

Any time there is an exchange, both the buyer and the seller are made better off. If a potential trade would hurt either the buyer or the seller, that party would simply decide not to make the trade. When a patron pays an artist for a piece of work, it is obvious how the sale of the art enriches the artist. He earns his livelihood by selling art. What is a bit less obvious is how the patron gains from buying the art. In the 1400s, during the Renaissance, there was an obvious benefit for the patrons and a less obvious one. The obvious benefit is that the patron could enjoy the art that he purchased. To understand the less obvious benefit for patrons, we need to turn to behavioral economics.

In his book, *Predictably Irrational*, Dan Ariely discusses how there are two sets of norms that guide our behavior. First, there is the market norm. We operate in this setting when we go out to eat at a restaurant. We pay for our food and both the restaurant and the customer behave in a way dictated by market norms. Once the customer pays for the meal and leaves, neither the restaurant manager nor the customer feels any further obligation toward the other.

In contrast, the second type of norm is a social norm and it dictates how we all act in social settings. Let me use one of Ariely's examples to illustrate. When a man's fiancé invites him to have Thanksgiving dinner with her family, he cannot pull out \$20 and attempt to compensate the host for a wonderful meal. The future mother and father in law would be insulted. However, instead of bringing a \$20 bill, the man can bring a gift to the dinner. For example, he can bring a bottle of wine to show his appreciation for the invitation. People give gifts to each other to build up good will and this good will allows them to ask for favors in the future.

During the Renaissance, the Medici family, who were rich bankers and political rulers of a sort in Florence, bought art that they gave away as gifts. The family gave the city gifts to earn their goodwill, which was important for rich people living in a city where they were vulnerable to attack. In contrast, the rich nobles in Northern Europe usually lived in rural castles, which provided them with a good deal of protection, so these nobles did not need to ensure their own safety by generating as much goodwill among their citizens. The Medici family also gave gifts of art to foreign rulers and to important families as a way to build goodwill, which could be beneficial in various future political struggles. In our current century we appreciate art for its beauty, in the 1400s art helped patrons attain political ends.

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