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Droit de Suite: A Moral Crisis

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Abstract
Droit de Suite (DDS), or the Artist's Resale Royalty, is a law enforced in the European Union that requires a royalty fee to be paid to an original artist every time a painting is resold. Those in favor of a royalty believe that an artist should be able to take part in the success of his or her work after the first sale, as pieces often appreciate significantly in value in subsequent sales. A study on the effect of DDS on markets can show whether this law is an appropriate response to the moral issue.

This paper features unique data of Post-War and Contemporary paintings sold between 2004 and 2015 by Christie's. This paper measures the effect of DDS on the art market by tracking the displacement of sales and a depression in prices. I estimate an equation predicting art prices, and then I examine the effect of DDS on this equation. My results suggest that, first, provenance significantly contributes to value; second, that there is evidence of the "afternoon" effect in art auctions; third, that DDS may impact works of lower value negatively; and, finally, that DDS does not affect the very high end of the market. These results enforce the theory that a royalty affects the lower end of the market, while expensive works absorb the cost of the royalty.

Introduction

The story of Droit de Suite (DDS) often begins with artist Robert Rauschenberg's notorious outbreak at the Sotheby's auction house in 1973. Rauschenberg watched Robert and Ethel Scull, who had purchased his work *Thaw* for $900, resell it for $85,000. Afterwards, Rauschenberg himself approached them angrily and said that he had done the work while they had reaped the enormous profits.

The Scull's sale of their collection was not merely a sale by a couple who had depleted their funds; it represented the financial value and liquidity of art. Collectors could directly see their art purchase as a consumption good but also as an investment or a claim on future wealth. Here, I examine the question of who is entitled to acquire these incredible returns. DDS attempts to shift those returns to the artist by shifting property rights from the owner to the artist.

Even before Rauschenberg's furious reaction, France had laws attempting to protect artists. DDS originated in France in the 1920s. DDS, also known as the Artist's Resale Right, grants a percentage of resale revenue to the original artist. Therefore, each time a painting is resold by an art market professional, the original artist holds the right to receive a portion of the total sale price.

The law has been in effect in many countries over the past few decades, though specifics in the law and levels of commitment vary. The law was passed across European Union countries in 2001 and came into effect in 2006 for living artists. In 2012 DDS was extended to cover 70 years after the artists' deaths. The artist also must be an EU national or resident. Although a royalty has not been adopted by the US, legislatures have debated the law time and time again.

The issue of a resale royalty was first raised on moral grounds. Those in favor of a law applicative to the visual industry believe that an artist should be able to take part in the success of his or her work after the first sale, where works often appreciate in value. Although the law is meant to benefit artists, a study on the effect of the royalty on markets can show whether this law is the correct response to the moral issue. The impact on the art market reveals whether a royalty financially benefits artists or actually depresses the markets by decreasing prices and displacing sales. To study this effect, I will compare the Postwar and Contemporary paintings market in London, New York City, Paris, and Amsterdam. The first portion of this paper will focus on the movement of sales across cities as sellers attempt to evade the law, and the second on the depression of prices in markets subject to DDS.

Previous Literature: Analysis on Movement of Sales and International Competition

Although the moral motivation behind DDS is sensible, many argue that a resale royalty may not be the solution. The primary concern in the EU is that there would be a diversion of sales to other countries without a royalty, such as their main competitors US and China. The British Art Market Federation (TBAMF) has recently (2014) focused on the economic impact of DDS by tracking the movement of sales. When looking at the market for EU living artists who would be subject to DDS, they found a decline in growth relative to the US and Chinese markets, both of

which grew rapidly after the 2009 art market crash. A simultaneous decline in other EU countries suggests that the British slump is correlated with growth in non-DDS countries (McAndrew, 2014, p. 13). Additionally, the EU "Heir's Market" (deceased artists up to 70 years after their death), shows even more dramatic movement. In 2011, the U.K was the largest market in the heir's sector. A year later, when the law began to cover deceased artists, the U.K experienced a contraction of 19% while the U.S witnessed growth of 36%, and China 73% (McAndrew, 2014, p. 15).

TBAMF further tracked market displacement by focusing on markets for different periods of art. Since the artists of the Post-War and Contemporary Art market are more likely to be alive, the sector is most directly affected by DDS. Between the years 2010 and 2013, sales for Modern and Post-War and Contemporary art (by artists born after 1875 in this study) declined while Old Masters, Impressionists, and Post-Impressionists either gained or remained stable (Art Economics, 2014). Meanwhile, the US and China's shares of Post-War and Contemporary art have grown after 2009. Market trends show that the UK's status as an international art hub is declining. The weakening of markets that are associated with DDS and the stable condition of other markets provide reason to believe that DDS is correlated with the diversion of sales.

Previous Literature: A Theoretical Analysis

A key argument against DDS is that it would result in a reduced price upon every sale of a work liable. Randall K. Filer (1984) composed a theoretical analysis of DDS where he explained that ownership of art is equivalent to ownership of a bundle of property rights (p. 13). When there is a royalty imposed, the buyer of art receives only a portion of the property rights, while a percentage remains with the artist. Therefore, the price of the work will decrease accordingly, and the artist trades current income (the loss incurred initially) for future income (the gain from the

royalty). The buyer is also placed in a substandard position, since he or she will only receive a partial bundle of property rights. The resale royalty may actually place the artist at a disadvantage because the future gain is not guaranteed and is dependent on resale. The Coase Theorem of economics states that consumption decisions are independent of the distribution of property rights, that it relies on buyers and sellers bargaining over rights (Filer, 1984, p. 18). Legislatures believe that non-transferable rights protect artists given their inferior bargaining power. DDS makes it impossible for artists to sell their rights even if they wanted to.

Victor Ginsburgh (2006) explains that DDS would force the artist to invest in the future success of his work, and if faced with the choice, the artist may choose *not* to opt in for a royalty (Ginsburgh, 2006, p. 63). A loss in current income may lead to artists quitting, consequently defeating one of the original purposes of DDS—to encourage creativity through economic incentives. Furthermore, artists who would opt in are more likely to be established artists who already know the marketability of their work. Therefore, DDS tends to favor more established artists as opposed to lesser known artists (p. 70).

Previous Literature: Empirical Work

Although economic theory and market trends develop a case against DDS, there is a lack of empirical evidence. Nauro F. Campos and Renata Leite Barbosa (2008) point out that it is difficult to precisely study the art market using economic models. There are important differences between art products and other commodities. Art is a unique product because it performs similarly to the behavior of financial assets while also acting as a consumption good. Paintings are frequently resold and therefore can be viewed as “a store of wealth or capital gain” (p. 28).

Campos and Barbosa also point out that it is difficult to study the pricing of art because art is a heavily differentiated product in comparison to other commodities (p. 31). Even if two works seem to be copies, art depends on time and place relationships that make every creation singular. Works of art typically appreciate in value due to characteristics beyond the physical piece, such as provenance, attributes related to the previous ownership, and origin of the work. By applying hedonic price models to art, Campos and Barbosa found that provenance is in fact significant when pricing art (p. 46). These variables include whether a work was exhibited, included in an art book, whether it was from a public or private collection, and whether it was included in a catalogue raisonne. Campos's and Barbosa's primary critique of electronic databases is that they do not include such variables, therefore making price models vulnerable to heterogeneity and omitted variable bias.

Despite Campos and Barbosa's argument respecting the difficulty of empirically measuring the price of art, Chanont Baternghansa and Kathryn Graddy (2011) studied the impact of DDS on auction sales by studying such sales in the years leading up to the law's implementation (1997 – 2007). They compared relative changes in countries that have a resale royalty fee (i.e. France and Germany), and countries that do not (i.e. US and Switzerland). They split the sample between works liable in the UK and works that were not. They regressed the natural log of price on various attributes, country fixed effects, and time dummy variables. When looking at the change in price in the UK relative to the change in non-DDS countries, they found that the average price growth per year in the DDS countries yielded positive results (p. 91). Therefore, Baternghansa and Graddy conclude the law had no effect. The only instance in which they found a depression in prices in the works liable to DDS was when splitting the sample between artists below the age of 65 and above (p. 94). This outcome is consistent with the idea that DDS is lowering the price of

paintings by younger artists at an auction. Baternghansa and Graddy's results may be understated because they only study the years before and after the directive in 2001, as opposed to the law's implementation in 2006.

Data

This study focuses on the international art market because of the lack of transparency in the primary and secondary market. The international market boasts the sales of the most established artists and "master" works and functions exclusively on the auction level. It is dominated by Christie's and Sotheby's auction houses; together they hold 42 percent of the global art auction market (Baker & Kaakina, 2015). The latter markets consist of both lesser known artists and established artists sold by gallerists. Although the primary and secondary markets also fall under the jurisdiction of DDS, sales information from galleries are protected due to client confidentiality. Moreover, it is well known among art dealers that money alone cannot buy the best art. Aside from producing profit, dealers prioritize developing and maintaining the reputation of an artist. For example, a dealer may sell at a lower price to a more esteemed collector because the collector adds value to the brand of the artist. Since this phenomenon is impossible in an auction house, the international market is less susceptible to such confounding events.

Art auctions practice ascending price format, in which bidding starts low and the auctioneer subsequently calls out higher and higher prices. The work is finally sold at the "hammer price." If the work does not exceed the reserve price, the work is said to be "bought in" and is not sold at that time. Works are sold in "lots," typically one work per lot. This dataset only includes lots that were sold.

This paper features auction data from the Christie's salesrooms in New York City, London, Amsterdam, and Paris between the years 2004 and 2015, and comprising about 1500 paintings randomly selected from 5970 observations from the Artnet database. In addition to the data from Artnet, more extensive research on the provenance of each painting is hand-coded directly from the auction catalogue produced by Christie's before the sale. The buyer has access to all information in the catalogue prior to the sale. While Baternghansa and Graddy only include the physical and easily observable characteristics of art such as size and medium, the hand-coded data applied here reduces exposure to omitted variable bias by including provenance variables similar to those outlined by Campos and Barbosa.

The time period used here, 2004-2015, is also expected to better reflect the impact of the law in comparison to Baternghansa and Graddy, who studied 1997-2007. Although their data set offers a longer period and larger sample size, they only measure years before and after the directive in 2001 with the expectation that buyers will adjust their demand in anticipation of the actual passing of law in 2006.

I have restricted the dataset to minimize price heterogeneity, by limiting the dataset to paintings. Within paintings, I focus on Post-War and Contemporary art as it is most relevant to the law, because the artists are more likely to be alive or recently passed; the Post-War movement began around 1945 and the Contemporary follows until the present. Major Post-War and Contemporary art sales occur in various cities typically twice a year, summer and winter. Rather than use seasonal dummies to control for seasonal price variations, this paper is restricted to winter sales because winter offers the most consistent Post-War and Contemporary auctions across the four cities; New York City, London, Amsterdam, and Paris all had yearly winter sales. In addition,

works that were resold in a Christie's winter auction room were eliminated. There were ten such paintings.

Although New York City, London, Amsterdam, and Paris follow similar timelines in Post-War and Contemporary winter auctions sales, Paris and Amsterdam sales deviate slightly. Amsterdam only began Post-War and Contemporary art sales in 2009. Prior to 2009, the data set includes the auctions called "20th Century Art" (20th century art additionally includes Modern and Impressionist art). Since the works comprise more paintings by artists who died more than 70 years before the time of sale, the results in Amsterdam may be understated. Paris data show the reverse. Starting in 2010, sales in December only included auctions labeled Contemporary Art. As a result, the data set includes more recent works and younger artists.

In addition, the cities' variation in law may produce interesting results. While the UK and the Netherlands follow similar timelines, France passed the law in 1920 and has allowed for compensation up to 70 years past the artist's death. Another discrepancy specific to Paris is that the law states that the burden must be borne by the seller rather than the buyer, therefore the buyer's decision is less likely to be affected. Also, the Parisian catalogue does not indicate works liable to DDS (Art Media Agency, 2012). Other than a short time period in the state of California, the U.S. has yet to adopt a law. Additionally, the highest relative number of sales in each country is that of the artist who shares their nationality. For example, London features the highest amount of British artists and therefore has a large set of lots liable to DDS.

Of the 1500 observations, NYC has the largest set in both sales and value as shown in Table 1. New York sales cover 533 and represent 54.0 percent of sales by value. The second largest market in this set and the third globally is the UK. London represents 346 of sales and 39.0 percent by value. These top-tier art centers are compared to smaller markets in Paris and Amsterdam. Paris

consists of 246 works and Amsterdam 311. The lower amount of sales is also reflected in the value of the works. Average prices are shown in Table 2.

Country	Number of Sales	Percentage by Value of Sales
NYC	533	54.0
London	346	39.0
Amsterdam	311	1.6
Paris	246	5.1

Table 1.

Country	Post - Directive 2004-2005	Post - Implementation 2006 - 2011	Post - Revision 2012 - 2015
NYC	527,811	676,834	1,032,311
London	181,782	541,600	1,720,844
Paris	53,315	144,558	246,673
Amsterdam	19,084	35,534	56,350

Table 2.

Cities' markets differ in their exposure to DDS due to the different average sales. Since, Amsterdam and Paris comprise markets with lower value sales, they are more likely to be affected by the law. DDS is expected to be absorbed at the high end of the market because the royalty cannot exceed £12,500 in the UK and is only 0.25 percent for works above 500,000, which is miniscule when looking at multimillion dollar sales (Banternghansa & Graddy, 2011, p. 83). The royalty is compared to a buyers' premium of 20% percent for sales between £50,000 and £1,000,000 at the Christie's London salesroom (a buyer's premium is the percentage of sale paid by the buyer to the seller in addition to the hammer price). Works of lower value are therefore more likely to experience a depression in prices. On the other hand, high value works are more prone to displacement of sales because of their exposure to international competition. A report by TBAMF (2011) showed that a royalty fee exceeds estimated shipping and handling costs for works above €40,000, diverting high value sales to non-DDS competitors (p. 14). This estimation is

understated because it does not include import taxes that would eventually be borne by a buyer in the UK.

Methodology

This study uses a difference-in-difference approach by measuring the impact of the changes in law in both 2006 and 2012 in the London and Amsterdam relative to Paris and New York City which feature steady policies. The methodology assumes common trend before the law implementation so that any change in London or Amsterdam markets can be attributed to the law. If the common trend is rejected the mean of the residuals will be nonzero. Using visual estimation the common trend holds for the full sample because there is no trend observed in the residuals. However, in the cheap and expensive samples New York City is trending downward. The negative trend of the main control series (New York) may make it difficult to detect any negative effect of the 2012 changes to the DDS law.

$$P_{itc} = \beta_0 + \beta_1 CHARACHTERISTICS_i + \beta_2 TIME_t + \beta_3 CITY_c + \beta_4 law06 + \beta_5 law12 +$$

$$\beta_6 Years06LAmLaw06 + \beta_7 Years12LAmLaw012 + \beta_8 Years06LAm + \beta_9 LAmLaw06 +$$

$$\beta_{10} Years06Law06 + \beta_{11} Years12LAm + \beta_{12} LAmLaw12 + \beta_{13} Years12Law12 + E_{itc}$$

The regression used here represents price regressed on various characteristics of the work for painting *i* at time *t* in city *c*. Art work controls include size, medium, subject matter and a dummy for "signed," which is expected to positively affect price (Table 3). A signed work of art indicates authenticity which is one of the largest risks when buying art. Other independent variables include provenance variables. The exhibited variables represent a scale for elite museums. If the museum was prestigious the "exhibited 2" dummy took a value of one. A work displayed at a lower leveled museum is reflected in "exhibited 1." Most of the data set is abstract,

consistent with the Post-War and Contemporary movements in which they were created. Also, the set of subject matter dummies are non-excludable because many works reflect more than one. For example, Andy Warhol famously painted in an abstract style, though his paintings resembled portraits and were clearly titled.

Physical	Oil, acrylic, canvas, size signed, portrait, still life, abstract, landscape, writing, animal
Auction Effect	Lot number
Artist	Dead
Provenance	Catalogue Raissone, artbook, exhibited1, exhibited2, private collection, public collection

Table 3. Variables

The impact of the law is measured by interacting the attributes of a DDS eligible work. These impact variables highlighted represent the time the law was in effect, whether the work was sold in London or Amsterdam ("LAm" is equivalent to the sum of the London and Amsterdam dummy variables), and an artist that was alive and European. Together, these characteristics make the work liable to Law06. Law12 is similar except it represents deceased artists. A positive estimated coefficient would indicate that those works liable for DDS price grow relatively more than the works that are not liable after the law is implemented. Conversely, a negative estimated coefficient would suggest that works subject to DDS are priced low relative to works not liable.

I estimated three versions of the model. I first estimated the model with the full sample size. Then, to test the the theory that lower value sales are impacted more heavily than larger sales, I ran two additional regressions for cheap and expensive works. The sample is split into "Cheap" for works less that 50,000, and "Expensive" for works that sold between 50,000 and 1,000,000. 50,000 dollars is chosen as the benchmark for expensive works because a royalty fee exceeds estimated shipping and handling costs for works above €40,000—approximately 50,000 dollars with the addition of import taxes. Therefore, a work of 50,000 dollars or more is predicted be more

vulnerable to being displaced and sold in a country without DDS. Works above 1,000,000 were excluded because of their small percentage relative to the sample size.

Results and Analysis

The results for the hedonic price models are depicted in Appendix 1. The first table represents the full sample size, the second "Cheap," the third "Expensive." The model for cheap works accounted for 26% variation in price, the most relative to other samples. The size of the painting remained significant in every model. These finding enforce an accepted theory among art sellers that larger paintings reap higher prices. However, the level of significance is smaller in higher value works revealing that outstandingly expensive paintings' success is due to attributes other than size.

A majority of the provenance characteristics hand-coded from auction catalogues show positive results. There is only one instance in which the "exhibited1" variable shows a negative contribution, but it is not significant. These findings support the idea that the variation in price of art works is not only due to the physical attributes of the work, but also due to the origins and previous market performance of the work. The only variable which maintains a negative magnitude is lot number. It is widely held that the later a good is sold in an auction, the lower the price. Campos and Barbosa (2008) test the "afternoon effect" in the Latin American art market and find significantly negative results for the lot number (p.48). This study shows similar results for the afternoon effect in the Post-War and Contemporary art market. In the model for cheap works, significance of lot number disappears and the negative effect reverses. This occurrence may be because works of very high value are usually sold within the first 100 lots.

The following model, shown in Appendix 2, tests the impact of the law by addressing the works liable through the interaction terms. There is almost no significance in these coefficients (highlighted), however, the discrepancy in magnitude between samples call for an examination. The full sample (labelled “all”) shows positive results and of extremely high magnitude which suggests DDS works sell for higher prices relative to non-DDS works in both 2006 and 2012. One possible explanation is that works of art by EU nationals sold in the EU earn higher prices because of the patriotic inclinations of buyers. A buyer may be willing to pay a higher premium in order to support a painting of their home country. When splitting the sample into cheap and expensive and excluding works over 1 million dollars, the impact changes. Years06LAmLaw06 remains positive but dramatically reduces in magnitude in the “cheap” sample while the “expensive” sample displays a negative magnitude. The coefficient on Years12LAmLaw12, representative of the period after the extension of the law to the heir’s market, loses significance when splitting the sample. The estimated coefficient in the cheap sample becomes negative. The sample for expensive works features a positive coefficient.

The impact of DDS in the UK may be understated in these results since the model does not account for anticipatory effects. In 2001 the directive was introduced and in 2006 it was implemented for qualified living artists. Since buyers were made aware of the impending royalty, it is possible that buyers may have already accounted for the economic impact prior to the implementation date in 2006. Although a collector in 2001 was not paying a fee, their willingness to pay may have been reduced since they would expect to sell the art work for less in the future should their purchased work be liable. Similarly, the law extension in 2012 was discussed prior to its implementation and may have affected the buyer’s decisions beforehand.

Baternghansa and Graddy (2011) also note that results may be understated because of the possibility of a future movement of sale. The law not only results in the buyer paying the royalty when purchasing the product, but, when looking to resell, the now-owner may also have to bear a depressed price. If a buyer plans on moving a work liable in the UK to the US after purchase, he or she only bears the impact once, and not in the following transactions (p. 86). The reverse is also possible. If a prospective buyer of a EU painting buys in the US but plans to sell in the UK, he or she may reduce their willingness to pay in anticipation of a future liability. The model used here does not account for this eventuality.

Although works of art by American artists sold in the EU are not liable, the effect of the law may spillover to works of art by American artists sold in London and Amsterdam. The impact variables used here depict the change in price relative to non-DDS works. If non-DDS works are also negatively impacted, then a negative result for DDS works may disappear completely from the impact variables. Lastly, the sample used only captures the very high end of the international market because of the opacity in the primary and secondary market. The latter markets are more vulnerable to the law because they comprise works of lower value.

Future Studies and Conclusion

Although it is important to limit data according to certain criteria when studying art in order to reduce heterogeneity, a more conclusive data set may better account for the issues mentioned above. A larger data set would allow for excluding works by an artist who shares a nationality with the city of sale. For example, a painting by a British artist would be excluded from the sample in order to observe whether a British work sold in London gains a higher price. The impact variables may show more negative and significant results compared to estimations found here.

It is also noted here that cheaper works appear to be more negatively affected. The estimated coefficient in the "Cheap" sample is negative though not precisely estimated. I hypothesize that this may be because the royalty fee is less likely to be absorbed by the market. However, more conclusive data may prove more precise outcomes. A study on the primary and the secondary market which feature lower prices is nearly impossible because of the opacity of the market. Nevertheless, case studies on second tier galleries may provide a new platform that would be worthy of analysis.

Although this paper explores the negative impact of the law, the moral motivation behind DDS is difficult to argue against. Many law reviews discuss alternatives, such as a royalty fee based on public display, that invite economic exploration to approximate potential impacts. The question of whether a royalty is beneficial or harmful to the art market is trivial when thinking about the big picture. The nature of this issue is more complex because it places the creators of the world's arts and culture livelihood at stake. The motivation behind DDS is not only monetary; the premise is driven by a moral code that, some argue, is already built into American philosophy. Even if a resale royalty fee does in fact impact the market negatively, the question of society's moral obligation to visual artists remains.

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Appendix 1

Cheap	Model 1:	Model 2:	Model 3:
oil	-132.682	-335.691	-139.676
	(1565)	(1573)	(1564)
acrylic	-1143.54	-1041.56	-641.291
	(1882)	(1885)	(1878)
canvas	2739.864 *	2904.221 *	2843.407 *
	(1535)	(1539)	(1539)
size	0.93197 ***	1.01647 ***	1.00582 ***
	(0)	(0)	(0)
signed	1033.411	1043.498	1417.003
	(1613)	(1623)	(1628)
portrait	-1335.88	-1124.77	-1689.73
	(1598)	(1627)	(1626)
still life	-295.971	-178.085	-295.796
	(2002)	(2006)	(1997)
abstract	963.1094	1090.273	1199.555
	(1543)	(1556)	(1547)
landscape	-2470.1	-2394.95	-1967.63
	(1968)	(1967)	(1960)
scene	-5550.13 **	-5384.45 **	-4854.3 **
	(2190)	(2191)	(2194)
animal	5050.619 **	4827.333 **	4686.583 *
	(2427)	(2426)	(2422)
writing	1307.622	1408.111	1241.82
	(3242)	(3242)	(3223)
lot number		2.60235	1.07547
		(6)	(6)
dead		2221.261 *	1861.803
		(1249)	(1308)
cat. rais.			532.4834
			(1993)
artbook			1784.993
			(2028)
exhibited1			1625.455
			(1616)
exhibited2			4581.942 *
			(2629)
public			2941.313 **
			(1200)
private			674.4028
			(1233)
Year Dummies	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes
Adjusted R^2	0.2365	0.2413	0.2551
Number of Obse	497	495	494

	Model 1:	Model 2:	Model 3:
	63105	87024	3179
	(156612)	(153005)	(15315
	-287535	-128359	-8791
	(181168)	(177517)	(17712
	180414	106736	12652
	(164009)	(160123)	(15920
	92.0015 ***	91.19133 ***	85.8459
	(22)	(22)	(2
	15208	-102659	-16867
	(167722)	(164819)	(16503
	367435 **	463570 ***	45550
	(161555)	(158029)	(15847
	139871	151009	15554
	(210775)	(205845)	(20532
	380468 **	308344 *	27578
	(170610)	(166621)	(16603
	82843	29249	7076
	(238271)	(232020)	(23082
	224855	277260	33387
	(288848)	(281304)	(27957
	-111250	115483	13651
	(324794)	(317347)	(31504
	47097	88569	7275
	(275248)	(270205)	(27192
		-3839.32 ***	-3180.0
		(442)	(45
		200821	7468
		(128707)	(13296
			53582
			(16143
			54939
			(16651
			-18741
			(15347
			26243
			(19238
			9089
			(13872
			8110
			(13055
es	Yes	Yes	Yes
	Yes	Yes	Yes
	0.0493	0.1043	141
bse	1435	1427	0.125

Expensive	Model 1:	Model 2:	Model 3:
oil	-71882 ***	-64735 ***	-69495 ***
	(19546)	(18514)	(18662)
acrylic	-101821 ***	-81219 ***	-76325 ***
	(22461)	(21399)	(21297)
canvas	41503 **	43617 **	45374 **
	(20308)	(19201)	(19065)
size	4.43213 *	5.86281 **	5.25839 **
	(3)	(3)	(3)
signed	1257.966	-9565.7	-19354
	(21138)	(19984)	(19980)
portrait	30171	41790 **	40572 **
	(20036)	(18980)	(19148)
still life	-29980	-21168	-24406
	(25951)	(24597)	(24572)
abstract	27711	13664	9035.297
	(21517)	(20446)	(20326)
landscape	10271	4899.127	3233.929
	(32269)	(30417)	(30294)
scene	16804	33370	23240
	(45010)	(42470)	(42186)
animal	-56408	-8637.02	-2785.47
	(46994)	(44561)	(44107)
writing	5395.269	2518.562	-13509
	(31582)	(30125)	(30386)
lot number		-554.076 ***	-512.728 ***
		(56)	(56)
dead		-6769.19	-22033
		(16083)	(16603)
cat. rais.			40889 **
			(19276)
artbook			38964 *
			(19957)
exhibited1			25912
			(17927)
exhibited2			6761.646
			(22300)
public			35194 **
			(17512)
private			13202
			(16105)
Year Dummies	Yes	Yes	Yes
Fixed Effects	Yes	Yes	Yes
Adjusted R^2	0.086	0.1916	0.1991
Number of Obs	778	774	765

Appendix 2

	All		Cheap		Expensive	
oil	35165		-290.1181		-67070	***
	(154406)		(1596)		(18823)	
acrylic	-96571		-726.7608		-65525	***
	(181118)		(1905)		(22231)	
canvas	128203		2888.592	*	41879	**
	(160388)		(1563)		(19372)	
size	87.50985	***	1.00943	***	4.94995	*
	(23)		(0)		(3)	
signed	-170153		1581.575		-14232	
	(166366)		(1662)		(20252)	
portrait	456267	***	-1768.862		39495	**
	(159408)		(1665)		(19296)	
still life	186261		-378.4603		-26211	
	(207500)		(2027)		(25007)	
abstract	257543		1298.323		13355	
	(168782)		(1575)		(20697)	
landscape	87853		-1930.827		5561.73	
	(233189)		(1985)		(30590)	
scene	291994		-5110.76	**	17271	
	(283679)		(2236)		(43622)	
animal	148380		4953.709	**	2407.128	
	(317099)		(2448)		(44333)	
writing	31838		1213.757		-5113.623	
	(274783)		(3251)		(31014)	
lot number	-3205.826	***	-0.46701		-521.4151	***
	(462)		(6)		(58)	
dead	171487		5663.873		146413	
	(991493)		(9092)		(113991)	
cat. rais.	-57.21186		-2.31366		-80.27024	
	(509)		(5)		(58)	
artbook	513037	***	740.6162		44998	**
	(163708)		(2010)		(19840)	
exhibited1	584415	***	2078.565		43865	**
	(168354)		(2054)		(20490)	
exhibited2	70294		1793.218		6765.245	
	(92627)		(1145)		(10744)	
public	74683		2910.143	**	37731	**
	(139859)		(1217)		(17626)	
private	67081		637.9811		13513	
	(132186)		(1255)		(16339)	
Years06LAmLaw06	56300		3441.952		-36751	
	(589197)		(4829)		(85270)	
Years12LAmLaw12	1029938	*	-3983.017		7800.963	
	(584381)		(5353)		(77446)	
Year Dummies	Yes		Yes		Yes	
Fixed Effects	Yes		Yes		Yes	
Adjusted R^2	0.122		0.2465		0.1991	
Number of Observations	1413		494		756	

(Includes relevant subinteractions for the triple interaction variables)