7 Managing uncertainty
The visual art market for contemporary art in the United States

Joan Jeffri

In the future everybody will be world-famous for 15 minutes.
(Attributed to Andy Warhol)

A single event in 1970 changed the contemporary American art market forever: the sale of the private collection of American taxi fleet owner Robert Scull and his wife, Ethel, which grossed $2,242,290. At this sale at New York’s Park-Bernert auction house, a Robert Rauschenberg painting originally bought by the Sculls for $900 was sold for $85,000, a Jasper Johns painting for $250,000 and a Johns bronze sculpture of beer cans for $90,000. Riding the coat-tails of the Abstract Expressionists, which in New York consisted of immigrants like Mark Rothko and Willem De Kooning, the Scull sale exploded the traditional art market for work by contemporary artists. The sale also gave rise to the frequent expression by critics that ‘My kid could paint better than that!’ Both the Scull sale and, a decade later, the growth of the Pop Art Movement in which artists appropriated everyday objects were largely responsible for the current climate in which anything can be designated as art, especially if it can be sold.

The art market in the second half of the twentieth century could be described loosely by decade as follows: in the 1950s, the Abstract Expressionists convened in the Cedar Bar in downtown New York City as part of a community of artists. Art historian Dore Ashton claims that the first time American artists forged such an ‘artistic milieu’ was the PWAP (Public Works of Art Project) and its extension, the WPA (Works Progress Administration), in the 1930s when US president Franklin Delano Roosevelt created welfare relief programmes for artists. From 1935 to 1938, artists received training, status and payment as they painted murals for public buildings and other government-sanctioned art. The WPA’s Federal Art Project employed close to 5,500 painters, craftspeople, designers and art teachers (Burton 1993: xxiii). Painters were paid $85–$100 per month for working either in central workshops or at home to produce one canvas for every 96 hours of work or one oil every six weeks and one watercolor every three weeks (Burton 1993: xxiv).
After the Second World War the US arts community was held together by aesthetic matters. Aside from the Abstract Expressionists who met regularly in the Cedar Bar in Greenwich Village, artists like Robert Motherwell joined together in cooperative galleries on New York’s 10th Street and worked with a group of colleagues to share gallery duties, enjoying a professional camaraderie not usually afforded the solo artist.

The permissive 1960s made ‘stars’ of Pop artists like Andy Warhol and marked the point at which the traditionally accepted body of knowledge about art was questioned and challenged. The subject matter for art changed with critics declaring that almost anything could be called art. This was also the decade that saw the foundation of state arts councils across the USA and of the National Endowment for the Arts (NEA) in 1965, whose original mandate was to provide for both excellence and access in the arts—a mandate that would come to haunt it in the 1990s.

Corporations became arts conscious in the 1960s. In 1967 David Rockefeller, president of Chase Manhattan Bank, founded the Business Committee for the Arts (BCA), an organization intended to publicize the good works of business in and for the arts.

Although corporations had been involved in art from the early twentieth century, one of the earliest supporters was the Atchison, Topeka and Santa Fe Railroad (which paid artists to design everything from train décor to dining car place mats in an attempt to encourage train travel). In the 1930s and 1940s corporations were forming substantial art collections. IBM, the former Container Corporation of America and Steinway & Sons started art collections and used artists and designers to promote their products. By the 1950s and 1960s they were joined by Chase Manhattan Bank and Philip Morris. The motivation for corporations ranged from being perceived as doing good while promoting their company’s image and visibility to the predilections of the CEO’s wife. The Arts and Business Council followed on the heels of the BCA and began a national programme called Business Volunteers for the Arts that matched corporate executives as volunteers with arts and cultural organizations.

By the 1970s the co-op galleries of the 1950s re-emerged, complete with a New York agency for arts advocacy called the Association of Artist-Run Galleries (ARG) which served as their advocate. They were soon joined by re-emerging ‘alternative spaces’ (now called ‘artists’ spaces’). In New York these alternatives included The Kitchen and Artists Space and in San Francisco, Real Art Ways. When they first re-emerged, co-ops and alternative spaces sought nonprofit status and public funding but were perceived as vanity operations, since most of their boards consisted of artist-members. It took them several years to justify their missions to the NEA and the state arts councils in order to be eligible for funding.

The 1980s and 1990s acted as a hypodermic to the status and prestige of the visual arts. The East Village, a formerly seedy area of New York’s downtown, spawned numerous galleries. Reminiscent of the 1960s but without
the social conscience, anything could become an art space. Gallerists were renting out their apartments and showing art in their bathrooms. Jeff Koons gave up his job as a trader of cotton futures on Wall Street to become an artist. Sales increased and prices escalated rapidly as the bull market works of art were Hoovered up.

By the start of the 1990s, the National Endowment for the Arts (NEA) came under scrutiny — particularly from the religious right — for its financial participation in exhibitions of 'indecent art'. In June 1990 performance artists Karen Finley, John Fleck, Tim Miller and Holly Hughes were turned down for fellowships by the NEA. They sued the NEA (and lost in 1998), claiming the decision had been made on political, not artistic, grounds; and challenged the NEA's constitutional right to demand 'general standards of decency' from the individuals and organizations it funded.

In 1990 Dennis Barrie, executive director of the Cincinnati Contemporary Art Center (CCAC), was tried and acquitted for obscenity for CCAC's having shown the travelling exhibition of the photographic works of the recently deceased photographer Robert Mapplethorpe, ironically titled The Perfect Moment. The decade that began with scandal ended with scandal when, in 1999, the mayor of New York, Rudy Giuliani, tried and failed to impose his taste on the Brooklyn Museum of Art — a recipient of city funding with a building on city-owned land — for an exhibition called 'Sensation!' Financed largely by British advertising mogul and private art collector Charles Saatchi, the exhibition included a Madonna made by artist Chris Ofili that included elephant dung.

The new millennium has seen the New York arts community decentralize to the outer boroughs as the Lower Manhattan Development Corporation begins a $750 million cleanup of the World Trade Center site. Artist Michael Richards died in his studio on a top floor of one of the towers, and important works were lost in the assault.

While the blue-chip art market did not suffer greatly from the event of September 11, 2001, nonprofit art institutions did. The arts funding community rallied to give support; rents remained high and a mini recession ensued that affected artists' welfare dramatically (Staff and Sévö 2002). According to a New York Foundation for the Arts survey, after 9/11, 66 per cent of artists lost sales or income, 69 per cent lost business, and 20 per cent were left unemployed. Many artists felt more marginalized than they had before the event, experiencing eviction from their spaces and studios and homelessness as a result of 9/11. In addition, the manifestation of visual representation was everywhere — homemade shrines, sidewalk vigils complete with photographs, collages, and the emergence of an instant nonprofit gallery where photographs and drawings representing the event were hung on indoor clotheslines and added to daily.

Some museums, including the Guggenheim's New York flagship and the Whitney, cancelled expansion plans. According to the Association of Art Museum Directors (AAMD), visitor numbers actually increased following 9/11 with museums that did experience a drop in visitor numbers rebounding fairly quickly.

On the auction house scene, it was not until the start of 2002 that collectors launched into lively bidding, but only the finest works could be certain to find buyers. By the first anniversary of 9/11, sellers seemed reluctant to put their works on the market. Buyers sat back, and prices softened, although as 2002 closed the art market ended on a high note — with contemporary art sales in New York giving the first encouraging signs of a market rebound. In the commercial gallery world, some dealers had the reverse experience: clients became acutely aware of their own mortality, adopted a carpe diem philosophy, and actually bought more art.

**Museums**

If juried exhibitions, galleries, artists’ spaces and cooperative galleries ‘discover’ artists, then museums select and validate their work. Able to scan the art environment for trends, to research exhibitions and solo shows worldwide, US museums — of which 1,200 are art museums, according to the American Association of Museums (AAM) — often offer no written contract and no fee and hone their selection function through academically trained curators. They also have an increasingly ageing audience, a good proportion of whom are rich enough to allow them to make philanthropic contributions to the museum and to buy art. Some of these individuals are board members who, although bound by law to eschew conflicts of interest, can obtain a great deal of market information that spills over into their collecting decisions.

How the museum treats its objects and how it represents objects within its collection has an impact on the object’s condition and price. How it treats those objects as part of the collection does also. There is heated debate in the US museum community regarding the de-accessioning of objects from a collection. Professional organizations like the AAMD and the AAM strongly oppose de-accessioning to fund operating costs and support the use of all funds from the sale of an object for purchase of another. Economists are horrified by such behaviour, since it does not allow the museum to maximize its assets. For years museums have resisted the suggestion of the Financial Accounting and Standards Board to list their collections as an asset on the museum’s balance sheet — a sure signal to any funder that the museum has no need of philanthropy because it can just sell a painting to pay the bills.

The relationship between museums and commercial galleries is symbiotic, but the economic benefit to dealer and artist of a contemporary artist show in a major museum is clear to all. Artists’ value in general rises after such an event and increases at a faster rate if further works are purchased for the museum’s permanent collection.

From 1989 to 1991 a national battle between politicians and artists over the reauthorization of the National Endowment for the Arts resulted in a
nationwide debate over morality and American society. In these so-called Culture Wars of the 1990s, the Cincinnati Contemporary Art Museum and its director, Dennis Barrie, stood trial for showing the photographs of Robert Mapplethorpe, and the Southeastern Center for Contemporary Art (SECCA) came under fire for regranting money to show the work of photographer Andres Serrano. Finally, in 1999, as already noted, the mayor of New York, Rudy Giuliani, tried and failed to deny subsidy to the Brooklyn Museum of Art for showing a Madonna painted by Chris Ofili. In each of these examples the artists worked with themes of sex and death, bodily fluids, religious content or fecal matter; and each of these artists and his works were lambasted by the religious right. It would take another essay to explore the issues surrounding works of art that are difficult to understand, work in which artists push the envelope and work that is created by so-called minorities — women, homosexuals, Latinos, African Americans. Censorship became the buzzword, and while none of these institutions received formal legal sanctions, each was affected financially.

Whereas Cincinnati and SECCA suffered future setbacks in funding, the Brooklyn Museum of Art turned the 'sensation'! show into one of the most highly attended, highly publicized shows in its recent history. And collector Charles Saatchi, whose paintings were on display, stood to benefit greatly from his artists' success. The fact that Saatchi was also a financial supporter of the Brooklyn showed made American museums think long and hard about conflicts of interest between collectors and a museum's mission, and the AAM came out with guidelines for future exhibition support.

**Price**

Price is directly related to the desire and demand for a work of art, its condition, its provenance or history, its size, and the artist's reputation. Indeed, price is the one feature of art that continually makes the front page of the *New York Times*, especially when an escalation in price can be documented. In 1980 Jasper Johns' "Three Flags" was touted for its sale to the Whitney Museum for $1 million compared with its initial sale from the Leo Castelli Gallery in 1959 for $900 plus a $15 delivery charge.

But for curators and connoisseurs, the intrinsic or aesthetic value of art is often not reflected in its price. Museum scholar, attorney and administrator Stephen Weil notes that the more functional an object, the lower its price. Conversely, high art serves no useful function, so prices would appear to escalate for completely different reasons. In contemporary art this is even more problematic, since it is virtually impossible to predict the long-term success of a living artist, even though what Robert Hughes called "the shock of the new" confers the title of genius on much new art that is shocking, untraditional, different or difficult to categorize. Such art is often political, public and controversial. For example, performance art, while often categorized by public funding agencies under the visual arts, has elements of theatre, film, media and literature. The artist William Pope L. creates art that is largely performance-based, evoking themes of slavery and submission or sexual ambiguity. Since 1978 he has done over 40 'crawls' including "The Great White Way", a five-year, 22-mile performance art piece in New York's five boroughs and a walk around New York City wearing an extendible (to 14 feet) white cardboard penis as a commentary on the pervasiveness of the white phallus. Ricardo Dominguez, co-founder of the Electronic Disturbance Theater that exists in cyberspace, uses the Internet to revolutionize activism and has been particularly involved with the Mexican Zapatistas.

Artists often have problems thinking about their work in terms of price, in part because many are experimenting and making art for themselves and their peers, not, they believe, for the market. The market is a reality they end up confronting with great reluctance. Even well-known artists have problems in this area. In an interview I conducted with Chuck Close in the early 1990s, he said he tried never to think about price or the astronomical amounts people paid for his work. After all, if artists were interested primarily in money, they would simply use the standard format of work that sold best, and indeed some do. Many artists, however, continue to experiment, and resist a dealer's admonition to "make five more paintings like the last one since they're selling like hot cakes". Thinking of art as a saleable commodity is also complicated by new forms of art that cannot be 'owned' in traditional ways. Robert Smithson's 'Spiral Jetty' is an environmental, public work of art of which only photographs can be owned, since the actual work can only be appreciated from the air.

Price is also an imponderable in the art world. It is well known that works are priced generally by size, medium, materials and other quantifiable factors, but pricing is one of the dealer's innate skills. Leo Castelli was known for making his clients buy their way up the ladder, telling them they might not be 'ready' for certain paintings. He was also reputed to have placed secret bids at auctions in various cities to keep his artists' prices up.

While dealers often raise the price of an artist's work as an indication to the art world that the artist is succeeding, the cardinal sin is to raise the price too high, meaning the work does not find a buyer. Price, as with any other commodity, depends on supply and demand. The demand for a unique work by a painter who has just died and whose supply is, therefore, limited will be greater than that for a painter of similar reputation who is alive and still producing — but will be affected by factors such as the painter's reputation and the provenance of the work, including whether it has been owned previously, has appeared in museum exhibitions and museum catalogues, artists' reviews and any other documentation. Unlike other economic goods, lowering the price is not an option, since it signals failure. To avoid advertising such failure, auction houses generally do not list works that have been 'bought-in', which means those that have not met their reserve price. Dealers rely on offering deep discounts to long-time collectors or taking the work off the market and returning it only after the public forgets.
Artists have become so frustrated by seemingly arbitrary pricing policies that one decided, in a one-woman show at a cooperative gallery in New York in the 1970s, to price each of her 15 sculptures at $600. The relief sculptures, all made with the same material, ranged from 15 in \(\times\) 6 in \(\times\) 6 in (38.1 \(\times\) 15.24 \(\times\) 15.24 cm) to 6 ft \(\times\) 3 ft \(\times\) 2 ft (182.88 \(\times\) 91.44 \(\times\) 60.96 cm). There may have been many reasons for all the works being unsold, but one was certainly the confusion people felt regarding size and price.

Conversely, price for some is an indication of value. Publicity, controversy and, even better, scandal can affect the perception of value. The prices of works by Mapplethorpe and Ofili after the scandals of the 1990s are a case in point. Robert Mapplethorpe, as a photographer, dealt in multiple images, so the value of his work was affected by whether the work was a unique image or, if not, by the number of photographs in an edition. The exact medium (whether they were gelatin, silver prints, etc.) and whether they were signed or stamped as authentic. While subject matter is often an area where buyers play it safe (a landscape is easier to sell than a crucifixion), the controversy generated by 'The Perfect Moment' became a world-wide media frenzy by 1990. The fact that Mapplethorpe died of AIDS added to the controversy, and the fact that he was dead limited the supply of his work on the market. Only one piece sold above the $10,000 mark in 1988, but two years later thirty-nine sold for that amount.

For artist Chris Ofili, it may be a bit too soon to predict his rise or fall on the art market. Nevertheless, sales figures are startling. On 8 December 1998, Christie's London sold two of Ofili's works made in 1995 and similar in material and size to his controversial 'The Holy Virgin Mary' in the 'Sensation' show: 'Homage' went for the premium price of £19,550 (US$32,335) and 'Them Bones' for the premium price of £21,850 (US$36,139). (Buyers' premiums are charges, usually a small percentage over the buying price, assessed to cover the auction house's costs.)

The 'Sensation!' exhibition took place in October 1999. On 16 November 2000, 'Popcorn' (1995), again of similar size and materials to 'The Holy Virgin Mary' - roughly 72 \(\times\) 48 inches (182.8 \(\times\) 121.9 cm) and acrylic on canvas or linen with oil, resin, map pins and elephant dung - sold for the premium price of $121,000 at Christie's New York. On 27 June 2001, 'Blind Popcorn' (1996) was sold by Christie's London for £113,750 (US$160,937). Clearly, the controversy at the Brooklyn Museum of Art was good for Charles Saatchi's investment and Ofili's career.

Legal regulation, restriction and manipulation

New York's Truth in Pricing Law, created by the Department of Consumer Affairs, requires sellers to list the prices of works for sale. There is no restriction against a dealer selling a work for a higher price than that stated, but it is not normal practice. In California, the California Resale Royalties Act of 1976 was created on the European model of droit de suite and allows artists who resell their work (anything after the initial sale) in the state of California to obtain a 5 per cent royalty from these subsequent sales with gains valued at over $1,000. Seen initially as an incentive, the Act's limitations are considered an encumbrance on the work's title; buyers and sellers can (and do) retreat across the border to an adjoining state to make a sale, and there is no agency to monitor such transactions.

Artists' legal rights over their work

Prior to 1990, US artists (with a few exceptions) had no way to protect their work from mutilation, misattribution or destruction. In 1990 the Visual Artists Rights Act was passed, based on the European model of droit moral, protecting limited rights of attribution and integrity for single copies in drawing, painting and sculpture or for signed and numbered limited editions of 200 prints or still photographs produced for exhibition. Nine states passed moral rights statutes, spurred by initial statutes in California (the 1979 California Art Preservation Act, broadened in 1982) and New York, which passed its Artists' Authorship Rights Act in 1983. New York state law also gives artists a kind of default right.

Auction houses

Over 15 years ago Sotheby's auctioneer Hugh Hildesley, at a conference sponsored by the art magazine Art News, gave his ten review points for works of art in order of weighting. Although quality is listed last, it can override all other characteristics.

1 authenticity
2 condition
3 rarity
4 historical importance
5 provenance
6 size
7 medium
8 subject matter
9 fashion
10 quality

Auctions deal in the tertiary market, in other words in the sale of items after the initial and subsequent sales. Buyers are likely to have better information in this market, since the work has already been sold once and there is likely to be documentation, critical reviews, dealers' knowledge, information on the
Internet and a variety of other sources. It is interesting that an auction house only guarantees information about a work to the best of its ability, so buyers spend substantial time researching information on potential purchases.

In 1999 the international auction houses Sotheby’s and Christie’s were accused of price fixing in a civil suit brought by former customers. They agreed to split the cost of a $537 million settlement, with Sotheby’s paying an additional $45 million and Sotheby’s Chairman Alfred Taubman serving a prison sentence.

In early 2002, according to Arprize 2003, the American market share shrank by over 6 per cent to 42 per cent of the total world market, but New York auctions in November 2002 helped the USA regain its leading position. It swapped positions with Europe, whose market share for 2002 was 33 per cent — ranking it number one in the world. In contemporary art (artists born after 1940), the USA was down to 56.3 per cent of the contemporary market from 64.2 per cent in 2001. (See Boxes 7.1 and 7.2.)

Galleries and dealers

New York continues its rivalry with Paris (and now London) as the capital of the art world, a title conferred on it in the 1960s with the geographic shift of the avant-garde and the collapse of the Parisian art market. This was also the time that at least some galleries began to think of themselves as businesses, and ideas like promoting and advertising artists began to take hold (Bystyn 1989: 179). This was also the time when a gallery hierarchy became evident — there were galleries that discovered new artists, gave them an initial show and provided early media coverage. A second group of galleries reviewed the artists being shown at the first group of galleries and drew off those with the greatest market potential. The first group of galleries was seen as a stepping stone to the second group. While this may serve the market as a successful screening device, dealers who invest time, energy and

Box 7.1 Top eight contemporary art prices in the USA, 2002

<table>
<thead>
<tr>
<th>Artist/Museum</th>
<th>Title</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Michel Basquiat</td>
<td>‘Profit’, $5 million</td>
<td></td>
</tr>
<tr>
<td>Jean-Michel Basquiat</td>
<td>‘Untitled’, $1.9 million</td>
<td></td>
</tr>
<tr>
<td>Jean-Michel Basquiat</td>
<td>A mixed media work, $1.5 million</td>
<td></td>
</tr>
<tr>
<td>Jean-Michel Basquiat</td>
<td>‘In this case’, $900,000</td>
<td></td>
</tr>
<tr>
<td>Jeff Koons</td>
<td>‘Self-portrait’, $1.85 million</td>
<td></td>
</tr>
<tr>
<td>Jeff Koons</td>
<td>A bronze, $1.6 million</td>
<td></td>
</tr>
<tr>
<td>Jeff Koons</td>
<td>‘Buster Keaton’, $1 million</td>
<td></td>
</tr>
<tr>
<td>Miquel Barcelo</td>
<td>‘Autour de lac noir’, $1.28 million</td>
<td></td>
</tr>
</tbody>
</table>

Source: Arprize (2003).

Box 7.2 Artists’ incomes, numbers and exhibitions in the USA, 1990–2003

In 1991 63 percent male artists and 65 percent female artists earned $7,000 or less from their work as artists. Of those, 26 percent earned most of their money from art and 14 percent supported themselves totally from their art.

Artists’ median total personal income according to the US Census in 1989 was $17,116. (For other professional and technical workers it was $25,000.)

In 1999 the average income of artists in New York was $31,190.

In 2001 2,550,000 painters, sculptors and craft artists lived in the USA, with 10,000 artists in New York.

In 2003 there were:

- 2,500 exhibitions in New York of which 544 were in Manhattan;
- 83 exhibitions in Chicago out of 240 galleries and museums;
- 73 exhibitions in LA out of 238 galleries and museums.

In 2003:

- 100,000 artists were living in New York;
- Average mean income of artists in New York was $31,190.

Source: Jeffri et al. (1991) and phone interview 2003.

resources often feel exploited when an artist they have ‘discovered’ moves on to a more prestigious gallery the minute he or she gets critical and media attention.

The prototypes for commercial dealers in New York were Sir Joseph Duveen and Daniel Henry Kahnweiler. Duveen’s style manifested itself in Manhattan’s high-end galleries, complete with liveried doormen. Kahnweiler’s legacy was felt in the artist/dealer partnership (the dealer befriended, supported and groomed Picasso, Braque and Moore, among others).

In contemporary art, Duveen and Kahnweiler gave way to Alfred Stieglitz, Sydney Janis and Leo Castelli, the last being perhaps the most visible contemporary artist dealer in the second half of the twentieth century – his ‘offspring’ Ivan Karp (who opened O.K. Harris Gallery), Mary Boone (first in partnership and then on her own as the Mary Boone Gallery), and current gallerists Larry Gagosian who has galleries in New York and Los Angeles as well as London and Arne Glimcher of Pace Wildenstein (an example of a contemporary gallery merging with a traditional one). Competition was fierce; for every 5,000 artists who sent or brought slides, Karp would select just one.
There is no certifying agency for dealers in the USA. In fact, a criticism is that a dealer can just ‘hang out a shingle’. Because of this, the Art Dealers Association of America (ADAA) (founded in 1962) was set up to ‘promote the highest standards of connoisseurship, scholarship and ethical practice within the profession’ (see www.adaa.org/who.html). Membership is by invitation and open only to those who ‘have a reputation for honesty and integrity in relations with the public, museums, artists and other dealers; have expert knowledge of the works of the artists or periods in which he or she specializes; and make a substantial contribution to the cultural life of the community by offering works of high aesthetic quality, presenting worthwhile exhibitions, or publishing scholarly catalogues or other documentary materials’ (ibid.). Some have extensive Codes of Ethics (Boston) that detail pledges of authenticity for works members sell and for truth in advertising. And some quite well-known dealers such as Ivan Karp refuse to join.

The dealer’s relationship with the living artist is sometimes a struggle for power – the less well-known the artist, the more powerful the dealer. As and if the artist gains in reputation and sales, he or she begins to equalize and sometimes surpass the dealer’s power and reputation. This is a direct legacy of the steep price rises of the 1960s. And it is likely that, for the most part, history will remember artists before it records the accomplishments of dealers.

In dealing with the market for original (not multiple) art, dealers try to control the artist’s work by employing two basic strategies: sell or hold. They can sell the artist’s work to another dealer, a museum, a private collector or a corporation; they can sell it at auction; or, if they feel the market is too soft, they can hold the work back for a period of time in the hope that the price escalates. This is much more difficult in the case of a living artist, since there is no way of knowing whether the artist has created or his or her finest work. With dead artists the supply is limited, so the ‘holding’ strategy is more effective. If demand for the artist’s work turns into a ‘fad’, the dealer may try to sell many works quickly to drive prices up.

Economist William Grampp makes the case (Grampp 1989: 137) that success comes to those artists who promote themselves or who have professional representation. Appearances at upscale art fairs like Dokumenta and Basel and reviews in major art publications are essential. It is well-known in the art world that gallerists that do not advertise in major art publications (ArtNews, Art in America, ArtForum) will probably fail to have their artists reviewed in those publications. Placement or buyer selection is essentially another kind of marketing, and the collections in which a work is placed affect its price.

Dealers have been known to be unscrupulous – for example, Frank Lloyd of Marlborough Fine Arts retreated to the Bahamas after abscinding with a good deal of Mark Rothko’s fortune. Dealers have also been known to report their earnings irregularly to artists so the artist has a hard time telling which work sold for what price. Even though the New York State Artist/Dealer Consignment Law enacted in 1966 states that ‘the dealer becomes your agent, the art work trust property; and the proceeds from the sale of the work, trust funds held for your benefit’, some artists still fail to get receipts for works they consign to a gallery.

But dealers often have to care for their artists in lean as well as good times. Leo Castelli was one of the few dealers to offer his artists stipends. Sculptor Richard Serra felt the faith Castelli showed in him as well as the financial support money enabled him to pursue his art (Columbia University, New York City, lecture, 1975). From 1920 to 1926, Parisian dealer Daniel-Henry Kahnweiler tried to take care of his stable of poorer artists by setting up a mutual aid society in which investors contributed a sum of money each month that was distributed equally to the painters. At year’s end each contributor was compensated in paintings according to their level of investment.

In the USA, dealers try to monitor artists’ donations as well as sales. A donation to a major museum is worth a great deal more for the artist than a donation to a fund-raising event or a hospital. A contentious area for US artists, a 1969 law allows collectors to deduct the fair market value of a donation of a work of art from their taxes while the artist who made the work can only claim the cost of materials on his tax return. While some art world experts, including Maxwell Anderson who, as director of the Whitney Museum of American Art in New York, lobbied in Washington DC to change this law, it remains firmly in place.

Many dealers in contemporary art have a back room–front room situation. New York dealer Ronald Feldman is able to exhibit installations of Ida Applebroog because he has a lucrative business in Andy Warhol paintings, drawings and silk screens. The dealer is often responsible for educating his buyer – providing reviews, articles and information about the commodity’s provenance, condition and maintenance. This is even more crucial for works of materials that are likely to deteriorate.

Collectors

There are no typical collectors, but contemporary art collectors share a thirst for information and competition, and a desire to differentiate themselves from other collectors (Moulin 1987: 85). Collectors rely on dealers, and not always a single dealer, to supply them with information on the artists whose work they wish to collect or are considering to buy. They are often as well informed as their dealers: attending international fairs; subscribing to art magazines, newspapers, journals and auction catalogues; following critical reviews; meeting with artists; and trying to keep abreast of the latest trends.

Of the various contemporary art collectors who have spoken to my students at Columbia University, five will serve to illustrate some of the basic types. Vera List saw herself as the ‘caretaker’ of her collection, something she would enjoy during her lifetime but that she would make a bequest. A patron of Lincoln Center and the Metropolitan Opera and a former board
member of the New Museum, when she died in 2002 List had already sold much of her collection to support various causes. Centurion Roy Neuberger immortalized himself and his collection by first donating it and then by building the Neuberger Museum of Art at the State University at Purchase, New York. Agnes Gund, the founder of a stellar arts education organization, Studio in a School, and for many years the president of the Museum of Modern Art, has always been seen as a 'philanthropic leader'. Elaine Dannheisser was a collector hooked on the acquisition and the chase and also the status collecting brought her. In her obituary, art critic Deborah Solomon pointed out that Dannheisser recalled her days as a housewife with 'so little social standing that dealers like Mary Boone refused to sell her a painting' (New York Times, 30 December 2001). She bought and stored art in an enormous warehouse in New York and used her collection to broker membership on the board of the Whitney Museum. She fell out with the museum and defected to the board of the Museum of Modern Art (MoMA). In 1996 she and her husband, Werner, donated seventy-five works to MoMA, the largest group of contemporary art ever given to a U.S. museum at the time. Eighty more works were bequeathed to MoMA at her death. Other collectors, like Joel and Sherry Mallin, have a realistic view of their collection. They expect when they die it will be sold on the market for someone else to enjoy it. In the meantime, they, like many collectors, are involved in acquiring more art and building special storage and exhibition facilities for it, and they can recall the circumstances in which they acquired each piece in their collection. The Mallins, unlike some collectors, enjoy sharing this knowledge with the public through tours.

Critics

Traditionally, critics have validated or excoriated artists, but recently their role has been substantially compromised.

The French critic, Denis Diderot, active from 1759 to 1781, was perhaps responsible for the distinction between aesthetics and art criticism. And it is in Diderot's time that the ambivalence surrounding criticism, which maintains that it is both necessary and contemptible - was fixed (Moulin 1987: 67). The critic's role in giving a work of art legitimacy is used as an economic tool whereby good reviews translate to higher prices.

In a 2002 study of over 100 art critics daily and weekly newspapers in cities across the USA, the National Arts Journalism Program (NAJP) at Columbia University found that about two-thirds of those critics write positively about art, many eschewing negative criticism. Art critic Peter Frank, speaking in a class at Columbia University in the mid-1980s, confessed that he would not give a newly emerging artist's first show a bad review, since he was well aware what that would do to the artist's market and future chances. Another critic in the NAJP study remarked, 'We live in Iowa - anyone doing anything here has to be encouraged' (Szanto 2002: 32).

It is also interesting that art critics, at least in the Columbia survey, are actively involved in other areas of the art world. Four out of five art critics collect art, two of the five make art, and half of those who make art actively exhibit their work. Still, they are only moderately excited about the current accomplishments in visual art (Szanto 2002: 8-9).

According to the NAJP, art critics generate about five visual arts stories a month, split between reported and critical pieces. At mainstream publications they focus primarily on contemporary art and living artists (Szanto 2002: 23). Almost 60 per cent never write about art, artists and exhibitions abroad, even with an art world that is clearly international (Szanto 2002). Art critics do, however, write frequently about the commercial, ethical, political and institutional dynamics of the art world (Szanto 2002: 26). Seventy-seven per cent like to write most about painting, and over half like to write least about online art (Szanto 2002: 34).2

Artists' spaces, co-ops and alternatives

In the 1970s, artists' spaces and cooperative galleries were created as alternatives to the traditional marketplace. Cooperatives were funded initially by the artists themselves, whereas artists' spaces attracted public funding. The New York State Council on the Arts was instrumental in the founding of Artists Space, and alternatives like Franklin Furnace and Exit Art were later joined by Art in General and White Columns. For many of these spaces, artists were concerned with showing rather than selling work and with ridding themselves of the decision-making control of the traditional dealer. Artists often made up the board of these organizations, causing the NEA to deem them vanity operations until they could prove they were acting in the public interest.

From 1973 to 1982, many of these spaces found seed money from a US Department of Labor initiative to help increase employment. The Comprehensive Employment and Training Act (CETA) was a scheme co-opted by some savvy artists and administrators. For some, like the Randolph Street Gallery in Chicago - open from 1979 to 1998 - CETA provided important support to launch artist-friendly alternatives.

Over the next 20 years some of these spaces became institutions. Franklin Furnace amassed one of the best collections of artists' books in the world; it donated them to MoMA and was simultaneously criticized for selling out and praised for increasing the reputation of and market for its artists. In 1996 Franklin Furnace cast itself as an online institution without a walk-in space. In 2002, through the Franklin Furnace Fund for Performance Art, it offered an honorarium open to any artist of $5,000 and a two to four month residency in a physical venue. Creative Time, which began in 1974 without a space and with the purpose of turning found spaces into art venues, was responsible as an anchor institution for organizing the Tribute in Light memorial in the sky over Manhattan to commemorate 9/11. Exit Art
developed earned income strategies with its own interpretation of an ‘art store’.

Most dealers would deny that these alternative spaces and venues had any influence on the art market or over artists in the market simply because, they might say, these artists are not in the market, but in some cases artists used these spaces as stepping stones to commercial galleries where they could find collegiality and feedback for their work as well as being allowed to experiment and fail. As real estate became more expensive and Soho, NoHo and Tribeca gentrified, it became harder and harder to tell which galleries were commercial and which cooperative. When rents became prohibitive, artists moved to Hoboken, New Jersey, to DUMBO in Brooklyn, and to other areas in which they could afford to create and show their art.

At the same time, institutes of contemporary art (ICAs) developed in Chicago, Boston, Philadelphia and other cities. These were organizations committed to cutting-edge art – not always with permanent collections – that began as institutions, perhaps stealing some of the thunder from the alternatives.

Then there were the hybrid organizations like the New Museum for Contemporary Art – committed to the scholarship and documentation of a museum but created with a ten-year-only collection policy, after which artists’ works were de-accessioned – and PS 1, an alternative space the size of a city block in a former school in Queens, which rented out artists’ studios, had no permanent collection and sold a portfolio collection of artists’ works donated by well-known artists such as Christo to earn income.

The other/subsidy market

With the founding of the National Endowment for the Arts in 1965, the USA began to get a taste for another kind of visual art market. Not since the WPA in the 1930s (mentioned earlier) had substantial monies been directed to artists and their institutions, save for the US Department of State-sponsored exhibitions abroad and various ambassadorial residences. Now, in addition to substantial support to nonprofit arts institutions, including museums and cooperative galleries and artists’ spaces, individual visual artists (and for a time art critics) were eligible for fellowships. Yet although the odds were not quite as bad as they were for Ivan Karp’s gallery, for every 5,000 fellowship applications, the NEA would select approximately 100 recipients (Brenson 2001: 132).

Since 1996 the NEA has been prohibited by Congress from dispensing grants to almost all individual artists. One new organization, called Creative Capital and funded by upward of twenty-five private foundations, seeks to take up where the NEA leaves off. Other organizations, like the New York Foundation for the Arts, still give individual artist grants, but do not come close to replacing the cuts in artist resources that came with the cessation of the NEA’s artist grants.

Corporations

In the 1980s, when the economy was buoyant, corporations were touted as the new Medicis, challenged to fill the gap left when federal public funding levelled off and then declined, and as budgets tightened these corporations turned away from philanthropy towards sponsorship. European countries have a more direct relationship to sponsorship. In the USA, the line between the two has become increasingly blurred. Corporations ultimately behave as strategically in the art world as they do in business, choosing certain kinds of art and venues for building collections that reflect their own business purposes. They became major sponsors of museum exhibitions, primarily for publicity and public relations, for ‘self-promotion and high-style decoration’ (Wu 2002: 269). While their sponsorship dollars have tended to favour large, treasure-oriented shows, they have also funded contemporary artists, but usually those who already had established reputations (Alexander 1996: 25).

The relationship between museums and corporations also affects art’s market price, especially when corporations determine, through substantial funding, the kinds of shows that will be exhibited and when, through sponsorship, they support blockbuster exhibitions that are intended to draw crowds and notoriety. Victoria Alexander’s study of temporary, changing, special exhibitions in thirty large American museums from 1960 to 1986 found that while the number of museum exhibits almost doubled during this period, corporations tended to sponsor blockbuster and non-canonical, accessible and often American art shows in order to reach broad audiences (ibid.: 60–1). For museums, corporate funding has meant a new revenue stream to supplement admission charges for visitors (for example, Revlon underwrote a free evening at the Whitney Museum), generating income for the use of museum spaces (it is rumoured that for $35,000 you can have a bar mitzvah party in the Temple of Dendur at New York’s Metropolitan Museum). Some would say it has also compromised the sanctity of curatorial decision-making. And this funding has also brought museums uncomfortably close to the market, since the production of exhibitions sanctions the art museums’ display.

Philip Morris Inc (PMI; now called Altria) former CEO George Weissman used modern art to position his company on the cutting edge and to deflect people away from the fact that PMI made cigarettes. The company’s logo for almost 25 years was ‘It takes art to make a company great’. Weissman’s foresightfulness became the model for what is now considered routine marketing.

Some corporations – IBM, Chase, PMI and First Banks in Minneapolis – have collected stellar collections of contemporary art, complete with documentation. Lynne Sowder, a curator of the First Banks programme for ten years, built up just such a first-rate collection which also allowed employees to deflect their frustration with the corporation onto the collec-
Artists' career trajectories are neither linear nor predictable. Even the ‘household names’ have had periods of great fame followed by fallow periods. The notion of ‘career’ is a late twentieth-century concept. Pre-war artists did not speak in terms of careers; they were simply painters.

The USA is known for the pre-eminence of its entrepreneurs and risk takers in all walks of life, and American artists are no exception. Artists seek validation for their work as artists and recognition that they are, in fact, artists. In a study of 1,000 US painters in 1989 (the Artists Training and Career Project, or ATC), the Research Center for Arts and Culture at Columbia University found that, in their early careers, 61 per cent of painters received validation from teachers and 50 per cent from peers (Jeffri et al. 1992: 39). Validation in the initial stage of an artist’s career usually includes some kind of representation – a jury selection, an agent or a gallery. This stage has certain markers. Mihaly Csikszentmihaly conducted a longitudinal study of arts students from the Art Institute of Chicago in the 1960s and found that what represented career entry for many of them was getting a loft apartment/studio. For ATC artists over 25 years later, clearly the cachet of a loft did not signal ‘arrival’ as a professional. Thirty-four per cent identified their first professional recognition as a gallery show, another 33 per cent as an honour or award, 17 per cent as winning a competition and 28 per cent as the first sale of their work. (Some respondents chose more than one answer.) Thirty-six per cent were first represented in the market between ages 18 and 25 and 32 per cent between ages 26 and 35 (Jeffri et al. 1991: 16–17). In the previous 12 months, 65 per cent of the respondents had participated in group-invited exhibitions, 52 per cent had been involved in group competition exhibitions, 50 per cent had one-person shows and 49 per cent had participated in juried events (Jeffri et al. 1991: 22).

Unlike artists in Europe, American artists do not have access to significant subsidies. In the ATC, less than a third of respondents had received art-related grants or fellowships; the most frequently cited amount being $500. After securing some kind of representation, artists reside, perhaps for the remainder of their lifetimes, in the developmental stage of their career. The ‘paying one’s dues’ stage can be an isolated experience; and the artist may join an artists’ space, a cooperative gallery or some other group to have regular interaction with colleagues. In addition to interaction, the opinion of an artist’s peers is significant.

Artists today are adept at self-promotion. Many major cities including Boston and Minneapolis have regular seasonal tours of artists’ studios. Even a smaller town like Ithaca, New York, organizes a 51-artist studio tour for two weekends in October. The Internet has been a useful medium for artists to supplement creativity but also to communicate ideas. Artists have begun to form collectives, like the online collective in Canada, where there is no interest in selling. Online art (as well as online selling of art) is another alternative to traditional media and channels. Web sources like Artist Registry.com, Guild.com, fine-art.com and iTheo.com provide artists with a database to display images of their work as well as documentation and reviews. ArtQuest and eBay bring artists and buyers together and eliminate the dealer and the commission. Agencies like the New York Foundation for the Arts offer credit, loans and tips for artists creating their own web pages. And instead of slides, many artists are sending their work by e-mail and create CD-ROMs that contain everything from works of art to performances.

Almost half of the ATC painters chose themselves as their most important critics. This self-evaluation is sometimes frustrating and maybe seen as prima donna behaviour by the people who manage artists, although it is often this self-criticism that keeps artists’ work alive. And since there is no official academy to regulate admission, anyone can call him or herself an artist. Indeed, when artists were asked what definitions marked them out as professionals out of thirteen possible choices, 40 per cent chose inner drive to make art as their first choice; and even though 43 per cent had graduate degrees, 61 per cent said they were self-taught (Jeffri et al. 1991: 21). Indeed, the market often capitalizes on this phenomenon, as it has done in recent years by promoting outsider art, asylum inmates, prisoners, Primitives, Naifs and others. The ‘discovery’ of some of these artists has resulted in a large annual Outsider Art Fair at the prestigious Puck Building in downtown Manhattan.

The third stage, only entered by the few, allows artists control over their own destiny. This is the stage at which galleries and dealers seek out the artists, when collectors vie for the artist’s next work and when museums jockey for the right to accession the artist’s work. Very few artists reach this stage, and the ones who do are afforded yet another career level, albeit a posthumous one. Famous artists can leave their work to a museum. They, or the executors of their estate, can request that the works be shown together and cared for in certain ways. Mark Rothko’s paintings in the Menil Chapel in Houston, Texas, are the result of just such an action. The Warhol Museum in Pittsburgh houses a large portion of Andy Warhol’s output. Museums, however, especially in times of limited resources, are skittish about accepting restricted collections, no matter how eminent the artist.

With artists’ perception of the market as unfair and highly competitive, it is perhaps surprising that 52 per cent said they were satisfied or very satisfied with their careers, and 87 per cent that they would choose the same career if they had to do over again (Jeffri et al. 1991: 24).
Conclusion

The one thing this chapter has not mentioned is the public. Satirist Tom Wolfe titled a chapter in The Painted Word 'The public is not invited [and never has been]'. He makes the point that:

[the notion that the public accepts or rejects anything in Modern Art, the notion that the public scorns, ignores, fails to comprehend, allows to wither, crushes the spirit of, or commits any other crime against Art or any individual artists is merely a romantic fiction, a bit of sweet Trilyb sentiment. The game is completed and the trophies distributed long before the public knows what has happened.

(Wolfe 1976: 26)

The art market is a small, incestuous family, inaccessible to the general public, and kept alive by groups of tightly connected insiders. This tiny band, for reasons of status, prestige, knowledge, entertainment, conquest, posterity, greed, personal pleasure as well as notions of investment or philanthropy, keeps itself thoroughly informed on the buying, selling and managing of what is at best an uncertain prospect.

Notes

1 Mapplethorpe's first work to be sold at auction in Sotheby's New York was a 38.9 cm x 38.9 cm 1982 signed photograph, 'Lisa with a gun', on 8 May 1987, which made $2,000. On 2 Nov 1989 the artist's signed silver prints, self-portrait in drag and self-portrait in leather jacket, both 34.9 cm x 33.6 cm, were sold at Sotheby's New York for $37,750 each. On 9 October 1991, his 1980 signed photograph measuring 45.5 cm x 33.3 cm, 'Man in polyester suit' sold above Sotheby's New York's high estimate for $6,050. A year later on 14 April 1992, the same photograph sold for $9,000. On 8 October 1993 Christie's New York sold the second of 15 Mapplethorpe signed 1980s gelatine silver prints of a similar size, 'Self-portrait with a cigarette', for $13,225. The highest price for the artist's work to date is $76,630. Mapplethorpe dealer, Harley Baldwin, sells rare images of flowers by the artist in his gallery for $150,000 and a five calla lily image for $350,000. But, according to New York Mapplethorpe dealer Howard Read of Cheim & Read, the artist's career is slow and measured and it is a fact that he had to wait until 1985 and 'The Black Male Nude' exhibition, before he was able to make a living from his art.

2 At least three or four critics such as Jasper Johns, Roberta Rauschenberg, Claes Oldenburg, Maya Lin, Louise Bourgeois, Chuck Close, Ed Ruscha, Gerhard Richter, Cindy Sherman, Frank Stella (Szanto 2002: 38). Critics over 40 like these artists more than critics under 46: Karen Finley, Dale Chihuly, David Salle, Chuck Close, Sol LeWit, Pepsos Osorio, Wayne Thiebaud, William Wegman, Elizabeth Murray and Martin Puryear. Seventy per cent of artists felt that critical approval had helped their work (Jeffri et al. 1991: 24).

3 In the ATC 28 per cent of artists rely on peer group validation, 47 per cent on critical review. In 1991 33 per cent of male and 46 per cent female artists in the US had college degrees and 46 per cent of male and 40 per cent of females had graduate degrees. Alarming, 52 per cent of artists failed to make art for the market, 30 per cent did so sometimes and 9 per cent did so regularly (Jeffri et al. 1991: 13).

Bibliography


Internet sources

http://www.arts.gov
http://www.artdealers.org WHO.html
http://www.dcira.gov.au/Article/0,01-21415599,00
http://www.galleryguide.org