



RSAEM

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"The Ultimate Coasian Commitment: Estimating and Explaining Artist-Specific Death Effects"

To extract part of their monopoly rent, Coase (1972) famously claimed that durable goods monopolists require some institutional device that allows them to restrict their output stream in a credible manner. We empirically test this proposition due by applying it to the production of visual art. The ultimate commitment device in artistic production is the artist's death. As living artists cannot commit to a pattern of restrained production, the prices of artwork increase when the artist dies. We identify with the help of a toy model the drivers of this so-called death effect and estimate individual death effects of a sample of famous visual artists who died between 1985 and 2011. Using data from art auctions that took place in a narrow window bandwidth around the artists' death, we apply several variations of the classical regression discontinuity design. The heterogeneity in death effects across artists turns out to be substantial. Up to 40% of the variation can be explained by age and reputation at death. That finding holds for various measures of reputation.

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