

Eli Lilly Collects: Emotion at Work

BY SHIRLEY M. MUELLER



One of the most exciting new areas of study in collecting is the science behind buying decisions, a discipline known as neuroeconomics. In the January-February 2010 issue of *Fine Art Connoisseur*, I wrote about this field in an article titled “Why Collectors Collect.” The present article carries the concept further by exploring specific emotions evoked in a prominent mid-20th-century collector as he made buying decisions. By considering his choices in light of present-day knowledge, we can more easily envision how the same principles might apply to ourselves. Indeed, as both a collector and a physician, I myself have tried to understand and investigate my own divergent feelings and questions.



ELI LILLY (1885-1977) IN 1934
PHOTO COURTESY ELI LILLY AND COMPANY ARCHIVES

A TEST OF WILLS

Eli Lilly (1885-1977) served as CEO of Eli Lilly and Company in Indianapolis from 1932 to 1948. From the 1940s through the 1970s, he also assembled the core of the Asian collection of what is now the Indianapolis Museum of Art. Lilly's initial dealer was C.T. Loo (1880-1957) of Paris and New York, arguably the most important merchant in Chinese art on both sides of the Atlantic between 1915 and 1950. Fortunately, both men left behind carefully detailed correspondence, which forms the basis for my conclusions here. Lilly's papers are kept in his pharmaceutical firm's archives, while the Loo material is in the Frank Caro Archive at New York University's Institute of Fine Arts.¹

It is possible to interpret the actions of this collector and his dealer thanks to our present understanding of neuroeconomics, which is essentially the study of the brain as applied to humans when they make economic decisions. Research over the last 20 years in multiple laboratories using sophisticated techniques is beginning to make this an applied science, something we can use in everyday life, even when we set out to purchase objects we love.

One important finding is that there are specific brain areas in which certain decision-making processes take place. For example, the *anterior insula* region is a kind of cost sensor. When the buyer

believes an object is worth less than the seller is asking, this region is activated and gives a red alert. Thus the purchaser's pleasure center (the *nucleus accumbens*) is dampened after having initially been aroused by an object perceived as desirable. In other words, an activated cost sensor counteracts desire, and correlates negatively with purchase.

It seems C.T. Loo triggered Eli Lilly's cost sensor more than once. In May 1947, for example, Lilly was concerned about the price of a group of 19 Sung Dynasty ceramics he had been offered for \$54,350, a sum that would exceed \$500,000 today. (Among these were the two pieces illustrated on the next page.) Lilly's unease was based not on a “gut” feeling, but on his comparison of these objects' current prices with their much lower prices in Loo's 1941-42 catalogue.²

For example, the green ovoid vase illustrated here had increased from \$2,250 to \$6,000. Even taking into account high inflation during World War II, I calculate that the piece would have still been worth no more than \$3,000, half of what Loo was asking. Many other items were similarly high in price.

Lilly expressed his concern to Loo in a letter on May 5, 1947:

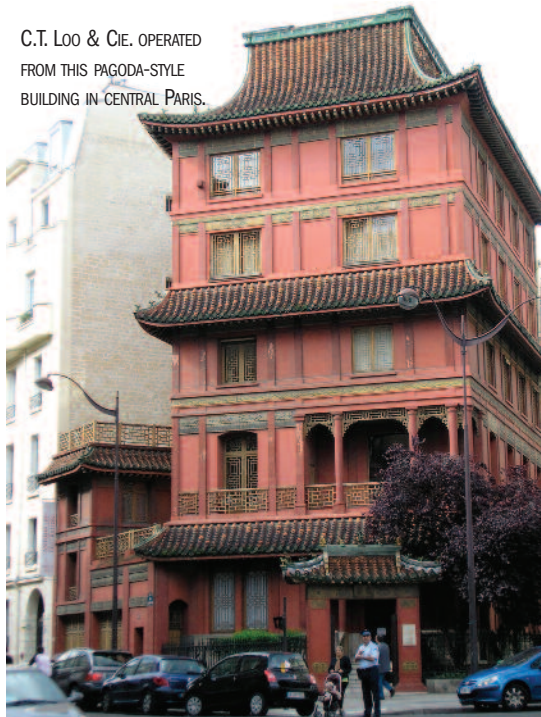
— *in my ignorance of such things, your prices seemed high as compared with your . . . catalogue of 1941. Of course, an increase is to be expected, but roughly it seemed your new prices were on an average of about three times as high as in 1941, and in a case or two even four times.*

Lilly was clearly uncomfortable and in a difficult position. He wanted these works of art, which would figure prominently in the fledgling Indianapolis Museum of Art, yet he did not want to overpay.³ Moreover, Lilly knew that, if he purchased the entire lot, he would be taking

at least some objects that had not sold earlier; he could make a fair assumption that these in particular should be priced lower, not higher. Even so, Lilly made an offer that he probably considered generous: \$40,000 instead of \$54,350, 26 percent less than Loo's asking price.

Bickering about the price almost certainly made one or both men ill at ease, but their correspondence continued for several weeks. In the

C.T. LOO & CIE. OPERATED
FROM THIS PAGODA-STYLE
BUILDING IN CENTRAL PARIS.



meantime, Loo shipped the artworks to the museum, where Lilly examined them in the dealer's presence. Loo had come prepared for any eventuality, and had wisely brought extra Sung ceramics with him. On site a compromise was struck: Lilly ended up with 24 rather than 19 objects, and Loo received his original asking price, though this now covered five more pieces than he had originally planned. Biologically speaking, Lilly's insistence on a better price reflects an inclination in all of us that is both natural and protective, one based on the activity of our cost sensor (*anterior insula*).

ANOTHER OFFER

Apparently Loo was not put off by having to supply more pieces for the same price. Early the following year (1948), he sent Lilly photographs, descriptions, and prices for eight hand-painted Chinese scrolls. Two of them interested Lilly — *Misty Forest and Rocks* and *Dragon Pursuing the Pearl*.⁴ In a letter, Lilly laid out terms for the potential sale:

... if anyone wishes to sell us Chinese paintings he must be willing to ship it to [the museum, which] in turn will send it to several experts on Chinese paintings for their written opinions. This requirement is not made because we doubt the honesty and sincerity of the vendor, but we wish to preserve the opinions of the experts to vastly strengthen ourselves if we would ever wish to sell the objects.

Lilly could not have expected Loo's letter in response, in which the price of *Misty Forest and Rocks* increased without explanation from \$10,000 to \$12,000.⁵ The price of the other scroll remained the same. And there was more: Loo apparently sent the scrolls to Lilly's home rather than the museum, in spite of the collector's explicit instructions.

These discrepancies surely concerned Lilly, who may have felt Loo was being less than straightforward. A different area in the brain is stimulated when a buyer perceives duplicity — the *amygdala*. This area acts as a personal Department of Homeland Security, and we can think of it as our fear axis. This must have been stimulated in Lilly, who did not buy either of the scrolls and returned the package to Loo with this explanation:

... I do not like to do this [return the package], but the full responsibility is not mine because I asked you in my letter of February 23 not to send these paintings out without further communications.

He continued:

The next time I am in New York I will drop around to see you and we may be able to continue something in a less strenuous and hazardous direction.

At this point, Lilly may have been starting to consider Loo crafty, as such distinguished collectors as Charles Lang Freer and John D. Rockefeller, Jr., had before him.

LESSONS LEARNED

Every decision to buy requires a balancing act. It involves the executive brain, located on its frontal surface, and also raw emotion emanating from areas deep within the brain. The latter are considered



SOUTHERN SUNG DYNASTY (CHINA)
FUNERARY URN WITH DRAGON AND COVER
c. 1200-1299, CERAMIC WITH GREEN GLAZE,
9 3/4 IN. HIGH
INDIANAPOLIS MUSEUM OF ART, 47.141
GIFT OF MR. AND MRS. ELI LILLY



NORTHERN SUNG DYNASTY (CHINA)
VASE WITH CARVED PEONY SCROLLS
c. 980-1020, STONWARE WITH SLIP AND CLEAR GLAZE,
17 IN. HIGH
INDIANAPOLIS MUSEUM OF ART, 47.153
GIFT OF MR. AND MRS. ELI LILLY

primitive in nature and include the three regions mentioned earlier — the pleasure center (*nucleus accumbens*), cost sensor (*anterior insula*), and fear axis (*amygdala*). If desire from the pleasure center has no offsetting influences, the executive brain will act on it and a purchase will be made. If price is an issue that counterbalances desire, it can sway the executive brain away from buying. Fear does the same.

Though other emotional influences may also come to bear on the final choice, understanding the biological effects that cost and duplicity contribute to a buying decision might have eased any discomfort Eli Lilly felt in his dealings with C.T. Loo. Today, recognition of these situations can assist collectors in making better buying decisions: turning an unconscious process into a conscious one can only improve the result. ■

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Endnotes

- 1 Frank Caro took over the firm after Loo retired.
- 2 Unsold pieces from the 1941-42 catalogue were included in the 1947 offering.
- 3 At this point, the Indianapolis Museum of Art was not fully independent, but still part of the John Herron Art Institute. The museum moved to its own property in 1970.
- 4 Loo's letter about the scrolls was dated January 12, and Lilly's reply came on February 23.
- 5 Lilly received this letter on March 3.