Emin, Ramberg, and probably you the reader. By repeatedly acting to assert the value of self-sufficiency, Fairweather's artistic practice must have represented a site of personal conflict. On one hand, he was aware of the need for his practice to be valorised in cultural and social terms in order to be part of the ongoing art conversation. On the other, this lead to a form of dependence on others that he otherwise sought to avoid. In the end, not even the extreme isolation Fairweather sought was able to prevent a need to valorise and accord power through structures in the market and social spheres.

5.7 Conclusion

Valorisation is an essential process of realizing the things we hold dear, and as such we are continually obliged to play by the rules of one of more spheres of valorisation. Clashes across spheres of valorisation mean artistic practice, much like the practice of other professions, ends up being the outcome of compromise on some level. Spheres can empower artists but they can also be experienced as opposing powers, as obstructions in the realizing of their art. As we've outlined in this chapter, any compromise that artists make reflects their own perspective of the power structures that they face. Even though compromise seems a certain outcome, the meaning of compromise varies vastly.

In contrast to many other professions, artistic compromise can be particularly problematic in that it may cut away at the very thing the artist is aiming for. The philosopher Cicero coined the term *summum bonum* to designate the end good that we ultimately seek to realise (Cicero 1958; Klamer 2016). The distinction between means and *summon bonum* is important because, when understood as a means, there is less hindrance to trading one good for another so long as realization of *summum bonum* is not compromised. An artist may be unconcerned about whether their work is valorised in the market or government spheres so as doing so allows them to continue with their art making, to support a family, and so on. In this regard, art practice geared towards market or governmental valorisation of art functions as a means.

A practice that is directed towards the realization of *summum bonum*, a practice where the ideal that is strived for is inherent to the practice itself, can be referred to as a *praxis* (Klamer 2016). For example, instead of just being the tool to realise the ultimate goals of aesthetics or freedom, the practice of art can be realization of those very things. Where art is a *praxis*, the necessity to valorise work in multiple spheres can be the very thing that hinders achievement of art as an end in itself.

The solution seems easy, and in a way it is. If you perceive valorising art in the oikos or another sphere will limit realization of the *summum bonum* of art, you may consider avoiding the valorisation of art in that sphere. Both Tracey Emin and Ian Fairweather tried just that. But if you hold other personal goals directly linked to the sphere you're otherwise seeking to avoid, then compromise on some level is unavoidable. Perhaps the main difference of comprise where art is a praxis is that the stakes of poor choices are higher.

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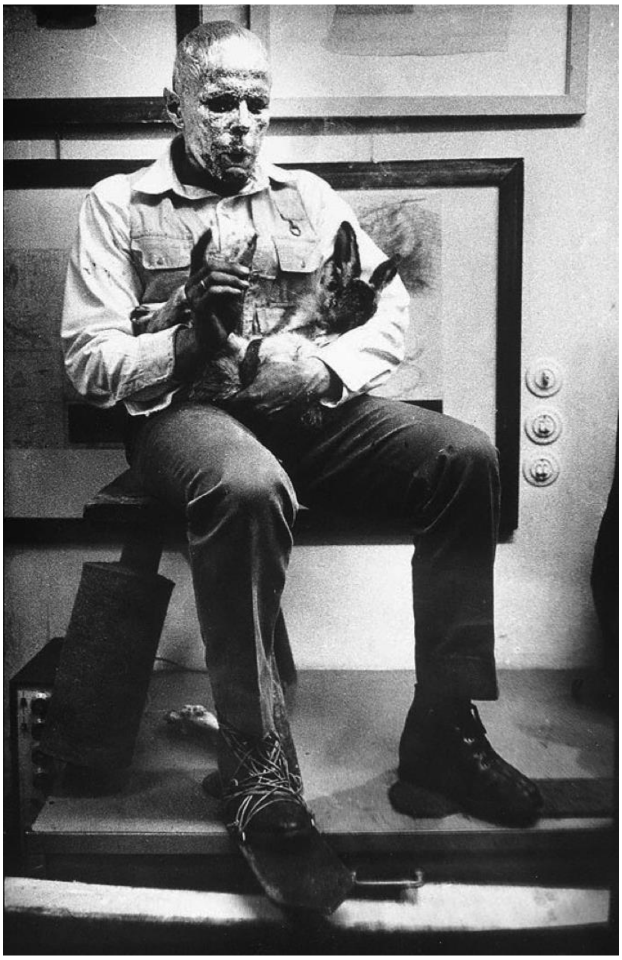

Exhibit 3: Beuys during his action How to Explain Pictures to a Dead Hare (Wie man dem toten Hasen die Bilder erklärt), Schelma Gallery, Dusseldorf, 26 November 1965

EXPLAINING FINANCE PIECE

Invite 10 artists to a meeting room in a luxury hotel.
Ask the artists to wear name tags.
Invite three investment bankers (no name tags) to explain risk theory in relation to the securitization of intangible assets.
Bankers leave.

6 Conclusion

Four and a half years after beginning my doctoral studies, I have to ask whether I am closer to understanding the issues I set out to resolve: the natures of careers I've worked in, the exchanges between them, and what I have fundamentally exchanged in moving from one to the other. The academic approach follows a particular system of inquiry, so the findings that have emerged are necessarily influenced by this. I am also aware that my connection to art and finance has changed through my gradual emersion into academia and its set of values. While I realize there are many aspects of art and finance that have yet to be explored, piecing together the final stages of this exploratory research gives me the sense I have achieved a degree of resolution.

Beyond personal reasons for undertaking this study, I believe that the themes investigated are important to understanding the changes currently taking place in art and finance, and the challenges these bring for participants in each. By extension, the study provides record of western art and finance's social role in the early 21st century. In studying artists' and bankers' choice process, I have also sought to roll back many of the assumptions underlying dominant theories of choice to provide a reasoning-based insight into this process. In doing this, I have attempted to account for the role that institutional and relational structures play in shaping the choice process, something I am all too familiar with. Bringing these elements together, the study makes the argument that there are grounds for a conceptual shift in how art and finance are understood.

Through four papers that reflect on nature of value and personal values, this study has sought to resolve several key questions concerning the contemporary nature of art and finance. Noting that art is increasingly accused of market complicity at a time when the objectivity and traditional function of finance is being questioned, the first paper set out to examine whether the natures of art and finance have shifted to fulfil a common 'speculative' social role, and what the implications of such a shift might be. The second paper took up the issue of aesthetics in finance by asking whether the finance's gradual aesthetization over the last 40 years amounts to more than instrumental application of aesthetics (i.e. 'aesthetic capitalism'). By responding to questions that relate to specific values that occur in art and finance, the first two papers evaluate their relationship from the perspective of *what* gets valued.

The third and fourth papers shift the focus from the qualities of goods to *why* producers of art and finance make particular value choices. There is evidence to suggest that choices in art and finance are influenced by moral norms concerning how value should be measured and exchanged. The third paper picked up on this theme to explore valuation morality and ask how can we best model the impact of valuation morals on choice in art and finance. The fourth and final article continued the investigation of professional choice. For the vast majority, myself included, it is necessary to valorize what we do for a living in multiple spheres, not just in the specific area we work. Focusing on a very real issue for artists, and something that I have had to contend with, the paper asks how choice is navigated when valorization in one sphere impacts or clashes with valorization in others.

The conclusion that follows is structured in a fairly standard manner. I set out the principle research findings, theoretical and practical implications are discussed, I comment on the limitations of the research, and future direction for research are suggested. But in covering these aspects, I have also attempted to write a conclusion that pieces together a personal account of what I have discovered.

6.1 Findings

Why so many young people choose to take an education in the arts or, like me, quit their day job to pursue an arts related career is often put down to poor information, biased expectations, or difficult to observe cultural returns. Why so many people risk a significant amount of their resources on financial products that are often poorly understood is typically explained by the prospect of economic compensation, as well as the somewhat contradictory rhetoric of 'financial responsibility' in the face of governmental retreat from service provision (Montgomerie & Williams 2009). Neither of these explanations quite matches my experience of what drives art and finance participation, and this in turn motived the first article, 'The speculative social role of art and finance'. Two key findings emerge from this article. The first is that, in addition to traditional values associated with art and finance, both fields are now valued for their ability to facilitate acts of speculation. The second finding is that, despite the merging of art and finance with respect to their speculative value, both fields continue to rely on generating other values, and hence difference, for their survival. As someone who has participated in these two abstract fields, this finding resonates with my own experience and motivations.

The second article, 'Less hostile (financialized) worlds', investigates the diverse aesthetic qualities of contemporary finance, many of which did not exist 40 years ago. Two key findings emerge. The first is that finance has become a transdisciplinary field, which among other qualities incorporates aesthetics valued for their own sake. On this basis, the premise that aesthetics fulfil only an instrumental role in finance is rejected. Secondly, with the aestheticization of all fields, finance included, I find that art is facing increased pressure to define its role. Art has several possible options, however a clear position is yet to emerge. This finding is perhaps less surprising for art, but looking back to my initial impressions of finance it becomes very clear that aesthetics are an important drawcard to financial participation, for both professional and amateur alike.

Moving to artists' and bankers' choices, and how they are influenced by moral norms guiding valuation of goods, the third article, 'Valuation morality and choices', draws two key findings. The first is that artists and bankers employ a range of instrumental and non-instrumental forms of reasoning in the course of their professional decision making. The question of how to value goods is an area particularly prone to moral consideration and, as such, is an area prone to non-instrumental forms of reasoning. The second finding is that although we can modify rational choice theory for valuation morals, such models are unlikely to be a good reflection of actual choice because they fail to account for the non-instrumental reasoning that occurs. Consequently, neo-classical theories are prone to misrepresenting the way we conceive of value and act on it. This rings particularly true of art, where successive attempts to model behavior via rational choice theory never really make sense nor really succeed in explaining why artists do what they do. Accepting that artists also make choices from non-instrumental reasoning means much of what is otherwise thought of as irrational behavior is in fact a type of rationality without the calculative aspect. This matches my experience of art and my impression of the choice logic used by others.

The fourth article, 'The valorization of art: what artists are up against', examines the navigation of choice and compromise from the artist's perspective. Two key findings emerge. The first concerns the relationship between the spheres where artistic valorization occur and one's view of the power structure of the arts. Try as they might to focus on valorization in the cultural sphere, artists are inevitably forced into other spheres of valorization (market, governmental, social, and the home) to sustain their practice. We (the authors) find that rather than any common power structure within the arts, it is the individual process of valorization which determines an individual-specific understanding of how power is distributed. The second finding concerns the nature of artistic compromise. While much emphasis is placed on compromise that occurs when artists are forced to valorize their work in the market, we find that other spheres necessitate equal if not greater compromise. This second finding has personal resonance as someone who works as an artist in Norway. With a relatively shallow market for art, artists readily embrace public grants and subsidies. But they also become beholden to the institutions, committees and processes that become necessary elements to valorizing art in the governmental sphere. It is interesting that there remains significant resistance to the market by many who have relatively little experience of it, and when it forces the artists to then surrender time and independence to the governmental sphere.

6.2 Theoretical implications

Putting the different findings together, this study contributes to the broader theoretical landscape by challenging some existing ideas concerning art and finance. Specifically, this section discusses the theoretical implications of my findings in relation to three themes: i) multiplicity of values in art and financial goods, ii) non-instrumental reasoning, and iii) the meaning of incomparable values.

The study challenges the idea that art's relationship to finance can be accurately reduced to either of the 'hostile worlds' or 'nothing but' theories. The traditional characterization of art's relationship to the market implies art's value is either intrinsic or instrumental, while finance's values are purely instrumental. In fact, none of these descriptions of art and finance are correct. As my research on the speculative and aesthetic values in art and finance indicates, art and finance are comprised of both intrinsic and instrumental elements. My findings therefore challenge several theories concerning art's positioning in relation to finance. Most obviously, the potential for art and finance to borrow elements from each other in a non-instrumental manner challenges older theories of art's autonomy and separateness from the economy, including those of Kant (1790) and Adorno and Horkheimer (1949). But it equally presents a challenge to more recent work by cultural economists (for example, Throsby 2001) who are inclined to associate cultural value as the domain of traditional cultural goods. By suggesting the aesthetic qualities of finance fulfil more than an instrumental function, I also deviate from recent work on aesthetic capitalism that looks to frame aesthetics in commerce as an instrumental phenomenon (Boltanski & Chiapello 2005; Murphy & de la Fuente 2014).

By proposing there is greater overlap between the range of values produced by art and finance's goods, this study draws attention to the weakness of binary understandings of art and finance in a manner similar to Zelizer's (2005) rejection of the 'hostile worlds' and 'nothing but' theories. However, where it differs from Zelizer's theory of 'connected lives' is that she is primarily interested with the compatibility of money in areas that are traditionally seen as off-bounds to commerce. Rather than focusing on monetary or other form of economic value, my analysis highlights the presence of non-economic values in areas where they might not be expected.

This study's second theoretical implication flows from my argument that understanding value requires more than knowledge of preferences and observations of the ways that goods are used. The problem with this approach, I argue, is that it provides no insight into why goods are desired. This stands in contrast to neo-classical economics which says we need not concern ourselves with questions of 'why', as knowledge of preferences is sufficient for understanding value and choice behavior. However, as discussed in the paper on valuation morals, professionals in art and finance make choices from both instrumental and non-instrumental reasoning, and so the standard economic approach only reveals a partial picture of value.

To account for the impact of non-instrumental reasoning on value, I argue there is a need to examine the reasoning behind choices. This positions my research at odds with the economics of the arts and financial economics approaches, both of which assume choice (and value) corresponds to utility maximization and instrumental reasoning. By deviating from financial economics, and valuation methods such as discounted cash flow modelling, this study aligns with the emerging theories of value from critical finance studies. My research also aligns with cultural economists working with the value approach (see Dekker & Klamer 2014; Klamer 2016), as well as economic sociologists who consider assessment of reasoning a necessary step in the modelling of choice and value (see Boudon 2003; Manzo 2013). The finding that it is necessary to investigate reasoning as part of an assessment of values also connects my research with more recent work that suggests the need to look 'beyond price' (see Throsby and Hutter 2008; Beckert and Aspers 2011). Where priced valuation has the potential to be a result of moral reasoning or social norms, price needn't reduce to indicator of economic value.

This study's third theoretical implication is an extension of the second. Cultural economics has done much work in calling our attention to different values that are poorly reflected in economic measures. My research does not dispute this, but it says the core issue of non-comparability may not derive from differences in the benefits we get from consuming goods, or the fact we measure value using different metrics. Where goods are consumed because they ultimately serve as a means for increasing the agent's (broadly defined) satisfaction, then although goods may be valued in different ways, they will be comparable in utility terms. I argue that incomparability implies the reasoning behind value differs such that a utility based comparison can't be made. By arguing incomparability implies at least one good is reasoned from a non-instrumental form of reasoning, this research refines work done on different forms of value in cultural economics. In particular, my findings deviate from Throsby's (2001) view that value diversity can be nevertheless captured in preferences, as this would imply reasoning is limited to an instrumental logic. Again, my findings here align with theoretical work that calls our attention to non-instrumental reasoning associated with consumer choice.

6.3 Practical implications

As a personally motivated project, I would like to begin with a brief discussion of the personal meanings of these findings as an artist and cultural researcher. This will be followed with a discussion of the broader social implications of the research findings.

In view of this study, it is difficult to dismiss the idea that I have been attracted to art and finance because of their 'otherness', their degree of separation from the weight and accountability of ordinary society. Each in their own way is able to bi-pass traditional notions of value through the qualities of hyper-reality and self-reflexivity. Although there are problems with this kind of value detachment, it is certainly a liberating quality for those involved. Undoubtedly, financialized capitalism has been so successful because of this very promise. Just as important as the ability to work in a field unencumbered by 'fundamentals of value', the potential to follow an idea and display a degree of blind believe is something that has attracted me to both fields. Nevertheless, the change I sought and made in moving from finance to art is reflective of an important difference between the two. As became apparent in my study of valuation morals, there is a discernable difference between art and finance in terms of the basis of the reasoning behind choice – artists are more likely to employ non-instrumental reasoning, and they experience more collegial support in doing so.

My choice work to as an artist, and why I hope to continue this practice, has something to do with the breadth of moral reasoning in of art that I sense is not replicated to the same degree in finance. Despite finance moving towards art in the areas of aesthetics, speculation, and social autonomy, I believe the difference with respect to reasoning mean arts' 'differentiation' and social role remains intact. If this becomes an important distinguishing feature of art, then efforts to (re)instrumentalize art as a solution to funding pressures may be particularly damaging for art.

Despite my overall philosophical approach to research which attempts to avoid generalized epistemological resolution, some broader social implications of the findings can be identified. I have grouped these into four themes: institutional presentation of art, public awareness of finance, arts subsidies, and regulating finance's excesses.

At the risk of repeating what is written in the concluding sections of the first two articles, art's sharing of a speculative and aesthetic function with contemporary finance has impeding implications. From the museum's perspective, there is scope to go further in the current trend away from presenting the institution as 'authority' or 'conveyor of knowledge' in favor of embracing the museum as site that facilitates experience of the unknown. Such a move would realign the institution with a more accurate representation of contemporary art, it would encourage audiences to engage with art on a speculative level, and perhaps remove a false belief that art is only for the 'knowing' elite. The other institutional area potentially impacted by these findings are art schools and academies. In continuing to present 'hostile worlds' view of art and the market, I argue that educational institutions present neither an accurate representation of contemporary art nor the market. If 'truth', self-reflection, and diversity of thinking are considered important for the contemporary artist, then there are grounds for greater discussion of how and where art and the market intersect, and what this really means for art.

My claim that people engage with financial markets for reasons other than generating economic return raises the question as to whether there should be some effort to protect non-professional participants from the more harmful effects of such activity. Particularly where financial trades are driven by the desire to speculate on 'something', or where the participant seeks aesthetic experience, there may be grounds for intervention to limit participant's risk of financial harm. Similar to informational warnings provided to gamblers, public agencies might conclude they have a duty to provide non-professional financial participants with information that helps them reflect on the non-economic reasons for their choices.

In Norway, where I live, the average income of artists fell over the seven years between 2008 and the most recent survey in 2013. This issue has not gone unnoticed. Facing possible future funding cuts, there is a rising sense of urgency in the discussions between artist groups, cultural researchers, and the Norwegian Department of Culture over how this trend might be reversed. This current situation is typically explained by pointing out that in response to increased demand, educational institutions have expanded their arts course offerings with the result that there are too many people are being educated in artistic fields (Heian et al. 2015). Why demand has increased seems to be a less discussed issue. However, others suggest that arts subsidies are contributing the excess supply of artists and the corresponding low wages (Abbing 2002). My research suggests that if there is to be concerted effort to raise artist incomes though a mixture of grant restructuring, initiatives to grow the private market for art, and other means, then policy makers cannot rely of neo-classical economic models for predicting how artists will respond. Because the artistic choice is susceptible to non-instrumental reasoning, there is a strong argument that, where called for, arts policy be aligned around cognitive modelling techniques.

Finally, in the wake of the 2008 financial crisis, banking regulators in the Europe have sought to reduce excessively risky behavior and short-termism via changes to the way bankers are paid. Under European Banking Authority (2016) guidelines that came into effect in 2017, EU bankers will receive only 20-30% of their bonus up front in cash, with the remainder paid over three to five years paid in cash and equity. This may well significantly dampen the sort of short-term behavior that is said to undermine financial stability. However, where financial behavior is also driven by moral norms directed towards finding and supporting a price, even where to do so is inherently risky, changes to banker's remuneration may alone be insufficient to change practices. The area certainly requires more study, but reducing financial risk might also require regulators to examine ways of responding to the culture and valuation morals in finance that prompt specific undesired behaviors.

6.4 Limitations and recommendation for future research

As discussed in the introductory chapter, the findings of this research must be understood through the lens of the edifying philosophical approach I have followed. As such, this study seeks to offer 'a' rather than 'the' truth, and that the nature of the study limits verification by scientific methods. This needn't be viewed as a weakness, but an attempt to accept an inherent quality of research in the social sciences. Nor does it mean that the researcher should avoid to strengthening theories with evidence. While I have attempted to build findings based on empirical support, the study is fundamentally of an exploratory nature. Therefore, a limitation of the research is the depth of empirical support. However, as in the normal course of exploratory research, this presents an opportunity for future empirical studies.

Another general limitation of the research is that several of the broader factors that are responsible for the converge between art and finance - including aestheticization, financialization, digitization, and valuation morals – impact a range of other social fields. Although I have attempted to draw attention to this, and in some instances argue why the factors have particular relevance to art and finance, the study has not had the scope to explore the broader social impact of these factors in any depth. Again, this limitation presents an opportunity for future research.

Although the articles are connected, future research directions are predominantly extensions of the individual articles. Given the theoretical nature of the research, the most obvious future direction would involve the empirical work to strengthen and build on the hypotheses I have developed. However, there is also scope for development of theoretical work that, for the sake of limited space, was not advanced in this study. A short summary of these areas follows.

The first article, 'The speculation social role of art and finance', develops the hypothesis that art and finance have begun to fulfil the common social role of speculative site. The second article, 'Less hostile (financialized) worlds', argues that aesthetics in finance needn't be purely an instrument for economic return, and that aesthetics in finance can function as a praxis. A natural extension to these articles would be to strengthen the findings via the collection empirical data from a wide range of participants in art and finance. In addition to testing for evidence of art and finance's speculative social function, and evidence relating to the function of aesthetics in finance, there is scope to investigate how participants in art and finance perceive each field to be changing in relation to its traditional social functions. For professionals in art and finance, it would also be interesting to elicit their thoughts on the implications of identified changes. Particularly for art professionals, it would be informative to develop a picture of how art is responding to the general aestheticization of all social fields, and whether there is a perception that art functions are in danger of being made redundant.

My investigation of the impact of valuation morals on choice, and how it might best be modelled, takes the reader through the theoretical issues that underlie the selection of a best modelling approach. This work naturally extends itself to future research that takes the theory through to a working agent-based model of choice for a given context. Such a model could, for example, be built to reflect the various factors that impact a budding artists' educational choice. In addition to checking how well such models reflect actual behavior, developing agent-based modelling will ideally produce a more meaningful picture of how valuation morals impact choice in the arts. Concrete evidence here may be sufficient to do away with the notion that artists require ‘psychic returns’ to justify their engagement in the arts.

Finally, there are several avenues for future theoretic work concerning art and its relation to finance. The second article was largely devoted to exploring the trans-aesthetic and how this manifests within finance. Baudrillard’s (1993) related concept, the trans-economic, was not explored in detail given limited space. As a concept that is quite different to commercialization, the trans-economic implies a separation between the fictional and the real economy, a situation where capitalism that has become virtual capitalism. Future research might flesh-out what this concept means for art and its relationship to finance. The other theoretical area that has potential for development concerns arts relationship to money. Jean-Joseph Goux’s (1990) theory of general equivalents, a role that an increasingly abstract money fulfils, can also be readily applied to art. Other such as Marc Shell (1995) have also drawn comparisons between art and money, and I feel there is further work to be done here, particularly as an extension to my doctoral research.

6.5 Conclusion

Despite their long relationship, and their increasingly intersecting qualities, to suggest art and finance’s relationship is anything more than one of mutual instrumentality remains a baffling suggestion for many. I have certainly experienced this reaction on multiple occasions while explaining my doctoral work. Both fields continue to retain a degree of autonomy, but by comparing them in terms of their current and emerging social functions, as well as their behavioral norms, art and finance are indeed much more closely intertwined than conventional theory holds. Moreover, a great deal of the convergence has occurred over the last 40 years. Because of the speed of change affecting finance, it is too early to know how far their convergence will go. In this context, I now realize my transition to art was much shorter and more natural that I or others realized at the time.

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7 Abstract in Dutch

Volgens velen overlappen de kunstwereld en financiële wereld maar voor een klein deel; financiers zien kunst als een statussymbool, terwijl de kunstwereld de financiële wereld nodig heeft voor financiering of als tegenpool waartegen kunst zich kan definiëren. Mijn project onderzoekt of er meer is tussen de kunstwereld en de financiële wereld dan een symbiotische relatie door te onderzoeken of de bestandsdelen van hedendaagse kunst, en de keuzes van degenen die daar bij betrokken zijn, op een hoger niveau net als de keuzes van de financiële wereld zijn en omgekeerd.

Vanuit een besef van de beperkingen een economische en culturele analyse van de waarden, gebruikt deze studie een interdisciplinaire aanpak met specifieke aandacht voor de context waarin ruil plaatsvindt. Door dit te doen bouw ik voort op de methodologieën van economische sociologen zoals Viviana Zelizer en op de ‘Value Based Approach’ in culturele economie. Het tweede deel van de vraag beantwoord ik door de logica te onderzoeken waarmee keuzes in de kunstwereld en de financiële wereld beredeneerd worden.

Ik beargumenteer dat de evolutie van kunst en financiering naar een grotere abstractie en de toenemende potentie van de financiële wereld om zich los te maken van de ‘echte economie’, ervoor zorgt dat beide onderzoeksvelden steeds meer gewaardeerd worden voor hun speculatieve functie. De omarming van esthetiek door de commercie sinds de jaren 70 komt tot uitdrukking in instrumentele termen: esthetiek genereert geld. Echter, er zijn vele mogelijkheden hoe de hedendaagse financiële markt een niet-instrumentele esthetische functie vervult en daarbij veel karakteristieken deelt die algemeen geassocieerd worden met de kunstwereld. Door de keuzes te onderzoeken, kunnen we vaststellen dat beide onderzoeksvelden beheerst worden door normen die bepalen hoe valuatie ‘moet’ gebeuren; geld is de norm van financiële handel, terwijl de norm in de kunstwereld juist is om de rol van geld te limiteren. Snappen dat de redenering achter deze normen niet noodzakelijk reduceert tot een gelijksoortige logica, leidt tot de constatering dat de verschillende normen van valuatie fundamentele verschillen aangeven tussen beide onderzoeksvelden. Als laatste, keuzes in beide onderzoeksvelden kunnen vergeleken worden door de verschillende sferen van evaluatie die een kunstenaar en een bankier moeten doorkruisen, te onderzoeken. Als we de vijf sferen van Arjo Klamer hanteren, wordt duidelijk dat de keuzes van kunstenaars en bankiers onvermijdelijk botsen. Het is dus logisch dat kunstenaars strategieën, gereedschap en taal van de bankiers gebruikt. Het onderzoek laat zien dat de kunstwereld en de financiële wereld verschillende sociale werelden blijven, maar dat ze veel meer overeenkomsten hebben dan gewoonlijk erkend wordt.

8 Abstract in English

For many, art and finance intersect at the edges; finance associates with art as a tool for signaling status or providing legitimization, while art relies on finance for funding or as an opposition against which art can define itself. By asking whether there is more to the connection between art and finance than a symbiotic relationship, my project investigates whether the properties of contemporary art, and the choices of those involved, mirror those of finance on a more profound level, and vice versa.

Recognizing limitations of analyzing value from either an economic or cultural framework, art and finance are analyzed using an interdisciplinary approach with attention to the context of exchange. In doing so, I draw on methodologies of economic sociologists such as Viviana Zelizer, and on the value-based approach in cultural economics. In answering the second part of the question, I investigate the reasoning-logic behind choices in art and finance.

I argue that the evolution of art and finance towards greater abstraction, and finance's increasing potential to detach from the 'real economy', is causing both fields to be increasingly valued for their speculative function. Commerce's embrace of aesthetics since the 1970s is commonly understood in instrumental terms: aesthetics generates money. However, there are numerous ways that contemporary finance fulfils a non-instrumental aesthetic function, and in doing so shares many characteristics commonly associated with art. When we examine choice, both fields can be delineated by norms governing how valuation 'should' occur; money is the norm of financial exchange, while limiting money's role is a common norm in art. Understanding that the reasoning behind these norms needn't reduce to a consequential logic, the different norms of valuation can indicate fundamental differences between both fields. Finally, choice in both fields can be compared by examining the different spheres of valuation that artist and banker alike must navigate. Using Arjo Klamer's five spheres of valuation, we conclude that artist's and banker's choices inevitably collide, and so it isn't surprising that artists borrow from finance strategies, tools and language. Collectively, the research argues that art and finance remain distinct social fields, but that they have much more in common than is typically recognized.

9 About the author

Peter Booth (1973) studied economics (BComm Hons., 1996) at Melbourne University, finance and economics (MSc, 1999) at the London School of Economics, and fine art at the Queensland College of Art (BFA, 2005) and the Oslo National Academy of the Arts (MFA, 2009).

He began his professional career working in management consulting in Sydney and, after completing further studies in the UK, went on to work in investment banking in London. After a career shift which saw him take a visual arts education in Australia and Norway, he has worked as a professional artist since the mid-2000s, primarily within the sculpture medium. He has exhibited work in Norway, Australia, Japan, Germany and the US, and continues a studio practice in Oslo where he lives. He currently teaches cultural economics at Oslo and Akershus University College of Applies Sciences, and works part-time as researcher in the Centre for Creative Industries at BI School of Management. He has previously taught art theory at Oslo National Academy of the Arts, and economics at Queensland University and Queensland University of Technology.

In August 2013, he started his PhD research at the Erasmus School of History, Culture and Communication. In connection with this, he has published articles on the speculative value of art and finance, and, with professor Klamer, co-authored a book chapter on artist choice, spheres of valorization, and compromise. Other than working as artist and teaching, he is currently involved with a research project financed by the Norwegian Arts Council investigating the impact of digital technologies on the arts.