

**THE ART MARKET, ITS INTERMEDIARIES
AND THE COMPONENTS OF VALUE OF ART WORKS
IN AN HISTORICAL PERSPECTIVE**

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ABSTRACT

The dissertation begins with an historical overview of aspects of the Western art market, and continues with a discussion of financial and economic aspects of the art market. Throughout the factors and intermediaries that come into play in the determination of economic value and the price of exchange are considered. There are two common threads to the dissertation in relation to both art history and financial theory: firstly, the analysis of the role of intermediaries and institutions; and secondly, the valuation of art works in relation to the Components of Value of art works.

In the Introduction the concept of intermediation in the context of the art market is discussed, as is the financial and economic definition of an art work. The historical overview that follows is a descriptive analysis of the various support systems and intermediaries in the Western art market from the Renaissance through to the late twentieth century, the guilds, patrons, academies, and dealers, that have and still do function as intermediaries to expedite the transfer of works of art in primary and secondary markets. Five art markets have been selected to provide an historical overview of the structure and functioning of the Western art market. These are Italy in the fourteenth, fifteenth, and sixteenth centuries [Chapter One]; the Low Countries in the sixteenth and seventeenth centuries [Chapter Two]; England from the seventeenth through to the late nineteenth centuries [Chapter Three]; France from the seventeenth to the early twentieth centuries [Chapter Four]; and the U.S.A. in the late nineteenth and the twentieth centuries [Chapter Five]. These periods and geographical locations have been chosen to draw attention to the historical shifts in the structure and functioning in the art market.

In Chapter Six the Components of Value of art works through history and in the art market of recent years are analysed. The Components of Value are those factors, aesthetic, historical, economic, and otherwise that, depending

on the art work and period in which it is exchanged, influence the economic value of art works. This chapter then considers in detail the range of Components of Value that each contribute in a different manner to the price of exchange. The concluding chapter provides an analysis of the 'supply' of art works in terms of the suppliers, the artists; and the demand, the consumers; and the linking of the supply and demand by art market intermediaries in terms of the Components of Value.

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A NOTE ON THE TERMINOLOGY

A number of terms and concepts commonly used by art historians and economists are adopted in this dissertation. The usage of certain terms is often vague and imprecise, and the object of this note is avoid ambiguities by clarifying their usage in this dissertation.

The term a *patron* is often used to refer to a client purchasing ready-made works from an artist simply because the purchase is of an art work from an artist and not another good. For the purposes of this discussion, *patronage* is used to describe a relationship between an artist and a client that involves a commission resulting in the production of a work of art. An *art dealer* is a trader in art who makes a financial commitment to artists or art works, either by investing in the career of an artist or by owning what he offers for sale. This is distinct from an *agent* or *broker* who acts as an intermediary between a seller and buyer. A *collector*, as opposed to a buyer or investor, is one who purchases art works systematically and derives some aesthetic pleasure from the ownership of art works. An *art market* is considered to exist wherever there is an exchange of art works, regardless of the intermediaries and support structures involved in facilitating the exchange. An *art work* is defined as anything that is traded as art, or that later comes to be regarded as art by some or all of the participants in the art world. The term *participants in the art world* is used in terms of Howard Becker's definition: "*all the people whose activities are necessary to the production of characteristic works which that world, and perhaps others, define as art. Members of art worlds coordinate the activities by which work is produced by referring to a body of conventional understandings embodied in common practice and in frequently used artifacts.*"¹

1.H.S. Becker, Art Worlds, p.34. Joseph Alsop takes a more literal approach. He refers to some aspects of the art world as 'by-products of art,' and distinguishes between 'primary' and 'secondary' by-products. The three primary by-products - art collecting, art history and the art market - are classed as such because they come into being wherever art collecting is found. The secondary 'by-products' - art museums, art faking, re-evaluations, antiques and super prices - can not be separated in this way but each are also important in the art world. See J. Alsop, The Rare Art Traditions, pp.16,17.

A distinction also needs to be made at the outset between primary and secondary markets in the art market. Of the art works supplied to an art market, Moulin distinguishes between 'past painting, which is consecrated by history, and contemporary painting, which is not'.¹ This is certainly apt, but another distinction, which could be viewed simply as a variation on this idea, may be more appropriate: that between primary and secondary markets, an accepted partition in financial markets. This distinction would centre on the roles of the participants. In the primary market, the intermediary links the artist [the producer], with the consumer; and in the secondary market the artist is not party to the transaction, which is between consumers and/or the intermediaries. A contemporary artist's work may be sold successfully in both markets if the art world has deemed his or her work so important that demand outstrips what the artist is able to supply. Of the art that is supplied to the primary market a distinction could be drawn between the work of avant-garde artists and the work of established artists for the reason that, as will be discussed later, the approach to the sale of works by these two groups differs.² The primary market is the sole domain of commercial galleries and private collectors, whereas in the secondary market auctioneers play a prominent part in directing the flow of art works. The works traded in the secondary market could be divided between that of the old masters and contemporary masters. The latter may still be supplying works to the primary market and the commercial galleries representing them in that market may also be closely involved in the secondary market for their work.

1.R. Moulin, The French Art Market, p.25.

2. For this reason, Moulin distinguishes between two types of artists exhibited by dealers: 'traditionalists' and 'progressive' artists. Moulin extends this distinction to the type of art dealers that represent these two groups of artists: "Art dealers exist in two ideal types: the traditional and the entrepreneurial. Besides these two major types, other actors also play significant market roles: brokers, collector-dealers, and consignment dealers." Moulin first based this traditional-progressive division on a distinction between figuration and abstraction, but the contemporary art market has since seen a series of movements which blurs this distinction. An alternative approach would be to divide the primary market between the avant-garde, or whose success is not yet assured, and established artists for whom a secondary market might well exist. See Moulin, p.37.

Before proceeding, attention must also be drawn to the fact that this discussion is informed by a number of assumptions. Firstly, it is assumed that works of art are 'economic goods' i.e. that art works are 'scarce goods', that they are of some use to the consumer, and that their economic value can be measured by a market. Secondly, it is assumed that all participants in the art market are involved in a 'maximising activity', i.e. they are optimising their utility both in terms of production and consumption. In addition, to this, it is assumed that art works are 'normal goods' i.e. as income increases, the demand for art works increases.

The reader will encounter further economic terms especially in Chapters Six and Seven. The meaning of these terms will be explained on the first occasion that they are used either in the text or in the endnotes.

INTRODUCTION

The art market is the place where, by some secret alchemy, the cultural good becomes a commodity.

Raymonde Moulin¹

The fascination of the art market...lies in its reflection of the relationship between art and society. It is in a way a bridge between the intangible values of the human spirit and the human intellect and the material considerations that dominate everyday life, a link between immeasurable human aspirations and down-to-earth economics.

Geraldine Keen²

The objective of this dissertation is to examine some financial and economic aspects of the Western art market in an historical perspective.

The Methodology

It would take a chiaroscuro brush to portray the art market in all its particularities and adumbrations.

Karl Meyer³

Economists are well known amongst social scientists as 'imperialists' in the sense that economists tend to attempt to reduce everything to economic and financial notions and paradigms. Although the art market has to date attracted relatively little research in this regard, a case certainly can be made for using an economic and financial framework to assist in understanding the functioning of the art market. The term 'art market' by its very composition - 'art' and 'market' - straddles two disciplines, art history and economics and finance, which have traditionally been viewed as almost mutually exclusive. Art history has in the past concerned itself predominantly with the source of supply in the art market - the artist; and more recently, but to a limited degree, the demand - the collector. However, the linking of supply and demand, in other words the intermediaries and the art market, has not received much attention from any quarter. The reason for this may be that the art market appears to be too overtly economic and financial to art historians, and too filled with vagaries of aesthetics to attract the work of economists.⁴

Adequate historical understanding means coming to grips with art as an economic process as much as an aesthetic one.
Nicholas Green⁵

Throughout the research I have borne in mind two of Green's propositions. Firstly, that an effective and interdisciplinary analysis requires a cultural analysis of economic processes alongside an economic understanding of art. And secondly, that the circuits of cultural production and consumption are *multidirectional*, and therefore that points of distribution and consumption may be as important as the moment of production in the 'projection' of cultural meanings. Green's cognisance of economic and financial forces in the production of art is refreshing, because in art history where and when the economic and financial perspective has been acknowledged, it has for the most part occurred within a Marxist framework rather than in terms of the underlying principles of economic and financial theory.

The esthetic is an aspect of the economic, as the economic is an aspect of the esthetic. So to carry on - as some still do, in however desultory a way - the project of isolating the market value of an art work in the hope of excluding that supposedly crass, vulgar consideration from the realm of the esthetic is as misconceived a procedure as the formalist protocol that tries to banish content from the realm of form.
Carter Radcliff⁶

Relating financial and economic theory to the art market is potentially problematic if the support of such hypotheses and models is solely in the form of empirically orientated analysis.

The simple application of economic models to the production of art...can act as a straitjacket rather than the vehicle for more wide-ranging and open-ended explanations.
Nicholas Green⁷

The reasons for suggesting a more malleable economic and financial analysis of the art market would be twofold. Both reasons relate to the issue of information and data. Firstly, much of the data that would be required is simply not available and well hidden in a lumbering secretive labyrinth

otherwise known as the art market. Furthermore, even if information were more freely available, the logistics of incorporating the vastly different financial and economic values of works of differing and variable aesthetic values into a single 'predictive-type' model would prove difficult, if not impossible.

The art market as a whole is an extraordinary business. Art values are the product of a weird mix of cultural, aesthetic, psychological and financial pressures - always in a state of flux, always dependent on human nature.

Geraldine Keen⁸

In an attempt to incorporate some of the fascinating nuances and peculiar habits of the art market the discussion of intermediation through history and the Components of Value Model are not structured around the observations of participants and researchers of the art market and art world through history and of the present day.

There is no way to study the private art market or the wartime black market other than to gather as much information as possible and then attempt, with all due caution, to draw some general conclusions.

Raymonde Moulin⁹

Numerous extracts are included in the text, indented and in italics. They purposefully stand apart from the analysis of the art market and serve as cameo indications of the functioning of the art market and art world thus supporting the discussion and hypotheses. The reader must please bear in mind that the discussion does not necessarily follow a linear pattern; a full understanding of certain aspects is dependent on reading what follows.

The Structure of the Discussion

Museums have histories of their own, but how little is known of the making of private collections. Guidebooks tell you when the Hermitage was begun, what Napoleon did for the Louvre, how the Spanish kings allowed Madrazo to gather paintings from palace and monastery as a nucleus for the great Prado. Yet who knows

how those Englishmen, inspired by the cultivated Charles [I] with the art-loving tastes, found the masterpieces that adorn their private galleries! how the Dorias, the Demidoffs, the Liechtensteins and the Wallaces made their collections, or how those Dutch burghers bought and loved their little gems!
 Louisine Havemeyer¹⁰

The Introduction continues by considering intermediation in the art market with reference to its evolution through the centuries, and thereafter the definition of art works in the context of financial and economic theory. The following five chapters furnish the reader with a narration and an analysis of the various support systems and intermediaries of the post-Medieval Western art market - guilds, patronage, academies, and dealers - and the interplay between the systems that have facilitated, and still do facilitate, the exchange of works of art. [See Table 1] The purpose of this overview is twofold. Firstly, it seeks to provide a résumé of the existing literature on the Western art market. Secondly, it seeks to provide some insight into the origins of the late twentieth century art market, which is crucial to the discussion of the economic aspects of the art market.

Ever since the Renaissance the art market has developed away from an exchange of the easily interchangeable wares of a craftsman to a complex, multi-layered, vast market serving the exchange of products of artists in which both the makers and traders strive to identify their products as unique objects. In the last six centuries, many developments and the hybridisation of the support systems and intermediaries, which account for the structure and form of the art market as it is at the present, have occurred. Hence, an historical overview of the western art market is a prerequisite for understanding the art market of the late twentieth century.

The overview has been written not with strict attention to chronology but instead with a focus on the issues that recur in each of the five markets. The five markets selected are: Italy in the fourteenth, fifteenth, and sixteenth centuries; the Low Countries in the sixteenth and seventeenth

TABLE 1

CONTEMPORARY ART SUPPORT SYSTEMS AND COLLECTING

1300 1400 1500 1600 1700 1800 1900 2000

Italy

Guilds P A T R O N A G E Academy

M a r k e t

C o l l e c t i n g

Low Countries

G u i l d s M A R K E T

C o l l e c t i n g

Great Britain

A c a d e m y

P a t r o n a g e / M a r k e t

C o l l e c t i n g

France

G u i l d s A C A D E M Y
M A R K E T

C o l l e c t i n g

USA

M a r k e t
C O L L E C T I N G

centuries; France and England from the seventeenth through to early twentieth century; and the U.S.A. from the late nineteenth century to the twentieth century.¹¹ The reasons for the choice of these art markets are that they illustrate, firstly, the origins of a particular support system for artists, secondly, the various forms taken by the primary art market, and, thirdly, functioning of the related secondary markets.

Chapter One considers the art market in Italy from the fourteenth century through to the sixteenth century, in other words the centuries preceding and following the period of the High Renaissance. Italy is an appropriate starting point for this historical overview because it was here that artists first rejected the domination of the guilds in quest of 'creative independence.' A support system in the form of patronage provided the structure for the production of the art, and later, as this support system disintegrated, artists became more reliant on the open market and dealers for the sale of their work even though the art market here was never able generate the vigour that patronage did. Another significant aspect of the Italian art market in these years was the reawakening of an interest in classical antiquities, and, from the late fourteenth century onwards, the collecting and trading of such works of art provided the first opportunities for agents and dealer-intermediaries.

The sixteenth century was the period when an art collection started to become the standard item of equipment for any European ruler with pretensions to culture, whether his domain was a great empire or something far more humble.

Joseph Alsop¹²

The second chapter examines the art market in the Low Countries. As in Italy, artists located in the low countries worked within a guild structure. But an interesting factor in the development of the primary art market was the production by artists of work for the open market and for dealers and intermediaries rather than to the specifications of patrons.

The English art world, discussed in Chapter Three, was until the late eighteenth century always more interested in collecting old masters and antiquities and the secondary market than in the affairs of contemporary artists. English patronage and the Royal Academy were both not entirely successful imitations of continental support systems. The importance of England lies rather with their all-embracing collecting and, later, like Italy, serving as an endless source of supply for the secondary market.

Chapter Four considers two particular aspects of the French art world: the Academy as a successor to the guilds in the mid-seventeenth century, and the operation of its extensive pedagogical and patronage apparatuses; and the rise in the mid-nineteenth century of a dealers and commercial gallery support structure as intermediaries for artists partly in place of the Academy. The delineation of the separate roles played by guilds, the Academy and the dealers and galleries in the French primary art market is often difficult because there was much overlapping and 'hybridisation' between the support systems.

The American art market is considered in Chapter Five. The Americans succeeded the English as the world's preeminent collectors of old masters and works of art, and dominated the secondary art market from the end of the last century until recent resurgence of other market. The support structure and intermediaries for American contemporary artists is an extension of the French dealer-commercial gallery system. Since the mid-twentieth century New York has succeeded Paris as the capital of the contemporary art market.

In Chapter Six the aspects of art works that have through history contributed to their financial value and exchange are examined. The chapter begins with the outline of the Components of Value Model. The essence of this proposition is that, by examining the factors that influence the value and price of an art work from the perspective of both the supplier and

consumer, market participants can estimate economic worth by preparing an ordinal (as opposed to cardinal) ranking of Components for each of the parties. The chapter continues with a breakdown of the Components of Value into four groups: the Aesthetic and Historical factors, the Supporting Documentation, Material Attributes, and Economic and Financial factors. The manner in which each Component contributes to the price of exchange is examined, bearing in mind that the Components of Value can vary greatly. Some are entirely subjective and are therefore both unquantifiable and independent on the parties involved in the transaction, whereas others appear, to some extent, to be more tangible.

In Chapter Seven supply and demand are examined in the context of the structure and intermediaries of the art market and in relation to a fundamental assumption of micro-economic theory, which informs this dissertation throughout, that it is through the matching of supply and demand assisted by intermediaries that prices are determined. Thereafter the matching of supply and demand in relation to the Components of Value is considered.

Intermediation

The two financial concepts of intermediaries and valuation are of importance to the discussion that follows. Intermediation in the context of the art market will be considered below, and after the historical overview, the valuation of art works in terms of their Components of Value will be examined. The Introduction will conclude with a definition of art works in relation to the art market and aspects of financial and economic theory.

The makers of art works seldom regard the production of a work as an end in itself. The artist requires that the work enters the realms of the art world of the day and in return receive recognition and remuneration. In most cases the incentive to produce art works would be marginal if there were

no other parties in the art world to absorb the work and reward the artist for his or her efforts. To accomplish the linkage between the artist, and the critics and collectors, the services of institutions and intermediaries are required to promote and market the work. In the art markets through the centuries the support structure performing this role has altered in accordance with the needs of the participants of the art world. However, the needs of the artists in the various art worlds and markets remain centred around recognition and remuneration. It is the object of this dissertation to analyse the intermediaries and support systems that provide the linkage between the producer and the consumer and the associated players in the art world network through the centuries.

The concept of intermediation is fundamental to financial theory and to financial markets (and to the art market). Intermediaries are vital to the well-being and growth of the a market through their contribution to the organisation of the production process by providing a location and framework within which savings can flow to investment.¹³

The art worlds of which the art market is a part have through the centuries always comprised of a mesh of intermediaries and institutions, and differentiating between these intermediaries and institutions is often difficult. In the case of the guilds in Italy in the fourteenth through to the sixteenth century and in the Low Countries in the following century, they functioned in some respects as institutions regulating the art world of the day, as opposed to being actively involved in linking the artist with patrons, consumers and collectors. The French and English Academies similarly performed this institutional role in the art world, but also to some extent attempted to link buyers to artists by way of the Salons and exhibitions. But they were usually not involved in the transactions. The dealers in the Low Countries and in France and elsewhere were unquestionably intermediaries, but from the late nineteenth century in France and in England, and later internationally, they have attempted to perform some of the functions

normally associated with institutions, e.g. publishing scholarly catalogues, preparing curated exhibitions, etc. Today museums and public galleries and the bodies of critics and art historians function in turn as institutions of the art world, indirectly regulating and directing the operation of the rest of the art world.

The proliferation of intermediaries in the art market through the centuries coincided with the rise of a middle-class of income earners desiring the consumption of art works. This essentially began with the Dutch art market in the seventeenth century, where a complex network of dealers and guilds provided the linkage between the legion of artists and collectors. However, in Italy during the Renaissance, where the consumers of art works were predominately wealthy patrons, intermediaries were relatively scarce. The Dutch art market found its successor in the French art market in the nineteenth century where the demands of a growing bourgeoisie were met by a flourishing network of dealers and commercial galleries. And internationally in the twentieth century and particularly in the U.S.A., the expansive middle-class has collected and traded with what has developed into an enormous network of intermediaries dominated by dealers and auctioneers.

Eight functions of intermediation can be identified. Firstly, the issue of convenience from the point of view of both the artist and the consumer. A selection of art works for sale can be made by an intermediary instead of each party individually attempting to locate and negotiate with the other party. Secondly, the separation of the production of the art work from its interaction with the art world leads to artist and intermediary specialisation and in turn to the production and promotion of art works on a more cost effective basis. Thirdly, the specialisation of intermediaries in the selection and sale of art works could be said to encourage expertise in their field of operation to the benefit of both the artist and consumer. Fourthly, the trading of art works by intermediaries magnifies the liquidity of an art market: there is normally much market making activity on the part of

intermediaries who try to exploit undervalued Components of Value of art works. Fifthly, intermediaries, particularly in the secondary market, often function in a dual capacity, acting as an agent as well as owning some of what they trade. In the primary market, they may also be seen to be indirectly operating in this dual capacity, by 'owning' the artists they represent through monopoly contracts and investment in their work.

There are also more specific benefits to contemporary artists who are represented by an intermediary in the guise of a dealer and commercial gallery. The dealer representing a stable of artists often pools risk by using the more successful artists to carry the less successful artists financially. The intermediary is also able to transform for the consumer what may appear to be a risky prospect, an unknown artist, into a purchase of more acceptable risk by effectually 'underwriting' the artist, i.e. by committing their financial resources and the reputation of their operation to the artist. The primary market dealer making use of monopoly contracts and retainers also transforms what can be an uncertain career with erratic cashflows for an artist into an occupation with regular stipends which will in time be offset against the sales of the artist's work.

But perhaps the most important function of intermediaries concerns their role in transmitting information. Information on artists and art works which may otherwise be costly to obtain, is provided. Thus, many of the intermediaries and institutions of the art world function as information intermediaries in that they substitute their skills for that of artists and consumers who usually have neither the time to stay abreast of market developments or access to relevant information about market conditions or opportunities.

Defining an Art Work in the context of the Art Market

The concluding section to the Introduction addresses the issue of what is considered 'Fine Art' and 'non art'; the material and information aspects of an art work; the concept of art works as unique objects and the ease with which art works can be substituted for one another; and lastly, the characteristics of an art work which allow one to define it both as a capital good, and as a consumer good.

Fine Art and 'Non-Art'

Mr. Andy Warhol, the Pop artist, displays facsimiles of Brillo cartons, piled high, in neat stacks, as in the stockroom of the supermarket. They happen to be of wood, painted to look like cardboard, and why not? ... The cost [differential] of these boxes...[as compared with]...their homely counterparts in real life...[is] hardly ascribable to their advantage in durability. In fact the Brillo people might, at some slight increase in cost, make their boxes out of plywood without these becoming art works, and Warhol might make his out of cardboard without their ceasing to be art. So we may forget questions of intrinsic value, and ask why Warhol cannot but make art works.... And why need Warhol make these things anyway? Why not scrawl his signature across [a real] one? Or crush one up and display it as Crushed Brillo Box ("A protest against mechanization...") or simply display a Brillo carton as Uncrushed Brillo Box ("A bold affirmation of the plastic authenticity of industrial...")? Is man a kind of Midas, turning whatever he touches into the gold of pure art? And the whole world consisting of latent art works waiting, like the bread and wine of reality, to be transformed, through some dark mystery, into indiscernible flesh and blood of the sacrament? Never mind that the Brillo box may not be good, much less great art. The impressive thing is that it is art at all. But if it is, why are not the indiscernible Brillo boxes that are in the stockroom....

Arthur Danto¹⁴

Art worlds typically devote considerable attention to trying to decide what is and isn't art, what is and isn't their kind of art, and who is and isn't an artist.... Because "art" is an honorific title and being able to call what you do by that name has some advantages, people often want what they do to be so labelled.

Just as often, people do not care whether what they do is art or not...and find it neither demeaning nor interesting that their activities are not recognized as art by people who do care about such things. Some members of a society can control the application of the honorific term art, so not everyone is in a position to have the advantages associated with it, if he wants it.
Howard Becker¹⁵

When we say "art," we usually mean something like this: a work which has aesthetic value, however that is defined; a work justified by a coherent and defensible aesthetic; a work recognized by appropriate people as having aesthetic value; a work displayed in the appropriate places.... In many instances, however, works have some, but not all, of these attributes. They are exhibited and valued, but do not have aesthetic value, or have aesthetic value but are not exhibited and valued by the right people. The generalization contained in the concept of art suggests that these all co-occur in the real world; when they do not co-occur we have the definitional troubles which have always plagued the concept.
Howard Becker¹⁶

Art works in the broader sense of the word can be divided between what is so-called 'non-art' which is excluded from the realms of 'Fine Art' and the art market that we concern ourselves with here. 'Non art' works comprise the many kinds of painting mostly by painters not recognised by the art world as artists. Except in minor details, these paintings are often very similar to one another and are readily substituted for each other. In other words, they have a high elasticity of demand (which will be addressed more fully later on). In the case of 'non-art', Components of Value relating to subject matter, decorative appeal and size would be primary determinants of value, whereas with 'Fine Art', although the Components may also be influential, the primary Components of Value are those covering the identity of the artist and aesthetic attributes. 'Non-art' works are those works that tend to be popular with the broader public, but are scorned by the art connoisseurs and 'fine art market'.¹⁷ As Moulin notes: "*both non-art and classic art share a common trait: they lie outside the realm in which aesthetic judgment is uncertain. By contrast, assertions of value with respect to contemporary painting are open to challenge.*"¹⁸

Material and Information Aspects of an Art Work

There were a few good pictures, which thanks to extra research by David [Carritt], resulted in higher prices than might have been expected. One of these was Tintoretto's Christ at the Pool of Bethesda which in May [1964] achieved 45,000 gns (\$122,735) compared with £3,360 in the 1927 Holford sale and £4,830 immediately after the war. David provided new evidence for the catalogue which identified it with a Raising of Lazarus painted for a Venetian collector in 1573, thereby making it one of the few documented Tintoretos in private hands. It is substantiated facts such as these in a catalogue which are all-important to museums, dealers and serious collectors all over the world....

John Herbert¹⁹

[At the Mentmore sale in 1977, a] picture was incorrectly catalogued as The Toilet of Venus and attributed to Carle van Loo. David [Carritt]'s interest in this huge picture...was aroused purely by the black and white photograph in the catalogue. He quickly realised that the subject was Psyche showing her Sisters her Gifts from Cupid.... For stylistic reasons he did not think it was by Carle van Loo, but thought it might be by Boucher, but he could find no mention of his ever having painted such a large picture of this subject. Fragonard was the next possibility, as he had worked in Boucher's studio as a pupil for five years. The Wildenstein catalogue on Fragonard, a very full work actually mentioned that he had painted a picture of this subject when a pupil but that it was an "untraced work".... Having satisfied himself that it wasn't [a copy], David bought the picture when it came up for sale for £8,800. After further research he proved to the satisfaction of the National Gallery, London, that it was by Fragonard and sold it to them for nearly £500,000 (\$850,000).

John Herbert²⁰

Defining an art work in the context of the art market also requires that one examine more carefully what in fact is being traded, i.e. not only the 'material' art work, but also the information relating to its aesthetic significance, the history surrounding its creation, and its provenance. Accordingly, the Components of Value can be divided into two very broad groupings: those relating to the 'material', tangible aspects of an art work, and those covering the information-related aspects. The 'material' Components of Value include medium of execution, size, subject matter and

decorative attributes, intrinsic worth, eg. the cost or value of the materials used, and the possible material utilitarian function; whereas the 'information' Components include the identity of the artist, attribution, authenticity, aesthetic significance, position of the artist and art work in the art world hierarchy, provenance, supporting literature, etc. The information enables the intermediaries to define the object beyond its material attributes as a distinctive work of art.

The consumer of art works generally has demanded much more than a physical object, and the artist has offered more than a 'material' object. Ever since 'art works' began to be produced in the West, they obviously had 'material' aspects, and, however rudimentary, a system to facilitate their exchange between the producer and user. What however has altered through the centuries, and correspondingly altered the art market, is the information aspects of the art work. To begin with the content of the work and the identity of the artist were important, and later the aesthetic factors, such as quality, innovation and authenticity became meaningful issues. This trend has continued up until the present day leading in cases to the production of art works that comprise only of 'information'.

As our approach to art has become more and more intellectuallised, the terms of criticism have interiorized themselves to become the terms of art itself. Along the path that defines our access to the work, each work of art has ancestors, or as Gadamer has phrased it, is the answer to a question which we must discover in the prior history of art. To understand the work is to know the question to which it is the answer. Within a horizon of problems and ongoing questions each work is an answer, a solution, a stage of development, and in turn it raises - and it is this that makes it essential to history - new problems, questions, a new horizon for the next works.

Philip Fisher²¹

The system required to facilitate the exchange of information-loaded art is understandably complex since it is not only 'objects' that are being traded, but the information relating to these objects. It should be noted that there is

considerable subjectivity in the evaluation of most of these aspects, and that this subjectivity determines a greater part of the value of an art work than does the 'material' and more tangible aspects such as the intrinsic cost of the materials, the size, the utility, etc. With regard to art works traded in the secondary market, the search for information could be expected to continue until the expected benefit from the additional information equals the cost of obtaining it.

Art Works as Unique Objects

The art market requires scarcity, and it achieves this through a restriction of the artist to essentially artisan techniques, which assures that production will be limited and will end with the lifetime of the artist.

Charles Simpson²²

The new rules [in the Renaissance] 'of the game called art' required that each unit of an artist's production should differ significantly from a previous unit; that it should solve a problem, or reveal personal originality.

Bernard Smith²³

In periods when consumers were not very demanding of the information-related aspects, and art works were viewed as relatively interchangeable pictorial objects rather than as the 'unique products of a genius', the market would have functioned in a manner closer to perfect competition around the 'material' Components. In such periods, the production and purchase of art works were viewed in a similar light to the products of skilled artisans and craftsmen. For instance, the Dutch art market in the first half of the seventeenth century, and Italy prior to the rise of the notions of the 'genius', were markets in which the makers were sensitive to the production costs and competition. Artists, especially in the nineteenth and twentieth centuries, in keeping with the ethics of Modernism, decide what to produce, and would like to believe that what they supply to the market is not directly determined by what is demanded by the market.

Collectors of both contemporary artists and old masters have become more discriminating and more responsive to the information-related Components of Value in the course of the twentieth century. And accordingly, the market makes an ever-increasing effort to provide the required information; for example, in the case of old masters, detailed documentation as regards attribution, condition, provenance, etc, are provided by *catalogue raisonnées*. This proliferation of information, together with the fact that each art work is an individual object with a maker and not the product of mass production, has provided participants in the art market with the means to effect product distinction. Each art work is presented as being unique in some respect in terms of the material and information related Components of Value. Thus every art work is distinctive and has an unique set of Components of Value according to which its value is determined. In the case of prints and sculpture the number produced is limited and each art work is individually signed. This is obviously intentional, ensuring a degree of scarcity that will hopefully affect price positively. If this was not the practice, an artist could produce and sell more down to the marginal cost of production which is normally not very high, i.e. to the point where the price of the works would equal the additional cost of producing another copy of the work.

If one worked with the assumption that all art works are entirely unique, they would not be interchangeable, and the consumer would not be able to substitute one work for another. The situation in reality is clearly not that straightforward. Art works may have similar characteristics, and the work most desired may not be available or may only be available at a price out of the consumer's range, making an indirect substitution of a similar work a recurring feature of the art market. The extent to which the artist will have to take note of potential cost minimising measures will ultimately depend on the degree to which his prices are influenced by the prices of 'competitors', in other words, the ease with which his art work can be 'substituted' for works by other artists, and the responsiveness to the quantity demanded to a change in price, i.e. the price elasticity of

demand²⁴. An established artist is not as likely to be as sensitive to his costs of production as an unknown artist, artisan or craftsman. The elasticity of demand will be greater the closer the available substitutes for the commodity. It could be expected that the higher up the hierarchy of artistic importance an artist is placed, the lower the elasticity of demand is for the reason that substitution would be more difficult, and thus the cross elasticity would also be smaller. In the past, substitution in a more direct form was the norm in purchasing decisions: if a desired masterpiece was not available, a copy was simply purchased or commissioned in its place.

Capital vs Consumer Goods ✓

It would also be useful to consider whether an art work is a consumer good or a capital good, or a combination of the two. Stein's empirical evidence lends support to the suggestion that art works exhibit traits of both.²⁵ One possible method of classification would demand the following criteria for a capital good: firstly, the asset has a life over a period of time assuming it has not physically deteriorated beyond useful value; and secondly, the asset earns a rate of return. The fact that an 'industry' exists attending to the restoration and conservation of art works, and art works are touted as 'investments', provides evidence that they are at least perceived by some to exhibit these attributes of a capital good. Once there is deterioration in the physical condition of an art work, it is not automatically disposed of and replaced with a 'new' art work: it remains of value and often extravagant attempts are made to lengthen the survival of an artwork beyond the 'natural' lifespan of the physical medium in which it was created. But art works also exhibit some conspicuous traits of a durable consumer good, a good that experiences a decline in value, possibly to the point of being 'worthless', before its physical end; and that offers the purchaser some 'service' and generates satisfaction for the consumer over a period of time. The decline in value of a durable consumer good may often be attributed to a change in fashion or taste, which also applies to works of art on occasions.

At times, works of art may be viewed with such disregard that they are disposed of without further thought to the possibility that fashions normally come around again and correspondingly the value would be restored.²⁶

The initial price and motive of purchase may also have some bearing on whether an art work becomes a capital or consumer good. If a work of art was purchased at a price relatively insignificant to the marginal utility²⁷ of the consumer's wealth and the motive of purchase was based on its potential to offer pleasure to the viewer, then the art work would be closer to a consumer good. But if the price was more substantial relative to the marginal utility of the consumer's wealth, and its ability, as perceived by the consumer, to retain its worth was a significant consideration at the time of purchase, then the art work would be closer to being a capital good in the mind of the consumer. A broad generalisation extended from this would be that as the price of an art work and its potential as a store of wealth become a more important consideration in the purchasing decision, correspondingly will the art work display more attributes of a capital good, and less attributes of a consumer good; and vice versa.

Literature Review and Sources

The art market has a long history but lacks a historian. To fix even the simplest facts requires scavenging in monographs and memoirs - which itself tells something about the curtailed reticence of the art world.

Karl Meyer²⁸

In preparing this dissertation, I often encountered the same information which, in the absence of primary research, tends to be frequently re-quoted. Although there is increasing interest in the socio-economic aspects of art, there is no published history and bibliography on the art market, critical or otherwise. Furthermore, the socio-economic research on the western art market remains very incomplete and inconsistent in approach and quality.²⁹ This dissertation has drawn mostly on the more recent studies of the Western

art world covering very specific socio-economic aspects of art, making use of the historical overviews of some related fields - museums,³⁰ academies,³¹ taste,³² auctioneers,³³ faking,³⁴ and especially collecting³⁵ - although they are for the most part narrative in approach. Limited use has been made of magazine or newspaper articles because their tone tends to be sensationalist in commenting on record prices or scandals.

The vast literature on the Renaissance contains surprisingly few studies of guilds, patronage, and the trade in classical and Renaissance works of art.³⁶ Central to the work that has been done is Martin Wackernagel's The World of the Florentine Artist - Projects and Patrons, Workshop and Art Market, first published in 1938; and Francis Haskell's Patrons and Painters, first published in 1963.³⁷ Other sources include Michael Baxandall's Painting and Experience in Fifteenth Century Italy (1972), which examines the mechanics of patronage, and Joseph Alsop's The Rare Art Traditions (1983), which explores the origins of collecting.³⁸ For an overview of socio-economic aspects of the Renaissance, I have relied on Peter Burke's The Italian Renaissance: Culture and Society in Italy (1986) and J.R. Hale's Florence and the Medici (1977). Primary research remains meagre with respect to the patronage and collecting practices of the Renaissance papacy, and the secondary market in classical and more contemporary art works.

As regard the Low Countries, one encounters several commonly repeated generalisations about the social position of the artist, guilds, art dealers, fairs, and collectors in all but the more recent literature. Some of these generalisations can be traced back to comments in John Evelyn's diaries and the statements made by other contemporary observers, the accuracy of which has been questioned. A new body of quantitative research is evolving, led by Michael Montias' Artists and Artisans of Delft: A Socio-Economic Study of the Seventeenth Century (1982), and his more recent journal articles; 'Cost and Value in Seventeenth Century Dutch Art' (1987); 'Art Dealers in the seventeenth-century Netherlands' (1988); and, 'Socio-Economic Aspects of

Netherlandish Art from the Fifteenth Century to the Seventeenth Century: A Survey' (1990). Other noteworthy journal articles include Lorne Campbell's 'The Art Market in the Southern Netherlands in the Fifteenth Century' (1976); Lynn Jacobs' 'The Marketing and Standardisation of Southern Netherlandish Carved Altarpieces: Limits on the Role of the Patron' (1989); Jean C. Wilson's 'The Participation of Painters in the Bruges *'pandt'* market 1512-1550' (1983); and Dan Ewing's 'Marketing Art in Antwerp, 1460-1560: Our Lady's *Pand'* (1990). For an overview on Dutch society in the seventeenth century, J.L. Price's Culture and Society in the Dutch Republic During the 17th Century (1974), has proved useful.

It is remarkable that a history of collecting in England has not been written when one considers that apart from the Americans, the English remain the most insatiable collectors of all time. Although the exhibition catalogue The Treasure Houses of Britain: Five Hundred years of Private Patronage and Collecting edited by G. Jackson-Stops (1985) does offer a useful overview, the details of this history remain scattered. The recent all-encompassing volume assessing formation, components and dispersal of the collection of Charles I entitled The Late King's Goods and edited by A. MacGregor (1989) has been of assistance. The art world of eighteenth-century London has been dealt with in two studies on which I have relied on heavily, Louise Lippencott's Selling Art in Georgian London: The Rise of Arthur Pond (1983), and Iain Pears' The Discovery of Painting: The Growth of Interest in the Arts of England 1680-1768 (1988). Use has also been made of Marcia Pointon's 'Portrait-Painting as a Business Enterprise in London in the 1780s' (1984). Two further works of use are F. Haskell Rediscoveries in Art (1976) and Gerald Reitlinger The Economics of Taste Vol. I: The Rise and Fall of Picture Prices 1760-1960 (1960), although Reitlinger's acidic comments sometimes obscure the main issues. The dispersal of English collections in the nineteenth and early twentieth centuries and the patterns of English patronage are two areas that require extensive research.

As concerns France and the French Academy and patronage of the seventeenth and eighteenth centuries, an equivalent to Francis Haskell's study of Baroque Italy still remains to be written, although Thomas Crow's Painters and Public Life in Eighteenth-Century Paris (1985), successfully covers aspects of the Academy and Salon. The decline of the Academy in the nineteenth century and the transition to the dealer-gallery system has been the subject of numerous studies, including Cynthia and Harrison White's Canvasses and Careers (1965), which provided a novel statistical approach to the Academy; Albert Boime's The French Academy and French Painting in the Nineteenth Century (1971); Nicholas Green's 'Dealing in Temperaments: Economic Transformations of the Artistic Field in France during the Second Half of the Nineteenth Century' (1987); and his 'Circuits of Production, Circuits of Consumption: The Case of mid-nineteenth century French Art Dealing' (1989). The dealers of the Impressionists have not been the subject of a specialised study, but details of the activities of these dealers can be drawn from studies of Impressionist collectors - particularly Anne Distel's Impressionism: The First Collectors (1990). The preeminent dealers of the French art market in the late nineteenth and early twentieth centuries - Durand-Ruel, Vollard and Kahnweiler - have left memoirs and archival material which is slowly being assessed, the major study being Malcolm Gee's Dealers, Critics and Collectors of Modern Painting: Aspects of the Parisian Art Market between 1910 and 1930 (1981). The post-war years have received much attention in Raymonde Moulin's The French Art Market, a socio-economic study of a contemporary art market. This seminal study, although now twenty-five years old, remains the most comprehensive and insightful analysis of any art market and her observations, for the very most part can be extended to the art market in general.³⁹ The origins of a dealer-commercial gallery art market as we now know it today lie in late nineteenth-century France, but no inquiry into the emergence of this 'support system' has as yet been undertaken.

The literature on the art market of the United States is also surprisingly scant. There are some anecdotal histories of American collecting,⁴⁰ as well as aspects of the New York art world early in this century,⁴¹ and interviews and discussions about post-war art dealers.⁴² But apart from this there is very little probing research. As concerns the last years of the nineteenth century and the early years of the twentieth century, John Rewald's Cézanne and America: Dealers, Collection, Artist and Critics 1891-1921 (1989), and Frances Weitzenhoffer's The Havemeyers: Impressionism Comes to America (1986), have been helpful. The discussion on the post-war years draws on Diana Crane's The Transformation of the Avant-Garde: The New York Art world 1940 - 1985 (1987), and Deirdre Robson's 'The Avant-Garde and the On-Guard: Some Influences on the Potential Market for the First Abstract Expressionists in the 1940s and Early 1950s' (1988), and two issues of Art in America, July 1988 and July 1990, devoted to 'art and money'.

There are three other books and one review in particular that have been relied on for descriptions of how the art market functions. A very perceptive and useful work is that of Geraldine Keen, The Sale of Works of Art - A Study Based on the Times-Sotheby Index (1971). A further source of ideas is William D. Grampp's Pricing the Priceless, but some of his assumptions and perceptions of art and the functioning of the market are problematic.⁴³ Howard Becker's Art Worlds (1982) has also proved useful, but at times his generalisations are uncomfortably broad. For a contemporary commentary on the secondary market, much use has been made of Sotheby's Art Market Bulletin (1985-), which is factual and insightful in its treatment of the frenzy that has characterised the 1980s art market. Various 'art as an investment' type studies⁴⁴ have also been of some use.

Notes to the Introduction

(1)R. Moulin, The French Art Market, p.3.

(2)G. Keen, The Sale of Works of Art, p.18.

(3)K. Meyer, The Art Museum, p.165.

(4)Malcolm Gee observed when researching the art market in Paris in the early twentieth century that contemporary writers were uninterested in the activities of collectors, which adds difficulty to producing a coherent survey of the period. This reason could be extended to the lack of contemporary writings on the art trade of almost all periods of Western art history. As he also notes, an analysis of this kind relies on scattered and miscellaneous information. See M. Gee, Dealers, Critics and Collectors of Modern Painting, p.157.

(5)N. Green, 'Circuits of Production, Circuits of Consumption', pp.29-34.

(6)C. Radcliff, 'The Marriage of Art and Money', pp.77-85.

(7)See N. Green, 'Circuits of Production, Circuits of Consumption', p.29-34. See also, N. Green, The Spectacle of Nature.

(8)Geraldine Keen quoted by J. Herbert, Inside Christie's, p.195.

(9)Moulin, p.138.

(10)L. Havemeyer, Sixteen to Sixty: Memoirs of a Collector, quoted by F. Weitzenhoffer, The Havemeyers: Impressionism Comes to America, p.11.

(11)To place the five countries considered here in context of the overall patterns of European collecting, see R. Lightbrown, 'Charles I and the Tradition of European Princely Collecting', in The Late King's Goods, ed. by A. MacGregor, pp.53-72.

(12)Alsop, p.165.

(13)See T.S. Campbell, Money and Capital Markets; H.E. Dougall and J.E. Gaumnitz, Capital Markets, and Institutions; D.S. Kidwell and R.L. Peterson, Financial Institutions, Markets, and Money; P.S. Rose, Money and Capital Markets; J.C. van Horne, Financial Market Rates and Flows.

(14)A.C. Danto, 'The Artworld', p.580-1.

(15)H. Becker, Art Worlds, pp.36-7.

(16)Becker, p.138.

(17)Moulin, p.25.

(18)Moulin, p.27. As Moulin also notes: "*Buyers of junk paintings are no more immune than buyers of expensive art from the desire to own pretty things or status symbols. Some bad paintings are decorative; others*

serve as souvenirs. Sometimes they become part of the furniture of the house, like copper pots and carved wooden chests. But they are never purchased as investments: painting is least contaminated by money at this lower level of the market." Moulin, p.141.

(19)J. Herbert, Inside Christie's, p.85.

(20)Herbert, p.260.

(21)P. Fisher, Making and Effacing Art, p.23.

(22)C.R. Simpson, Soho, p.84.

(23)B. Smith, The Death of the Artist as Hero: Essays in History and Culture, p.13.

(24)The price elasticity of demand is the responsiveness of the quantity demanded for a commodity to changes in its prices per unit. The price elasticity of demand is defined as the percentage change in quantity demanded divided by the percentage change in price.

(25)"*The estimated annual net return from durable services... is -a = 1.6 percent. In comparison, the 10.5 percent average annual appreciation of paintings in the United States between 1946 and 1968 lends credibility to the assumption that collectors regard paintings as capital assets and that the prices of paintings satisfy conditions in the capital market regardless of whatever conditions they also satisfy in the durable-goods markets.*" See J.P. Stein, 'The Monetary Appreciation of Paintings, pp.1031-32.

(26)William Grampp seems to take a different view. He considers it normal for art works to become obsolete and therefore to be discarded. He reasons that obsolescence is an expected outcome of a rise in consumer income and the desire of buyers always for something new, and what has come before is then obsolete and must be discarded to make way for the new (which artists are presumably always willing to provide to the consumers). One wonders what art he is writing about. 'Innovative' art is very seldom saleable when it is first produced, which suggests that it not the result of buyers' demand. And more traditional art, often pastiches of what came before it and not always consecrated as 'fine art', is what one would expect buyers with a recent rise in disposable income and little investment in taste to purchase. He implies that the creation, sale and purchase of contemporary art works and seasonal clothing fashions are alike. To quote Grampp: "*Works of art are most of them goods that become obsolete. They do not depreciate fully or get lost or destroyed but are discarded after a time.... The time can be brief because what buyers want and what buyers artists offer to satisfy them can change rapidly.... From an economic point of view, most paintings have been durable consumer goods subject to obsolescence. The painters may have hoped that what they were actually doing would be cherished down the ages, and what a few did actually has been. But the pictures done by the great majority were acquired by buyers, held for a time, then replaced by other pictures, held for a time, then replaced by other pictures which were held for a time and themselves replaced, and so on and on. The evidence for this is, first of all, the fact that so little art has survived. The change in subject matter, the way it was*

rendered, and the very methods of painting are also evidence. In addition, art is a good which compliments other goods - is used with them - and when the other goods become obsolete art does also.... The rate at which art becomes obsolete depends on the income of the buyers, on the rate at which it is increasing, and what they have invested in taste, that is in acquiring satisfaction from art. The higher the income of a person, and the more goods he has, the less do a still higher income and more goods add to his satisfaction. This is true of people who are not rich as well as those who are. All of them, in order to get as much satisfaction as they can from their spending, distribute it among as many different kinds of goods as practicable, instead of confining it to a few. This is simply because variety is more satisfying than uniformity. When they add to their stock of consumer goods (as distinct from replacing what is used up), they chose the novel over the familiar or the less familiar over the more familiar. If they have an interest in art, they will choose it in the way they choose other goods. Hence, as income rises, the choice of buyers of art change, the artists respond to the change by offering works in a different style.... Changes in the styles of painting are evidence that what artists do is affected by what buyers of art would like them to do. ...what is known of the conduct of collectors and painters in the past and what is reported today allow one to conclude that the relation between demander and supplier in the market for art is similar to that relation for other things." See W.D. Grampp, Pricing the Priceless, p.74-76, and in general pp.66-78.

(27) Marginal utility is the change in total utility due to a one-unit change in the quantity of a good consumed. In context of the discussion, the increase in total utility from consumption of a good or service becomes smaller as more is consumed.

(28) Meyer, p.169.

(29) See for instance, J.M. Montias' comments on the varying quality of art-economic literature in, 'On Art and Economic Reasoning', Art in America, pp.23-27.

(30) G. Bazin, The Museum Age.

(31) See N. Pevsner, Academies of Art, Past and Present, and S.C. Hutchison, The History of the Royal Academy: 1768-1986; A. Boime, Albert, The Academy and French Painting in the Nineteenth Century.

(32) These include, F. Haskell, Rediscoveries in Art; F. Haskell and N. Penny, Taste and the Antique; and N. Von Holst, Creators, Collectors and Connoisseurs.

(33) See B. Learmount, A History of the Auction; H.C. Marillier, Christie's 1766-1925; W. Towner, The Elegant Auctioneers; and F. Herrmann, Sotheby's: Portrait of an Auction House.

(34) See Fake? The Art of Deception, ed. by M. Jones.

(35) Apart from the numerous smaller studies, there are: J. Alsop, The Rare Art Traditions; F.H. Taylor, The Taste of Angels; and Great Private Collections, ed. by D. Cooper.

(36)For a concise and critical overview of the research undertaken covering the social and cultural aspects of the Renaissance, see P. Burke, The Italian Renaissance: Culture and Society in Italy.

(37)See also the review, E.H. Gombrich, 'Patrons and Painters in Baroque Italy,' in Reflections on the History of Art, pp.106-108.

(38)See also the review, E.H. Gombrich, 'The anatomy of art collecting', in Reflections on the History of Art, pp.168-178.

(39)In a review of the English translation in Art In America, the reviewer is surprising negative about the book on the basis of the content being dated, but he admits that it "*cannot be ignored. [as] It was the first to break the wall of silence that surrounded its subject [the art market].*" I take a contrasting view that the book should not be updated as it is such a successful and comprehensive study of an art market prior to frenzied market of the 1980s. A completely separate study of present art market is rather required. See Yve-Alain Bois, 'The Art Market', Art in America, pp.35-37.

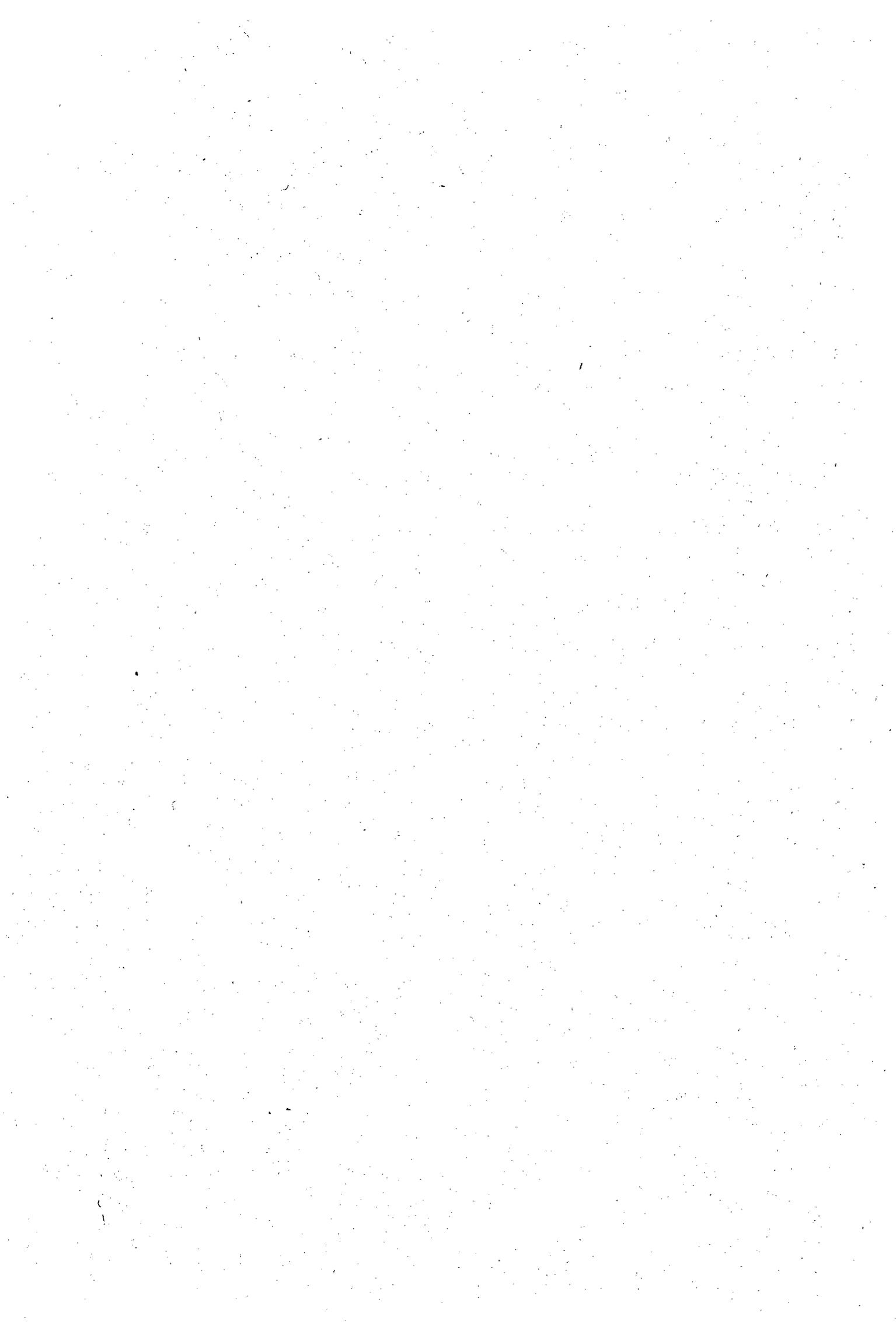
(40)These include, W.A. Constable, Art Collecting in the United States of America; A.B. Saarinen, The Proud Possessors; T.E. Norton, 100 years of Collecting in America: The Story of Sotheby Parke Bernet; and C. Tomkins, Merchants and Masterpieces.

(41)These include, W.I. Homer, Alfred Stieglitz and the American Avant-Garde; J. Zilczer, 'The Noble Buyer': John Quinn, Patron of the Avant-Garde; and M. Brown, The Story of the Armory Show.

(42)These include, The Art Dealers, ed. by L. De Coppet and A. Jones; Claude Berri meets Leo Castelli, ed. by A. Hindry; P. Guggenheim, Out of this Century: Confessions of an Art Addict; J. Levy, Memoirs of an Art Gallery; J.B. Myers, Tracking the Marvelous: A Life in the New York Art World; and L. Hall, Betty Parsons: Artist - Dealer - Collector.

(43)For instance he writes that; "*Impressionism might have taken even longer to succeed if the established painters had allowed it to be shown in their salons. By excluding it, the prices of Impressionist paintings were reduced, and more may have been bought as a consequence. This is not certain because exclusion could also have reduced the demand.*"[p. 114] Furthermore: "*Most [art] has simply been discarded. If art did not become obsolete there would be a futures market in it, and there is not.*"[p.135] See W.D. Grampp, Pricing the Priceless. See also the review of the book: P. Plagens, 'Art & the Market', p.43.

(44)See Keen; R.H. Rush, Art as an Investment; R.C. Anderson, 'Paintings as an Investment'; D.J. Cunneen and J.E.M. Barnes, 'Art as an Investment'; J.P. Stein, 'The Monetary Appreciation of Paintings'; J. Butler, Art as Investment; W.J. Baumol, 'Unnatural Value: or Art Investment as Floating Crap Game'; B.S. Frey and W.W. Pommerehne, 'Is Art Such a Good Investment?'; and Sotheby's Art Market Bulletin.



CHAPTER ONE

AN OVERVIEW OF THE ART MARKET IN RENAISSANCE AND BAROQUE ITALY

Introduction

In Italy over the centuries, the production, patronage and collecting of works of art was centred in the leading city-states, Florence, Rome and Venice, and imitated in the smaller courts on the Italian Peninsula and across Europe. The three leading city-states were well connected with other centres of patronage and collecting through the papacy and the trade and finance of the Venetians and Florentines.

In the thirteenth century the centres of art production in Italy were Florence and Tuscany. Rome did not yet enjoy the ecclesiastical eminence which later made it into an international centre. After 1304 the whole papal court was transferred to France by the French Pope Clement V. The whole apparatus of papal patronage was removed from Rome and the rest of Italy, until the return of the Papacy to Rome in the mid-fifteenth century. Florence did not have Rome's 'civilized' past, but was at the forefront of commerce and international finance. It was also central to Italian art, patronage and collecting until the fall of Medici power in the city in 1494. Thereafter it enjoyed some bursts of artistic activity but never regained its quattrocento artistic preeminence. The popes in Rome succeeded the Medici as the preeminent patrons and collectors following the French invasion of Florence in 1496. The three succeeding decades of magnificence in Rome were terminated with the Sack of Rome in 1527, after which both Rome and Italy experienced a gradual artistic decline. But Rome remained the envy of Europe until the fall of the Barberini in 1680.

THE PRIMARY MARKET

Guilds and Workshops

From the later Middle Ages all branches of Fine Arts were classified as crafts. Painters and sculptors like other artisan trades, remained subject to the traditional guilds who controlled artistic activity by regulating the relations between guild members and their clients and patrons. Artists' guilds existed in most Renaissance cities and played a decisive role in the governing of the city-states. The regulations of these guilds appear to have required membership as a prerequisite for executing an important commission, implying a protection of native labour against non-guild members and foreign competition.¹ There were also provisions regarding the process of education for future masters; the use of genuine, durable painting materials; and correct working methods. The regulations were partly intended to offer a guarantee to clients and patrons that 'guild approved' products were of a high standard of craftsmanship.² Artists were not always united in the same guild: instead, they appear to have been divided according to the type of raw materials they used. This meant that artisans were sometimes linked with other artisans in superficially related trades, simply because they used similar materials.³

In the Renaissance and for the most part still in the Baroque, artistic practice was generally governed by a workshop system, within a guild framework. Depending on the artist's social and economic position a workshop could comprise a master directing and producing the main work together with apprentices and assistants undergoing training. André Chastel describes the situation as follows:

In each city of note we find competing botteghe.... A studio worked as a small clan, each with its own supporters, faithful clients, and publicity...the volume of their business...[was] remarkable as is the care they took to respond effectively to the desires of their customers...."

Andre Chastel⁴

The workshops were, on occasion, a family affair. The guild regulations encouraged this arrangement by, in some instances, reducing the entrance fees for the relatives of masters. Burke suggests that half of the artists of the Italian Renaissance had relatives practising in the arts.⁵

The reputation of the master attracted client-patrons to a workshop to commission a work. The master functioned as a craftsman-dealer and usually was responsible for the operation of the workshop, the overall design of the work, and the negotiation of contracts with the client-patrons. The division of labour was essentially between design and execution and not, as was the situation after the demise of the guild-patronage system, a division between artists and dealers, that is between the production and the sale of art works. The guild-workshop arrangement and the lengthy apprentice system was best suited to enhancing skill through the preparation of materials and methods of execution, which remained an important component of value of an art work in the eyes of a client-patron. Works of art tended to be produced in a uniform style identifiable to the workshop, and individual expression or style was discouraged. A major part of the training of painters involved the copying of the workshop's collection of drawings in order to unify and maintain the shop's stylistic tradition. A humanist described this in the early fifteenth century as follows: "*when the apprentices are to be instructed by their master...the painters follow the practice of giving them a number of fine drawings and pictures as models of their art.*"⁶

Competition was limited through the use of monopolistic practices which included the controlling of advantageous technical procedures, and through the inherent and ongoing mastery and reputation of established workshops.⁷ Certain workshops specialised in specific artistic goods, but there was generally no distinction drawn between 'functional-decorative' art work and 'fine' art. At the same time artists designed works of art in mediums in which they were not trained, but left the execution to specialists in that medium.⁸

The demand in the early Renaissance was for skillfully produced works of art with a clearly defined function. These works were often for a specific site or installation or purpose, either ecclesiastical or secular. Works took on material value through an exceptionally powerful demand for art, which emerged as the decisive stimulus to production and even dictated its function and content. Throughout the whole fifteenth and early sixteenth centuries hardly any works were produced without the order of a patron.⁹ Baxandall notes that *"even in the most complex cases, the painter normally worked for somebody identifiable, who had initiated the work, chosen the artist, had an end in view, and saw the picture through to completion"*.¹⁰ There is no evidence that any artists of importance listed by the Florentine quattrocento patron Giovanni Rucellai ever undertook major work except on commission.¹¹

The definition of a patronage support system is problematic. Richard Goldthwaite points out that the *"tradition, going back to the Renaissance itself, has so loaded the term with notions about the individuality of patron and artist and about the uniqueness of the work of art that almost by definition patronage defies generalisation."*¹² A definition of patronage must obviously be centred around the relationship between the artist and client-patron, for whom the artist produces a work of art in return for support. This traditional approach concerns itself so exclusively with the central binary relationship between the client-patron that it is possible to lose sight of the networks and social connections that underline this support structure. A definition of patronage, especially in the Renaissance, should be extended to incorporate the involvement of more than the two most obvious parties, the artist and patron.¹³ A further relevant issue is the use of patronage by the patron for political ends and the glorification of his family. It has in fact been noted that after the publication of Gombrich's The Early Medici as Patrons of Art (1960), *"there has been an increasing tendency to view patronage of the arts in a political context and, in particular, as part of the assertion or maintenance of a status appropriate to a substantial or dominant role in the government of a particular city"*¹⁴

Sources of Patronage

An ongoing source¹⁵ of patronage for paintings¹⁶ and sculpture¹⁷ was the great building projects¹⁸ - either ecclesiastical or secular - undertaken by both private and public patrons. Private patronage consisted, at first almost exclusively and later, in the quattrocento and cinquecento, still predominantly, of donor works produced for churches and convent complexes. The donors would commission works for a particular function and destination.¹⁹ For larger works of architecture, sculpture and painting, the principal patrons and donors were the heads of famous Florentine merchant families and trading firms, as well as the great guilds²⁰ and the city itself.²¹ Public patronage in Florence, exclusively religious in purpose, was a recognised social duty of every highly placed Florentine family long before 1400.²² Concurrent with the donor activity of private patrons, was the increasing trend to commission art for private residences.²³

In Rome the popes and their families were not the only patrons, but their increasing monopoly of wealth and power made them the leaders and the dictators of fashion, culminating in the reign of Urban VIII.²⁴ Starting in the sixteenth century, but particularly in the seventeenth century, there were additional sources of patronage other than papal courts and religious orders²⁵ - the *Amateurs* and *Virtuosi* - all of whom had galleries of pictures and antiquities. These collectors were generally content to follow the fashion set by the court.²⁶

The financial and political turmoil that followed Urban VIII changed this situation.²⁷ The patronage of the popes was succeeded by patrons outside Italy who, before the downfall of the Barberini, had had little success in competing with the popes. The 1640s and 1650s mark a turning point in the commissioning of Italian art abroad,²⁸ and thus by the end of the seventeenth century, there were few Italian artists who did not rely on foreign clients for a significant proportion of their commissions. Direct

patronage was no longer as widespread in Rome and Venice in the seventeenth century when each of these two cities attracted visitors and collectors from across the peninsula and Europe.²⁹ Haskell ascribes this disintegration of the traditional patronage relationships and the decline of Italian art to:

Artists [being] so closely tied to the patronage of a particular society [that they] could not adapt themselves to new conditions when the foundations of that society collapsed. The 'bourgeois' painting of England and France had no real roots in Italy.... Whereas in France and England painting took on a new and more glorious lease of life with the decline of the Church and feudal aristocracy, the fall of Venice signified no less than the humiliating expiry of Italian art.

Francis Haskell³⁰

The Artist - Client-Patron Relationship

Patrons of the Italian Renaissance were often actively involved in guiding the creative process in terms of their own requirements and there was, at times, little creative freedom for an artist working within the narrow confines of the client-patron's wishes. However over time the role of the client-patron slowly changed from that of an authoritative benefactor to that of a discriminating collector and a connoisseur. Even so, there remained a wide range of variations in the relationships between the painter and client-patrons.³¹ The closest relationship between artist and patron, described as *servitū particolare*, involved the employment of the artist by a patron. In these cases the artist lived in the patron's palace, and was given a monthly allowance and possibly extra for the works he produced. Being taken into full-time service provided the artist with some protection against the vagaries of the open market, but there were drawbacks to this system. The artist's personal freedom was restricted as he was bound to fulfil the demands of one patron and often found it difficult to leave the service of the patron. There were few families able or willing to partake in this extreme form of patronage and artists also often only accepted such secure but confining positions at the outset of their careers when other

opportunities were limited. Later when their reputations were established, and there was demand for their work, the *servitù particolare* position no longer held much appeal.

The alternative was the setting up of or working in a workshop within the guild framework. The artist could be selective about the patrons he worked for and the commissions he accepted, but he would ultimately be dependent on a wavering market for commissions. There were a number of further alternatives involving intermediaries - middlemen, dealers, and later, dilettantes, foreign travellers and their agents, who became more prominent as the seventeenth century progressed, but artists remained unenthusiastic about working for unknown clients.³²

Contracts

The relationship between the artist and the client-patron was usually specified in an agreement, either verbal or written, with the patron's wishes determining many aspects of the work.³³ Baxandall writes:

[The contracts'] details vary a great deal from case to case...[but] there are gradual changes of emphasis.... Two of these shifts of emphasis - one towards less insistence, the other towards more - are very important, and one of the keys to the quattrocento lies in recognising that they are associated in an inverse relationship. While precious pigments became less prominent, a demand for pictorial skill becomes more so.

Michael Baxandall³⁴

When, in the early Renaissance, an artist was viewed as a craftsman, his rights and duties were clearly defined. But artists gradually began to disregard contract clauses which infringed on their individual creativity.³⁵ Haskell observes that in the seventeenth century if an actual contract was drawn up, it depended very much on the circumstances surrounding the commission. In Rome at this time, a surprising degree of freedom often seems to have been given to painters. In contrast to this, contracts from the smaller provincial towns tended to show more detailed instructions.³⁶

The contract could include a specification of the content of the work, agreed on in terms of a working drawing permitting the client-patron to anticipate its appearance in advance.³⁷ Instructions regarding subject matter were normally not detailed beyond a general theme, although there could be specifications regarding the number of figures to be included. The size and destination of the painting could also be specified in the contracts. However, with time size became less important, especially with secular pictures as collectors gradually became more interested in the work of a specific artist rather than work of specific subject matter. Specification of payment and delivery dates could be mentioned in the contracts. The way in which payments were made varied widely, but usually included deposits and future payments, either on a monthly basis or at certain stages in the production of the work. The patrons' further obligations could entail the supply of materials, travelling expenses and installation expenses. Payment was on occasion in the form of barter. In the early Renaissance, payment was essentially calculated in terms of labour and materials, but as skill developed as a component of value a distinction was often drawn between the contribution of the artist's own hand and studio work. Furthermore, the quality of materials to be used, especially the colours gold, silver and ultramarine, for which there were cheaper substitutes, could also be specified. The quality of the panel and frame often comprised a substantial part of the overall commission cost.³⁸ These latter aspects of a completed art work could on occasion be considered as 'conspicuous consumption' on the part of the client-patron.

The formality of the relationship between the artist and the client-patron, as embodied in the contract, alludes to the utilitarian function of commissioned works of art, an issue all too often forgotten by later collectors who regard the individuality and autonomy of artists as sacred. As Wackernagel points out, in the Renaissance,

...the executing hand of the artist, which only for a few presaged an unusual creative genius, was for the general public the

welcome and necessary tool for the fulfilment of all the countless and varied tasks for which they saw it employed day after day by patrons, customers, and donors of all classes.
Martin Wackernagel³⁹

Emergence of 'Individual' Artists

It is not surprising that with the growth of demands on the artists, occasionally tightening into positive demands for propaganda, there should come also a tendency for the artist to withdraw from the whole system and cultivate his individuality, and even his eccentricity.
Michael Levey⁴⁰

The distinction between painters became more pronounced in the quattrocento as the demands of client-patrons altered from that of simply requiring a religious art work to that of an art work by a specific artist. The increased vagaries of the patronage system may have encouraged artists to differentiate their work in terms of style and content to attract the notice of the patron-collector.

The painters are seen very much as individuals in competition; and, more subtly...there are discriminations to be made not only about one artist being simply better than another, but also about one artist being different in character from another.
Michael Baxandall⁴¹

What had previously been a relatively homogeneous supply splintered as a result of the changing demands of patrons. What also allowed the artist more individuality was the commissioning of paintings for a picture gallery, instead of site-specific works.⁴² It was only when the demands of the client-patrons went beyond the "*dichotomy between quality of materials and quality of skill*",⁴³ that individual styles of painting, readily identifiable as the work of specific artists, evolved.

Although there were numerous patrons of contemporary artists at the end of the fifteenth century, the competition for the leading artists' services had not yet begun to drive up their fees.⁴⁴

Thus it follows that the work of even famous, especially esteemed artists was fundamentally no more honoured than that of other artisans, that is according to the standard of expenditure of time and productive energy in each case.

Martin Wackernagel⁴⁵

A differential in the cost of the works of art commissioned from leading artists, as opposed to works from competent artists, appears only to have become dramatic in the early sixteenth century. Leon Battista Alberti's 1435 treatise, On Painting marks this shift away from the medieval tradition of deeming artists as craftsmen. He argued that a work of art's raw materials are of no real consequence, even if intrinsically costly, since any work by one of the great masters of antiquity would still be invaluable, even if it were made of the poorest metal - lead.⁴⁶

According to the circumstances of his income, work and lifestyle, an artist was generally considered to belong to the middle or upper artisan class.⁴⁷ But there were distinct social prejudices against artists for which Burke provides three reasons: their work entailed manual labour; it involved the retail trade; and the artist lacked a humanist education.⁴⁸ At this time, there were two cultures and two systems of training: manual and intellectual, Italian and Latin, workshop-based and university-based.⁴⁹ This does not mean that workshops were arid of humanistic or literary culture, but their training programmes were essentially orientated towards manual skills.⁵⁰

The gradual secularisation of content necessitated the assistance of 'humanist advisors' to guide the artists in fulfilling the demand for works with a complex classical-secular imagery, for which the artist, with a skill-orientated workshop training would not have been prepared.⁵¹ Burke makes the point that this secularisation appears to have led to an increase in private patronage, but concludes that the evidence remains too fragmented to make such a generalisation.⁵²

Dealers in Contemporary Art

It is serious, lamentable, indeed intolerable to everybody to see works destined for the decoration of Sacred Temples or the splendour of noble palaces, exhibited in shops or streets like cheap goods for sale.

The Accademia di S Luca

With the possible exception of a few minor merchants who traded in small devotional works, a primary market serving contemporary Italian artists with dealers and intermediaries never really developed in Italy.⁵³ Most of these dealers were involved in the secondary market of antiquities and, only to a lesser extent, in the trading of works by minor artists in a primary market.⁵⁴ Later, the 'dealers' that there were mostly acted as commission agents for the wealthy patrons and collectors,⁵⁵ and usually combined their businesses with other related activities - selling colours, gilding - even other trades. Alongside these professional dealers there were intermediaries more difficult to define - *marchands-amateurs* - individuals usually in a respectable position, who were friends and patrons of the leading artists and used these connections to deal discreetly in pictures.⁵⁶

As the seventeenth century progressed dealers became more prominent, but Haskell finds no evidence that dealers in Italy ventured beyond relatively unknown artists. Similarly Alsop is unable to discover any important artist throughout the sixteenth and much of seventeenth centuries that produced paintings for an art dealer.⁵⁷ Dealers are only heard of in connection with painters newly arrived in Rome and unable to fit into the system of patronage. Once an artist's reputation was established he would seldom work again for the dealers unless he was in financial distress. Dealers on the whole had a poor reputation with both the painters and the public, and dealing in the liberal arts was regarded as degrading to the arts themselves.

A factor that encouraged the rise of dealers was the demand for Italian pictures outside the peninsula. The demand, particularly of these foreign

patrons, was often not only for a specific work of art, but for a specific 'artist'. Extensive personal connections, in the artistic world of Florence as well as among French collectors, made the Florentine merchants well suited for the function of intermediaries. Thus it happened repeatedly, towards the end of the fifteenth century and especially in the beginning of the sixteenth, that Florentine artists were introduced to France, Spain, and England by Italian agents. This trade was limited because the artists worked almost without exception on fixed commissions. In the early sixteenth century, however, it happened more often that a merchant commissioned a painting from a well known artist with the intention of passing it on to French collectors.⁵⁸

The perceptible increase in trade on the Florentine art market marks a loosening of the former direct relationships between patron and artist. Direct orders and commissions continued as before and the art market in Florence and elsewhere remained centred around traditional client production and not around market production. But the more frequent intervention of foreign art connoisseurs who were in a position to pay record prices for particularly desired names, resulted in a previously almost unknown price scale even in the market for contemporary Florentine art. The tendency for an artisan to fix his price for artistic work survived in general only for the middle and lower levels of local production. In contrast to this few acclaimed masters became estranged from the local circles of patronage as their international reputations grew and as they did more work for the foreigners who offered higher remuneration.⁵⁹

The financial and political turmoil that followed Urban VIII's papacy in the mid-seventeenth century changed the traditional patterns of patronage. As a result it soon became common practice to keep a small number of pictures and samples in the studio to show clients and what appealed to the client was completed.⁶⁰ The combination of fewer patrons and the growing number of foreign tourists to Rome with the financial insecurity surrounding the

Church and the aristocracy, gave dealers their first large-scale opportunities. Many artists previously attracted to Rome during the long and prosperous reign of Urban VIII now had to consider working for dealers.⁶¹

Exhibitions

From the early seventeenth century onwards, exhibitions became prominent in the Italian art world and proved more effective than dealers in bringing artists into contact with the wider public. The principal occasions for these were provided by saints' days and religious processions.⁶² The main purpose of the exhibitions was to put on a spectacular show in honour of the saint and his devotees, but earliest records make it clear that portraits and pagan history paintings were not excluded from these exhibitions. No artist of established reputation would ever offer his paintings for sale in this way, and as was the case with dealers, the exhibitions attracted minor artists and artists new to Rome. The intention was to attract the attention of potential collectors.⁶³ As Haskell notes, at exhibitions

pictures were more readily available and within the reach of everybody: no longer confined to the altar or to the family place, they now hung outside the church on ceremonial occasions, were propped up against the walls of cloisters on specified days of the year, enticed the public into the dealers' shops, were bought, sold, exchanged, criticised, argued about.

Francis Haskell⁶⁴

SECONDARY MARKET

Collecting of Renaissance Works of Art

[Collecting] was a new cultural ideal - one that emphasised craftsmanship rather than intrinsic value of materials, learned content rather than ceremonial function, private pleasure rather than public display.... [A] programme for altogether new consumer habits.

Richard Goldthwaite⁶⁵

The introduction by the Venetians of painting in oil on 'portable' panels or canvas made the collecting and exchange of works of art more feasible.

From the quattrocento onwards, collecting began to be perceived as a sign of nobility and galleries were considered "*suitable only for lords and other great personages*."⁶⁶ The great bourgeois families of Florence, and later the popes and their families, filled their palaces with both ancient and modern works of art. The greatest of these collections were assembled by the Medici family⁶⁷ and the Vatican. But collecting was limited to a small circle of patrons and amateurs of art throughout the Renaissance.⁶⁸ For much of the fifteenth and the first half of the sixteenth centuries, contemporary works were only acquired in the absence of antiquities.⁶⁹ Confirmation of this lack of interest in collecting Renaissance works of art is to be found in the inventory drawn up after the death of Lorenzo de Medici in 1492. In the inventory, some of the artists who had made a painting or sculpture in his collection are identified, but a point of interest is that paintings were still of little value as compared with the value ascribed to jewels and curiosities.⁷⁰ The extraordinary price differentials in the inventory serve as proof that in the fifteenth century a market only existed for classical works of art, while contemporary works had little resale value.

Classical Collecting

And thus he was finally going beyond the inventory of directly functional objects into a collector's delight in possessions, gathering objects of artistic value into his house for their own sake.

Martin Wackernagel⁷¹

The evidence is fragmentary, but Alsop suggests that it was in the 1420s that classical collecting first began to attract the interest of the affluent and the competition for choice works resulted in noteworthy price rises.⁷² Until the end of the fifteenth century the interest of collectors was centred on classical gems and jewels, coins, medals and pieces of sculpture, antique objects, cameos, figurines, marble busts, gold and silver ware.⁷³ But by the third quarter of the fourteenth-century, there was sufficient interest to cause competition and drive up the prices of classical works of art to levels

which surprised non-collectors.⁷⁴ Although there was demand for classical works of art, an art market network of supply meeting demand had yet to develop and collectors had to establish their own supply lines and employ agents to seek out what they desired.⁷⁵

In the correspondence of Poggio Bracciolini, later Chancellor of Florence, a letter dated 1431 to Fra Francesco da Pistoia, contains requests that da Pistoia purchase as many pieces of sculpture as could be found in Greece and the Aegean in the course of his repeated voyages to these areas.⁷⁶ Alsop notes that this trade in classical works makes Fra Francesco da Pistoia the first art dealer specialising in supplying collectors in the western world.⁷⁷ This evidence indicates that supply and demand were slowly taking the form of an art market structure. The supply of classical sculpture was constantly being replenished by the diggings for the foundations for new structures in Rome, and later what amounted to mining operations in the Eastern Mediterranean and Rome. Rome was the obvious centre of classical collecting and continued to attract the scholars and collectors in archaeology for centuries to follow. The popes were to a varying degree at the centre of this collecting of classical antiquities, and some went to great lengths to spearheaded the discovery, collecting and protection of classical antiquities.⁷⁸ In the seventeenth and eighteenth centuries Rome remained an artistic centre partly because it served as a major source of supply and the centre of the secondary market in classical works of art.

Dispersal of Italian Collections

The extravagance of the popes in the sixteenth and seventeenth century left the Papacy with debt which brought ruin to many of the princely houses established by them in the preceding hundred and fifty years. The dispersal of the collections of the Italian nobility followed. France and Britain, with the wealth of their empires, absorbed many of these collections as did the courts of Germany in their attempts to emulate the larger powers. The most

spectacular of these sales were that of the collection of the Duke of Mantua, comprising of the treasures of the Gonzaga and d'Este houses accumulated over a period of nearly three hundred years, to Charles I of England. The liquidation of Roman collections, often to collectors of Protestant faiths, was a matter of deep concern to the Vatican. They realised that the diminishing splendour of Rome might affect their eminence as a centre of pilgrimage and study. The popes began making a concerted effort in the seventeenth century to stem the outflow of works of art to foreign collectors. The popes also ordered strict prohibition on the exportation of antiquities and financed extensive excavations to replace those collections already dispersed. In Florence, the first attempt to protect an artistic heritage was made in 1601 when the Grand Duke Ferdinando I de Medici issued an edict forbidding export from Florence of works of eighteen listed masters.⁷⁹

As the eighteenth century progressed a group of dealer-agents in Rome, Florence and Venice,⁸⁰ and other centres, became ever more involved in 'plundering' works of art for foreign collectors. The transactions could be complicated since the collections likely to be dispersed had to be examined in absolute secrecy to limit competition, customs were troublesome and were to be evaded if possible, and transport was enormously expensive.⁸¹ At the end of the century, the pillage wrought by the invasion of Napoleon's French armies dispersed many of the remaining collections that had survived the scourge of dealers and their foreign collectors over the previous three centuries.⁸²

Notes to Chapter One

(1)M. Wackernagel, The World of the Florentine Renaissance Artist, p.303.

(2)M. Wackernagel, p.304.

(3)M. Wackernagel, p.301.

(4)A. Chastel, The Studios and Styles of the Renaissance Italy 1460-1500, p.xii.

(5)See P. Burke, The Italian Renaissance: Culture and Society in Italy, p.47. As Burke points out, "*Unlike the sons of nobles and peasants, the sons of artisans did not run such a high risk of discouragement and frustration, and many of the them would have been used to thinking in a plastic manner from childhood, having watched their fathers at work.*" Burke, p.49.

(6)Quoted by M. Baxandall, 'Guarino, Pisanello and Manuel Chrysoloras', pp. 183-201.

(7)Wackernagel, pp.304,305.

(8)Wackernagel, p.305.

(9)Wackernagel, pp.5,6.

(10)M. Baxandall, Painting and Experience in Fifteenth Century Italy, p.5.

(11)See J. Alsop, The Rare Art Traditions, pp.378-381.

(12)R. Goldthwaite, 'The Empire of Things: Consumer Demand in Renaissance Italy', pp.153-175.

(13)See W.L. Gundersheimer, 'Patronage in the Renaissance: An Exploratory Approach', pp.18,19.

(14)Gregory, H. 'Palla Strozzi's Patronage and Pre-Medicean Florence', p.201. This view is sometimes taken too far. Thus, for example, Burke argues that "*Like the marriages of sons or daughters, the commissioning of what we call works of art formed an essential part of family strategies for the maintaining or advancing their social position.*" See Burke, p. 9.

(15)It is often difficult to ascertain whether the source of demand for a work of art within a patronage framework is public or private, ecclesiastical or secular. Baxandall disapproves of the traditional distinction between 'public' and 'private' patronage on the basis that "private men's commissions often had very public roles, often in public places..." and alternatively proposes distinction between collective or communal undertakings, and personal initiatives. See M. Baxandall, Painting and Experience in Fifteenth Century Italy, p.5.

(16) See Wackernagel, pp.112-192.

(17) See Wackernagel, pp.73-111..

(18) See Wackernagel, pp.19-72.

(19) Wackernagel, p.220.

(20) As regards the patronage of the Venetian trade guilds, see P. Humfrey and R. MacKenney, 'The Venetian trade guilds as patrons of art in the renaissance', pp.317-330.

(21) Wackernagel, p.246; and D.S. Chambers, (ed.) Patrons and Artists in the Italian Renaissance, p. xxv.

(22) Also, p.360.

(23) Wackernagel provides some evidence of artisans in Florence making modest commissions and purchases. "*Individual commissions, even to famous artists...came not infrequently from members of the middle class, municipal officials, clerics, etc.*" See Wackernagel, p.247.

(24) The long pontificate of Urban VIII was an intensive phase of art patronage. The "*utmost extensions by the most vigorous of European nations...almost failed to compete with the attractions of the Barberini régime.*" He was elected as Pope in 1623 and reigned until the war of Castro broke out in 1641. He died in 1644 with Rome in a state of financial panic. The exile of his family, the Barberini, threw patronage into complete disarray. Haskell points out that Rome was not 'transformed' by Urban VIII, but his reign was more important than that of the any other seventeenth century pope because his choice of artists determined the style that was to predominate over all future building and decorating in the city. See F. Haskell, Patrons and Painters, pp.24-62.

(25) See Haskell, pp.63-93.

(26) For example, Marchese Giustiniani, Cassiano dal Pozzo and Camillo Massimi. See Haskell, pp.94-119.

(27) The old Roman families were increasingly impoverished and the new families hesitant to settle in a Rome characterised by financial and political turmoil [Haskell, p.150.] Artists were not only affected by this uncertainty but also by the policy of economic retrenchment laid down by Innocent X and his decision to make little use of the artists patronised by his predecessor. [Haskell, p.147.] The popes following Urban VIII no longer had the wide choice of talent he had had the privilege of patronising. This was partly due to the general decline in the numbers and standard of great patrons. Patrons found it increasingly difficult to attract their favourite artists to Rome because of the uncertainty and the swing of fashion away from classicism, and the competition from other Italian towns and European powers able to offer attractive terms. [Haskell, p.166.] Moreover, this loss of power had, by limiting the concentration of artists in Rome, indirectly encouraged the growth of a number of active 'provincial' centres - including Bologna, Venice [Haskell, pp.245-275.] and Naples. [Haskell, pp.203-383.]

(28) Earlier in the sixteenth century only Spain was sufficiently established in the Italian peninsula to compete on almost equal terms for the services of the leading artists. Throughout the century the French remained interested in Italian artists, but the extent of their actual patronage varied with changes in international politics. English efforts met with similar results. Some artists remained in their native town and painted on commission for the foreign patrons and others found it more profitable to leave and settle elsewhere in Europe. From the 1680's onwards, several dozen German principalities were rich enough to attract the attention of the foremost Italian artists. Compared with the torrent of commissions that came from Germany and Austria, the impact of England on Italian art was limited until the next century when English tourists began visiting Italy on their Grand Tours. Haskell points out that the declining prestige of the popes had thus, by a strange paradox, led to the 'Italianising' of Europe, which had been one of their aims when they were more powerful. See Haskell, pp.169-202.

(29) Haskell, pp.14,15.

(30) Haskell, p.385.

(31) Pietro da Cortona, recognised for years as one of the leading painters in Rome and Italy, refused to choose his own subjects and claimed he had never done so in his whole life. Salvator Rosa, on the other hand, when faced with ideas and suggestions from a client, is said to have responded: "*Go to a brick maker as they work to order*". Salvator Rosa was alone among contemporaries in asserting the right of the painter to artistic independence. He used to assert that it was of no use setting the price of a picture before he had even begun it. The price should depend on the quality of the finished work. Haskell observes that Rosa created an image of the artist which was not to be fully accepted before the nineteenth century by the Romantics. See Haskell, pp.22,23.

(32) Haskell, p.6.

(33) See Baxandall, M. Painting and Experience in Fifteenth Century Italy, p.6; Haskell, pp.8-14; and H. Glasser, Artists' Contracts of the Early Renaissance.

(34) Baxandall, Painting and Experience in Fifteenth Century Italy, p.14.

(35) See H.W. Janson, 'The Birth of "Artistic License": The Dissatisfied Patron in the Early Renaissance', pp. 344-353.

(36) Haskell, p.9.

(37) For the case in the seventeenth century, see Haskell, pp.10,12.

(38) See F. Antal, Florentine Painting and its Social background, footnote 38, p.286.

(39) Wackernagel, p.295.

(40) M. Levey, Early Renaissance, p79.

- (41)Baxandall, Painting and Experience in Fifteenth Century Italy, p.26.
- (42)Haskell, p.10.
- (43)Baxandall, p.16.
- (44)Alsop, p.406.
- (45)Wackernagel, pp.8,9.
- (46)Leon Battista Alberti. On Painting and on Sculpture, pp.60,61.
- (47)Wackernagel, p.348.
- (48)Burke, p.80.
- (49)Burke, p.59.

(50)Giorgio Vasari in 1563 established the *Accademia del Disegno* which stands at the beginning of the evolution of modern academies of art. Vasari intended to do away with the medieval system of guilds for artists. Membership of an academy was also intended to demonstrate social rank and allow artists independence. The foremost aim of the new institution was to establish a society of leading Florentine artists under the Grand Duke's special protectorate. This purely representative aim was to be achieved by neglecting the old guild entirely and maintaining the *Compagnia* as a subordinate body. The fact that members of the Academy worked in many different materials and hence belonged to different guilds, was waived because of united concern with *disegno*. A further concern of the new academy was the education of beginners. Towards the end of the sixteenth century the Academy became increasingly indistinct in the art world and it was not until the second third of the seventeenth century that recovery can be noticed. The academy did not achieve more than relieving the artists of Florence from the restrictions of the various guilds by uniting them into new 'guild'.

In Rome the *Accademia di S. Luca* was established in 1593 with objectives less ambitious than those of the *Accademia del Disegno*. Every new pope made attempts to improve the status of the institution and encourage distinction between craftsmen and artists. These steps were not decisive and it was ultimately Urban VIII who established its absolute authority and finally crushed any opposition from the guilds. Urban VIII intended that all artists working in Rome should come under the jurisdiction of some Papal authority. A compulsory tax was to be introduced in 1633 to be paid by all participants in the art world who were not members of the academy and public commissions were to be the monopoly of the guild. There was violent opposition to the proposal as it was seen as reimposing narrow guild type laws on an art community that enjoyed extensive freedom and the proposal was shelved. The Academia managed in 1633 to get papal authority to impose a special tax of ten *scudi* a year on art dealers, which many succeeded dodging and in 1669 it was reduced. Irrespective of the effort and intent of the academies, the social system of the artist underwent little fundamental change through their influence. Artists at the beginning of the seventeenth century stood in a similar position to where they had been before 1563 because the two academies had reduced themselves to

something like guild committees. See N. Pevsner, Academies of Art: Past and Present, and Haskell, pp.17,18.

(51)The dependence of artists and patrons on 'learned advisors' has been questioned. This does not mean that artists were free to paint what they wished, or that patrons were indifferent to iconography, but rather the that role of 'humanist advisors' was limited. If consulted, they suggested in very general terms what was suitable, or advised the artist on specific points of iconography. See C. Hope, 'Artists, Patrons and Advisers in the Renaissance', pp.18,19.

(52)Burke's research on the period 1420 - 1520 suggests that although a 'secularization' of content was on the increase, this was only true for a minority of the works of art produced. The sample Burke studied suggests that the proportion of Italian paintings produced that were secular in subject increased from about 5 per cent in the 1420's to about 20 per cent in the 1520's. See Burke, pp.23,89.

(53)Alsop, p.382.

(54)For example, Giovanni Battista della Palla, whom Wackernagel considers the first art dealer, i.e. a merchant who systematically purchased antique as well as contemporary works of art within the intention of reselling them. He achieved this position for the practical reason that the artist-patron relationship was difficult to sustain over long distances. He was sent back to Florence in 1572 by King François I to secure Italian works of art for the French Royal collection after he sought refuge in France as a member of the anti-Medici faction. Della Palla was primarily a buying agent - he commissioned certain works for special purposes but also commissioned works on speculation for later sale, and purchased the works of certain masters in the 'secondary market'. Alsop, p.464.

(55)In the fifteenth century the person who was closest to being a full-time dealer was the Florentine commissioning agent Bartolo di Pagolo di Giovanni Serragli, who dealt with artists on behalf of important patrons. He was much employed to transact business with artists - including making interim payments to them - and to search for classical works of art. G. Corti, and F. Hartt, 'New Documents concerning Donatello, Luca and Andrea della Robbia, Desiderio, Mimo, Uccello, Pollaiuolo, Filippo Lippi, Baldonvinetti and Others', pp. 155-167, quoted by Alsop, p.44.

(56)For a discussion on three of these 'marchands-amateurs': Ferrante Carlo, Guilo Mancini and Niccoló Simonelli, see Haskell, pp.123-125.

(57)Alsop, p.445.

(58)For a discussion on the dealer Giovanni Battista della Palla, see Wackernagel, p.283.

(59)Wackernagel, p.285.

(60)The Ricordi of Neri di Bicci indicate that he had more than one kind of complete work of art on offer in his shop, although he frequently

took special orders. B. Santi, ed., Neri di Bicci, Le ricordanze, Pisa, 1976, p.17, quoted by Alsop, p.381.

(61) See Haskell, pp.120-125.

(62) Principal among these was the feast of Corpus Domini and the feast days of St Bartholomew, St Joseph and St Giovanni. Some of the exhibitions comprised partly of works of art loaned by leading families for display. With time, considerable prestige came to be attached to exhibitions, and rivalries between various owners and patrons came to the fore. By the end of the seventeenth century, four regular exhibitions were held in Rome each year in March, July, August and December, but there were also a large number of occasional exhibitions. Haskell, pp.125,126.

(63) Haskell, pp.125-127.

(64) Haskell, p.129.

(65) Goldthwaite, pp.153-175.

(66) Vincenzo Scamozzi, in L'Idée della Architettura Universale published in Venice in 1615, remarked on the growing fashion, imported from Rome to Venice, of large galleries filled with pictures, ancient sculptures and medals. He discusses these galleries in terms of social standing. Quoted by J. Muller, Rubens: The Artist as a Collector, p.55.

(67) Although recent scholarship on the patronage of the Medici has pruned the 'myths' fostered by the writings of Vasari, their collections of precious works of art, their patronage of the arts, their financial resources and their dynastic power ensures them a central place in the history of Renaissance patronage and collecting. Their patronage is now viewed as a chief component of Medici political policy and as a form of cultural propaganda. [See E.H. Gombrich, 'The Early Medici as Patrons of Art', pp.35-57.] Their art collecting and patronage became a model for princes and amateurs throughout Europe for the following three centuries. Alsop makes the pertinent observation that "*throughout the entire century, Medici art collecting and Medici patronage of the arts went forward in parallel as two distinct and separate activities. As art collectors, the fifteenth century Medici sought classical works of art exclusively; and no works by any of the great Italian masters they patronised were every truly collected by them.*" [Alsop, p.339.]

Alsop regards Cosimo de Medici as the first large scale collector of classical art, even though he was preceded by the humanist-collectors and artist-collectors who inspired him in the first place. [Alsop, pp.357,371.] But Hale suggests that the development of Florentine humanism and the arts can be discussed with only limited reference to Cosimo because his patronage was not that different from other families and groups in the city. [J.R. Hale, Florence and the Medici, pp.29,30,41.] Cosimo's sons, Giovanni and especially Piero, displayed a marked preference for collecting smaller works of art, gems and other precious objects as well as manuscripts. [Wackernagel, p.237.] They appear to have considered architecture as their father's preserve and Cosimo seems to have deputised the necessary negotiations with painters and decorators to his two sons. [Gombrich, pp.45-46.]

Under Lorenzo the Magnificent, Piero's son, the Medici reached their zenith as collectors and patrons of the arts. Lorenzo collected extensively and instigated a major building programme in Florence. But his direct patronage of contemporary artists and architects is surprisingly limited. He preferred collecting precious gems, cameos and *objet d'art*. Gombrich suggests that Lorenzo saw the patron as someone who offered influential support to the arts and not to individual artists alone. [Gombrich, p.55.] Especially in later years, Lorenzo was often called on by other local and foreign patrons for expert opinion in decisions on competitions, or for the recommendation of appropriate artists for particular commissions. [Wackernagel, p.261; Alsop, pp.387,390.]

Lorenzo's son, Piero succeeded him in heading the Florentine government and the Medici banking operation, but the Medici family were banished from Florence in 1494 after a French invasion. But the presence of the Medici popes in Rome's Golden Age facilitated the establishment of an hereditary line of Medici in 1537.

As regards the collections and patronage of the later Medici see John Shearman, 'The Collections of the Younger Medici', pp.12-27; E. Goldberg, Patterns in Late Medici Patronage; and E. Goldberg, After Vasari: History, Art and Patronage in Late Medici Florence.

(68)Wackernagel, p.295.

(69)Fra Sabba da Castiglione published a book in Bologna in 1549 which included a chapter on the subject of the suitable decoration of grand interiors. In discussing how interiors can be finely decorated with antiques such as heads, torsos, busts and complete ancient statues of marble or bronze, he continues "*But since beautiful antiques are rare and cannot be obtained without the greatest difficulty and expense, others choose works by Donato [Donatello].... Still others choose the works of Michel Angelo....*" He also mentions some lesser sixteenth century sculptures as alternatives. "*Still others get pleasures from ornamenting their fine rooms with pictures, panels and histories and portraits painted by Fra Filippo [Lippi] Carmelite, by Mantegna, and by Giovanni Bellino, masters famous in their days with beautiful powers of invention - or from the hand of Leonardo da Vinci...one finds few works from his hand.*" Fra Sabba further mentioned other painters he thought suitable for use in fine rooms. Discussed by Alsop, pp.419-428.

(70)Further details of the inventory are discussed by Wackernagel, pp.254-256; and Alsop, pp.395-409.

(71)Wackernagel, p.248.

(72)Alsop, p.333. Alsop claims that the first recognizably 'modern' art collector was Oliviero Forzetta (1300-1373), active at the end of the first third of the fourteenth century. Alsop bases this on a note dated 1335 in which Forzetta sets out his requirements. See Alsop, pp.298-303.

(73)Alsop, p.339.

(74)See Alsop, p.310, for his research suggesting this.

(75)For a discussion on the similarities of the hunt for codexes and classical antiques by collectors, see Alsop, pp.345,348.

(76)Quoted by Alsop, p.350.

(77)Alsop, p.352.

(78)Pius II (1458-1564) fought against the destruction of Rome's monuments by forbidding the use of antique stone or marble in new constructions, but was the first to violate his own edict. The Venetian Pope Paul II (1464-1471) was a spirited collector and Lorenzo the Magnificent's chief competitor for works of art. In 1455, while still a cardinal, he began construction of the immense Palazzo Venezia where he amassed his collection of works of art. He used the resources of the papacy to add to his already impressive collection of ancient gems, cameos and artifacts. Sixtus IV's (1471-1484) long pontificate was the most significant since that of Nicholas V, and in many ways revived Nicholas' legacy by resuming his projects. He showed a keen interest in antiquities and forbade their export from Rome. He opened the museum on the Capitol in which he gathered surviving antiquities, and he was also responsible for the formal creation of the Vatican library. Leo X (1513-1521) collected examples for the Vatican and had agents examine libraries across Europe in search of desirable manuscripts. The early sixteenth century saw the beginning of a remarkable new phase in archaeology encouraged by Raphael and his friends. Leo lent his support to archaeology by approving the mapping out of classical Rome in a programme sponsored by Raphael among others, and encouraged archaeological excavations and the preservation of ruins. Clement VII (1523-1534), Leo X's cousin, was a serious collector. At the time of the Sack of Rome in 1527, the collecting of antiquities proliferated. With the Sack, collections were dispersed and works of art scattered and destroyed. Paul III (1534-49) was also fanatically interested in archaeology and antiquities. The pope during the Counter-Reformation, Pius V (1566-72), viewed classical sculpture as 'pagan idols' and even contemplated dismantling the collection. Instead, some works were hidden from view and gifts were made to 'the people of Rome', the Grand Duke Cosimo I in Florence, the Archbishop of Augsburg and to the Archduke Maximilian II. Little entered the Vatican's remaining collection of antique sculpture until early in the eighteenth century, and only around the middle of that century did the establishment of the Vatican museums begin once again.

(79)Alsop, p.112.

(80)As regards the Venetian art market in the mid-sixteenth century and the dealer Jacopo da Strada, see J.F. Hayward, 'Jacopo da Strada, XVI Century Antique Dealer', pp.68-74. Jacopo Strada was based in Venice from around the mid-sixteenth century and served as court antiquary to the Hapsburg Emperors, Ferdinand I, Maximilian II and Rudolph II. His other customers included Duke Albrecht V of Bavaria. He was able to take advantage of the decline of Venice's commercial operations and intermediate with prominent families who wished to liquidate their art collections.

As regards the market in the first decades of the seventeenth century, see P. Shakeshaft, "'To much bewiched with thoes intysing things": the

letters of James, 3rd Marquis of Hamilton and Basil, Viscount Fielding, concerning collecting in Venice in 1635-1639', pp 114-132.

As regards the market in the eighteenth century and the dealings of Joseph Smith, see Haskell, pp.299-310 and Appendix 5; and J.G. Links, Canaletto and his Patrons. Joseph Smith was a leading Venetian dealer who established himself early in the eighteenth century as a businessman and merchant, trading extensively with Amsterdam. He was made British Consul in 1744 and remained in this post until 1761. He resumed this position briefly later. As a patron of the arts and the owner of a superb library, he was well known in Venice and was in close contact with nearly all the leading painters. He was well placed to serve as an intermediary between both artists and the Venetian nobility and the English on their Grand Tours, and for other clients including the Elector of Saxony. His patronage of contemporary artists was extensive and the employment of Canaletto was central to both their careers. After 1730 he directed Canaletto's output almost entirely to English collectors. The exact nature of their relationship remains uncertain, but there is no doubt that from a very early period, commissions for his works were frequently, if not exclusively, made through Smith. Haskell assumes that he was also buying old masters, portraits and drawings, extensively, as well as gems and cameos. Smith sold most of his personal collection to George III of England in 1762.

(81)In Rome collectors were obliged to give the Pope a first option on their possessions. Therefore the objects tended to be smuggled through dishonest intermediaries. See Haskell, pp.373-378.

(82)After the French invaded Rome in 1798 the large financial levy on the Roman princely houses and the prospect of further levies made the princes amenable to selling their heirlooms in secret. The French remained in Rome until September 1799 and the new Pope, Pius VII, did not enter Rome until July 1800. In between, Rome was governed on behalf of Ferdinand IV of Naples, during which time neither the papal option nor the strict papal laws on the alienation of heirlooms was enforced. The new pope oversaw the prohibition of the export of works of art from Rome by demanding that owners had to declare that they were for sale. The state would then purchase the work at a price favourable to the Holy See, whereas previously the prices were higher with the competition between the dealers acting for foreign collectors. G. Reitlinger, The Economics of Taste, vol.1, pp.39-40.

CHAPTER 2

OVERVIEW OF THE ART MARKET IN THE LOW COUNTRIES

Introduction

The concern of this chapter is to provide an overview of the art market of the Low Countries in the Protestant northern provinces in the seventeenth century. The market structure in both the north and the south prior to the seventeenth century, and also the southern provinces in the seventeenth century, is a variation of Catholic-Italian type patronage covered elsewhere. The Low countries were under the rule of Spain until the second half of the sixteenth century when the northern provinces freed themselves from the Catholic Southern Netherlands and established themselves as the Protestant Republic of the United Netherlands. This separation began in 1568 but it was only in 1648, with the Treaty of Münster, that Spain formally yielded its claim to the Northern Provinces after much turmoil. The Dutch republic consisted of seven provinces, with Holland as the most powerful, each functioning as separate polities so that the central government had only limited power.¹

Immediately prior to the division between the southern and northern provinces in the second half of the sixteenth century, the cultural and commercial centre of the Low Countries was Antwerp, a position it had in turn wrested from Bruges very early in the sixteenth century. For this period Antwerp was also the centre of the European world economy and finance after the decline of Venice. It retained its preeminence until it also suffered a series of economic, religious and political upheavals and lost many traders and exiles to the northern provinces. The subsequent focus of artistic and economic activity was centred around the port of Amsterdam in the province of Holland. Amsterdam retained its position as the preeminent centre of

finance in Europe well into the late eighteenth century, long after the Dutch preeminence in trade, fishing, and textiles had passed.²

Although Amsterdam was the commercial and artistic capital of the north, other towns, especially in Holland, developed their own schools and styles of painting - particularly Haarlem, Utrecht, Delft and Leyden. Much of the discussion below is dependent on the assumption that what was the case in Delft in the seventeenth century is to some degree representative of what occurred in these other centres at the same time. The reason for this assumption is that Delft is the only artistic centre where extensive research has been undertaken, particularly by the economic historian J.M. Montias.

Delft does however differ slightly from the larger centres in two ways. Because of its size "*...its guild regulations could be enforced far more effectively than those of a much larger city such as Amsterdam.... [and it] may also have differed from larger commercial and manufacturing centers such as Amsterdam and Leyden (and perhaps even Haarlem) in the near absence of wealthy families....[meaning]...that the Delft art market was more anonymous, less orientated towards a few wealthy Maecenases than the market in larger cities.*"³ But these 'differences' make Delft a centre that clearly exhibits the most important characteristics of the Dutch art market: the guild's tight control over the production and sale of art, and the widespread demand for art by middle-class buyers.

THE PRIMARY MARKET

The difference in subject matter that distinguishes the art of the Low Countries from that of Italy is only the most obvious of many differences in the art of the two countries, including the attitudes and expectations of artists, the attitudes of patrons and buyers towards artists, as well the whole process of making and trading in art. In contrast to Italy, Dutch artists working before the seventeenth century generally were not the beneficiaries

of either princely courts or of the patronage of the Catholic church on a scale comparable to that enjoyed by Italian artists.⁴ Instead, they usually created works independently, often relying on dealer-intermediaries for their sale. Like the collectors in Renaissance and Baroque Italy, Dutch buyers may also have had 'specific requirements,' but their demands were not as complex as those of the Italian patrons.

The art market of the Low countries was a 'transitional' market within the overall history of markets. As such it exhibits characteristics of market structures that preceded it, as well as those that followed it. For this reason the Dutch art market displays numerous apparent contradictions. It was feudal in that it was essentially a market orientated around guilds; but it was also capitalist, with the first traits of markets with dealers as intermediaries, and middle-class participation. This market seems to have operated efficiently despite a surprising lack of information: exhibits were in their infancy,⁵ there was virtually no literature to guide the customer's tastes; no catalogues or books about artists; no advertising, or anything else that would have helped objectively or otherwise, to establish or promote an artist's reputation.⁶

The 'independence' of the Dutch artist from the patron-collector begs comparison with the open-market-dealer structure that evolved with the Impressionists two centuries later in France, but the Dutch primary art market of the seventeenth century differs from the French market in a number of ways. Although the Academy had a significant influence on the French art world, it did not dominate production and trade to the extent that the Dutch guilds did. In France in the late nineteenth century, artists and art dealers could, and did function independently of the Academy if they wished to do so. Furthermore French art dealers promoted and traded in what artists had produced, whereas Dutch artists produced to the requirements of the art dealers and buyers.

No one shall bring here from outside any painting or other work comprised under this guild unless he be a guild brother of the same guild, of the same trade, subject to a fine of ten gulden that shall be forfeited by those who sell these, with the exception of the weekly free-markets and the yearly free-markets, upon which weekly and yearly free-markets this will be permitted without forfeiture...

Delft Guild Letter 1611¹²

The jurisdiction of the guild covered regular art dealers as well as public auction sales, *boelhuys* auction sales,¹³ and lotteries,¹⁴ and dealers wishing to sell paintings in a town had to be members of the local guild regardless of whether they were trading in the work of local or out-of-town painters.¹⁵ But the guild's actual enforcement of its jurisdiction regulating trade varied widely from centre to centre in the seventeenth century. The guilds' regulations were sanctioned by the civic authorities and those who infringed, could be prosecuted in civic courts.¹⁶ The enforcement of the guild rules varied, but *"in the flourishing period of Dutch painting, every man who wished to devote himself to his art as an honest painter, and without fear of punishment, was obliged to keep to the rules."*¹⁷ Montias suggests that the compliance with guild restrictions would have varied depending on the size of the city. In a large city like Amsterdam many independent artists and artisans failed to register as masters whereas in a medium-sized town like Delft¹⁸ it would have been more difficult to escape the surveillance of the headmen.¹⁹

Fairs and Pands

No one, from within or without the land of Brabant, [shall] during the fairs of Antwerp, [sell] their altarpieces, panels, images, tabernacles, and carvings, polychromed or unpolychromed, of wood or stone, anywhere other than in Onser Liever Vrouwen Pand [Our Lady's Pand] by the churchyard, which is occupied by the painters of Brussels and Antwerp...

Antwerp Municipal Decree 1484²⁰

An important exception to the all-encompassing guild restrictions, especially prior to the seventeenth century, was the annual 'open markets' and fairs where guild regulations were suspended, and unrestricted trade was allowed in both local and 'foreign' art works.²¹ At these fairs, foreign merchants and local and regional craftsmen assembled to exchange and trade a variety of goods. They displayed their goods at stalls set up in the streets, squares, cloisters, *halles*, *panden*, and shops throughout town.²² The later *Pand* markets - "*specialized salesrooms in a variety of types of buildings and spaces*"²³ - were a structured extension of the fairs, and, as Ewing notes, "*were both a symptom and an agent of the new practice of producing art on speculation for the open market...*"²⁴ There were two fairs in most of the larger Dutch towns and three markets a year in Amsterdam. In the case of Bruges, which was the primary recipient of virtually all foreign commerce in northern Europe until the ascent of Antwerp early in the sixteenth century, the fair was founded in 1200, and, to begin with, lasted two weeks annually. In the fifteenth century it was extended to thirty days. In 1482 an exhibition gallery and *pand* was opened, and in 1508 a second fair was also established.²⁵

The basis of Antwerp's commercial life was its biannual fairs which typically lasted six weeks, but the length of the fairs varied greatly. As early as 1465, Antwerp repeatedly began to extend fair times despite the objections of Bruges whose economic supremacy was in jeopardy; and, by the second quarter of the sixteenth century, Antwerp had essentially become a permanent market. Fairs continued to be held, but they were mainly used to effect payment for transactions occurring throughout the year.²⁶ The fairs thus gradually became a supplementary network of economic life as year-round business opportunities developed.²⁷

Arguably the first showroom in post-Classical Europe to be constructed expressly for the exhibition and sale of works of art was opened in Antwerp in 1460. Built by the Church of Our Lady, the courtyard known as Our

Lady's *Pand* was let out during fairs to painters, booksellers, printers, joiners, and sculptors during the Antwerp fairs. Until its eclipse in the 1540s by developments in Antwerp itself, the Our Lady *Pand* was the most important art market in Europe.²⁸ Shortly after 1540, the *Pand* shifted to year round selling partly in response to the newly opened Painters' *Pand* at the Bourse.²⁹ The Our Lady's *Pand* had been built and operated by the church and was essentially a medieval enterprise, whereas the new *panden* were secular, municipal structures, conceived to function as permanent art markets, open on a daily basis.³⁰ As Ewing points out:

...what is so remarkable about the early Antwerp outlets...is their demonstration of how fully the marketing of art preceded its making in Antwerp. The city did not begin to emerge as a major art center until the final decades of the fifteenth century, which is to say that Antwerp was already well established as the principal Netherlandish art market long before it was a significant center of art production.

Dan Ewing³¹

And when Antwerp, and later Amsterdam, developed into centres of production, they shifted towards serving a local market for home consumption; as compared with Bruges and earlier Antwerp who functioned as intermediaries facilitating trade with "exterior" markets.

Patronage

Direct patronage relationships in the manner of the Italian nobility and popes and the courts of Europe, never became a substantial source of demand for work in the Netherlands.³² Recent research suggests that even in the late Gothic period and the Renaissance, the traditional patronage model of patrons commissioning a work of art within the confines of the guild system was not as comprehensive as previously assumed, and many works of art were made on speculation.³³ Netherlandish patrons were, for the most part, city governments, churches, guilds, institutions and on occasion, persons of lesser means. With regard to the latter, and in reference especially to the Southern Netherlands, Campbell notes that *"it is...impossible to judge the*

*importance of the middle and lower classes as patrons of paintings, but it must not be overlooked and may have been very significant.*³⁴

Campbell also points out that, although it is impossible to produce statistics, it seems probable that in the Southern Netherlands in the fifteenth century only relatively few pictures were commissioned, and the number of commissioned pictures was in constant decline.³⁵ As early as the fifteenth century, *"the art market was quite highly organised, and the commercialisation of artistic production, often considered characteristic of the early sixteenth century, was well under way in the fifteenth century."*³⁶ In the northern provinces, prior to the late sixteenth century, artists faced a narrower market, and, hence, were more dependent on patronage from both private patrons (mostly requiring portraits) and ecclesiastical sources.³⁷ The Church, which had been a grand and extensive patron, was transformed by Calvinism which discouraged the production of all religious images. Montias puts forward the hypothesis that private collecting may have become a substitute for the publicly exhibited religious works destroyed by the Iconoclasts in the late sixteenth century.³⁸ As church patronage halted, the bulk of demand shifted to individuals in a more or less anonymous private market,³⁹ and, accordingly, artists redirected their production to secular subjects and portraits. The result was that the proportion of religious art works in private collections in Delft, which had been very high in the beginning of the century gradually, declined, while the proportion of landscapes and still-lives rose.⁴⁰

The Role of Art Dealers

In the correspondence of the Antwerp art dealers, the Forchoudt family, a letter of 1667 from the Vienna branch explained that there was no Viennese demand for 'religious' subjects or 'badly done' battles, while there was a healthy demand for 'small battles,' 'hunting scenes as contained in the last parcel,' 'battles of better quality' and 'attractive looking fruit and fish markets.'
J. Denucé⁴¹

As Campbell notes, the activities of dealers are shrouded in mystery. The guild regulations seems to make their existence unthinkable, yet their existence is recorded throughout the fifteenth century in the Southern Netherlands. Somehow they must have found ways of circumventing the guild restrictions on the sale of works of art.⁴²

Most early dealers also dealt in other luxury objects, tulips, clocks and organs, or books and prints - in addition to paintings.⁴³ But in the sixteenth century, and on a larger scale in the seventeenth century, dealers specialised in the trade of paintings. For the first time in the history of the primary art market do we have art dealers working as professionals. These art dealers traded art works from stock which they owned, whereas previous 'dealers' were for the most part agents purchasing on behalf of wealthy collectors and patrons.

In the early years of the seventeenth century there were relatively few professional dealers, but they become much more common in the 1630's and 1640's.⁴⁴ As the seventeenth century progressed, strong competition arose in the trading of paintings, because in addition to professional art dealers, almost every seventeenth-century artist bought and sold the works of other artists from time to time; and frame-makers, and second-hand dealers, at the lower end of the market, also traded in paintings.⁴⁵ Direct sales from the stock in painters' studios must still have occurred frequently in the seventeenth century, as the inventories of paintings in the estates of prominent Delft painters were large.⁴⁶

Montias argues that a demand for dealers' services depends positively on both the degree of artists' specialization and on the variation of consumers' taste (the two variables themselves being interdependent). The market for art in the first half of the seventeenth century expanded even faster than the rest of the economy, as consumers with rising incomes devoted an increasing portion of their budgets to paintings and other works of art. The increasing

attention paid to the authenticity and originality of works of art in the 1630s and 1640s, and the rising percentage of attributed paintings in notarial inventories, suggest that individual collectors' tastes were becoming more discriminating in this period, at least with respect to artistic style. Dealers could in turn specialise in meeting the splintered demand of consumers, or concentrate on providing a supply of works available to the market. In meeting the demand, dealers would have helped consumers with clearly defined tastes locate the type of works they desired. As most consumers of art could not travel readily to other towns or countries in search of what they preferred, dealers acted as agents scouring markets on their behalf. The dealer could also provide the consumer with a selection of works by local artists, saving the consumer time and (monetary) search costs.⁴⁷

The dealers who specialised in augmenting supply did so by either setting artists to work at a fixed rate per time period, or they bought paintings from a stable of artists at a certain price for each work of specified dimensions.

Pieter van den Bosch, when he first arrived in Amsterdam in 1645, signed a contract with Marten Kretzer, who must have been a dealer at the time, to paint "from sunrise to twilight in winter and from 7 am to 7 pm in the summer...all such pieces as Kretzer would be pleased to order him."

J. M. Montias⁴⁸

Montias suggests that on the basis of the evidence brought together these dealers sold mainly less expensive paintings by run-of-the-mill artists, in contrast to the dealers facilitating the search of collectors who offered their clients works by well-known artists - both contemporary and "old masters" - at higher prices.⁴⁹

There was obviously a range of agreements between dealers and artists, extending from working independently, or working entirely for a dealer. A number of artists contracted the right of first refusal with a single buyer for works by their hand.⁵⁰ Artists who resorted to painting exclusively for a

dealer, either original paintings or copies, were probably unable to work independently and sell their finished works to dealers.⁵¹ Montias speculates that artists possibly worked for dealers if they were not guild members. This reasons for this might be that the artists had not completed their apprenticeship; that they were not citizens of the town in which they worked; or that they had not paid their guild dues. Another reason for working solely for dealers might have been a lack of working capital to pay for pigments, panels, and canvasses, which artists needed to build up an inventory of paintings to offer to collectors or dealers. Furthermore, and more likely, dealers were in a better position to know the demands of consumers and what was required to meet them than an individual artist.

The Collecting of Contemporary Art

Montias refutes some stereotypical assumptions concerning the collecting of Dutch art in the seventeenth century. The common assertion that Dutch houses were "full of paintings" has only limited validity as at least a third of the inventories in Delft contained no paintings at all, and the poorer households possessed few if any paintings.⁵² Montias also questions the composition of the clientele of works by Dutch artists, and proposes that master painters were for the most part dependent on buyers from the top third of the wealth distribution, not the lower middle class of "*shopkeepers, bakers, butchers and even peasants,*" as has often been suggested in the past. But he does concede that paintings by guild-registered masters penetrated the middle and lower strata of Delft society.⁵³

There is wide consensus that competition in the seventeenth-century Dutch art market was fierce, but the strategies artists adopted to remain competitive and maintain or enlarge their market share is not typical of the strategies adopted in other relatively competitive art markets. In these art markets, for example, France in the second half of the nineteenth century and America in the second half of the twentieth century, artists have partly

usually counteracted competition by offering a product that is innovative, and, hence, in some way 'unique' so that scarcity and limited supply, instead of production costs, become the main determinants of price. But the demand in the Dutch market comprised mostly of paintings reflecting the lives and surroundings of the buyers, not complex interpretations of historical and abstract issues. This is understandable because most artists and buyers had not been exposed to a humanist education.⁵⁴ There was a relatively small sub-section of the market producing works in the Baroque vein popular elsewhere in Europe, but the courts of the *stadhouers* who comprised much of this demand offered too limited patronage in comparison to the rest of the market to result in any widespread production of such art works.⁵⁵ In Italy, artists, even if they had had only a limited exposure to the 'complexities' of humanism, had little choice but to incorporate classical motifs into their work, because that is what client-patrons demanded. This may help to explain why there existed a relatively close resemblance in what was demanded and produced. Unlike the rest of Europe, where a few wealthy patrons comprised most of the demand for art, the large Dutch middle-class with comparatively limited wealth provided an extensive demand, but for relatively inexpensive paintings.

The approach adopted by Dutch artists to limiting competition was twofold as I have already pointed out, they maintained guilds to limit the number of artists trained and to restrict foreign competition; but they also attempted to lower the costs of production in order to reduce prices. Artists did this by specialising in a particular genre.⁵⁶ This allowed them to produce many 'interchangeable' works of art differing in minor ways,⁵⁷ rather than fewer 'individualistic' works with challenging and enigmatic imagery which would have required long periods of planning and execution.

Art works were relatively liquid valuables perhaps because notions of quality were fairly uniform among large groups of buyers.⁵⁸ An indication of the realisable value of art works is their use as collateral,⁵⁹ and the mention of

art works in notarial inventories on the death of a collector. The Delft notarial inventories of collections provide evidence of the growing importance of this attitude towards art works as the seventeenth century progressed, with paintings only acquiring the prominence they finally commanded in the inventories from the 1630s or 1640s onwards.⁶⁰

In the early years of the seventeenth century most paintings tended to be judged by their subject matter and in terms of the interiors in which they would be placed, much like silverware or furniture. It was only in the 1640s and 1650s that notaries and clerks became distinctly more conscious of the importance of appending an artist's name to a painting when compiling inventories. As Montias points out:

*There is no greater step in the metamorphosis of craft into art than the recognition that an object is the unique creation of an individual and that its worth to potential amateurs will depend, at least in part, on the information they have about its maker.*⁶¹

By the middle of the seventeenth century paintings dominated the art collections of Delft. As regards other art works in these collections, there were only a few sculptures; prints were inexpensive, and hence not of much value and not noted in inventories; while tapestries were very costly and were therefore not widely collected.⁶² Montias correlates the shift in demand away from sculpture and glass products towards painting and decorative earthenware early in the seventeenth century (on the basis of the number of individuals active in each area) with the 'individualisation' of demand, which, of course, provided the opportunity for more individualistic work from artists.⁶³

The Decline of the Primary Market

In the north, the relatively small Dutch Republic could not hope to compete in the long run with France and England in trade and in war. After the mid-seventeenth century, Delft and many other smaller Dutch cities fell into

decline and by the mid-eighteenth century only Amsterdam and The Hague offered any sort of outlet for painters. Montias cites the reasons for this development as including the economic stagnation that probably began in the 1650's, and the unequal distribution of wealth and income which became evident from the late seventeenth century onwards, so that demand was limited to the wealthy few. Furthermore, there was a tendency in the eighteenth century to buy the works of old masters rather than those of contemporary artists.⁶⁴ As was the case two centuries earlier, artists in the eighteenth century *"were again dependent on portraits and commissions for their livelihood. They could not bear the risk of exposing themselves to the vagaries of a market that had become too exiguous to support them."*⁶⁵

THE SECONDARY MARKET

Throughout the eighteenth century the princes of northern Europe, who were emulating the Kings of France and England in supporting their brittle regimes with a truly royal patronage of arts, sent their agents to Holland in hope of buying works of art worthy of their pretensions.

Francis Henry Taylor⁶⁶

In the Golden Age of Dutch art, the most prolific collecting was centred in Antwerp and Amsterdam, around Rembrandt⁶⁷ and Rubens, their friends and patrons.⁶⁸ Europe's secondary market was also centred in these two cities, particularly Amsterdam,⁶⁹ a position it retained for the next two hundred years. The absence of a Royal court and its conventions, together with the city's reputation for honest commercial transactions,⁷⁰ equipped Amsterdam to be the focal point of the European trade in works of art. Amsterdam maintained its supremacy as art capital long after her importance as a commercial centre diminished, until after the Napoleonic Wars when London and Paris displaced her.

Notes to Chapter 2

(1) *"The great Dutch artistic achievements of the seventeenth century was not exclusively, but very largely, a product of the province of Holland.... In literature as in painting the leading figures were either born in Holland or were drawn to it at an early stage in their lives and produced their best work there. It is true that there were outposts in other provinces - the school of painting in Utrecht, a modest production of poetry in Zeeland - but these were of very minor importance compared with the achievements of Holland". See J.L. Price, Culture and Society in the Dutch Republic During the 17th Century, pp. 19-20.*

(2) Price, p.53.

(3) J.M. Montias, Artists and Artisans in Delft, pp.5,6.

(4) In the case of Delft, see Montias, Artists and Artisans in Delft, pp.183-190.

(5) In the case of Delft and elsewhere there is "astonishingly little to be found in the notarial archives regarding the public exhibition by artists of paintings available for sale." See, Montias, Artists and Artisans in Delft, p.196.

(6) Montias, Artists and Artisans in Delft, p.218.

(7) L. Campbell, 'The Art Market in the Southern Netherlands in the fifteenth century', pp.188-198.

(8) For an example of a set of guild regulations, see Montias, Artists and Artisans in Delft, Appendix B, pp.350-369.

(9) W. Martin, 'The Life of a Dutch Artist: Part VI - How the Painter sold his work', pp.357-369.

(10) Article 8 of the Delft Guild Letter of 1611. See Montias, Artists and Artisans in Delft, Appendix B, pp.350-369.

(11) The truce of 1609 created new conditions to which the artists were compelled to respond. Trade resumed with the southern provinces a year or so before the truce, curtailing the indirect protection the artists of Holland had enjoyed. Montias proposes that Flemish artists were numerous and skilled in painting inexpensive pictures that could easily be marketed in Holland. They were also impoverished by the war, and much of their traditional clientele among Flemish burgers could no longer afford art goods.

The Amsterdam painters, in a petition dated November 10 1608, reported how "a short time ago, some foreigners, who were neither citizens nor members of the guild, had on various occasions sold by public auction and otherwise various kinds of paintings coming from Antwerp and other enemy quarters." These paintings "as a result of the cunning and ungodly pressure of certain individuals had been sold far above their worth (being mainly poor copies)." Now the same sellers, "drawn by the profit

they are expecting and seeking to continue this trade, are attempting with all diligence to pick up all the paintings they can get in Antwerp and elsewhere; such that they now have a great many paintings on hand to be sold in the same manner as before." They will do so even though "according to the ordinance of the petitioners' guild, no foreign persons may sell any paintings except on free-market days," with the consequence that "through the introduction or the admittance of such malicious public auctions on the part of foreigners which will be increasing from day to day, in a short time, this city, yea the whole country, will be flooded with rubbish and the work of poor boy-apprentices, such that all the painters living here will be adversely affected in the necessary earning of their bread, and also held back in their diligent studies in the art of painting (which is promoted by all princes and well-constituted republics); and yea also the good burghers who on the whole have little knowledge of painting will be cheated." This was meant to justify the plea for the guild to prevent "these newly practised and illegal auctions." The Amsterdam authorities acceded to the request, as did those in Rotterdam (1609); Gouda (1609) Utrecht (1611) and Delft (1611). In Haarlem the regulations were already tight enough. In Leyden (1610) the artists petitioned to form a painters' guild. The town authorities rejected the request to set up a separate guild but resolved to forbid anyone not living in Leyden to sell any paintings on any but free-market days, whether through public sale or otherwise except with the consent of the burgomeisters. See Montias, Artists and Artisans in Delft, pp.70,71.

For example, the new regulations of the Guild of St Lucas in Delft covered five broad areas. They -

- defined the craft occupations and the activities which required status of master in the guild for their exercise;
- specified the qualifications for becoming a master;
- regulated the internal administration of the guild;
- governed in certain respects the relation between masters and their apprentices in the guild; and
- set the level of guild dues - entrance fees, annual dues, and fines - and stipulated the kinds of expenditures on which these receipts could legitimately be spent. It is important to observe that the town authorities issued no price or quality controls for goods sold by masters, or limits on the persons to whom they might be sold. See Montias, Artists and Artisans in Delft, pp.74,75.

(12)Article 10 of the Delft Guild Letter of 1611. See Montias, Artists and Artisans in Delft, Appendix B, pp. 350-369. Import duties were used to restrict the importation of works of art, but proved to be mild or ineffective in restricting imports in both seventeenth-century Delft and Amsterdam. This hypothesis is put forward by J.M. Montias in his article, 'Art dealers in the seventeenth-century Netherlands', pp.244-253. Half the attributed paintings in Delft inventories between 1610 and 1680 were made by out-of-town masters who at no time in their life belonged to the guild in Delft. See Montias, Artists and Artisans in Delft, pp.100,247-258, Table 8.4; and J.M. Montias, 'Cost and Value in seventeenth century Dutch Art', p.458.

(13)The use of auctions by artist for the sale of their works is difficult to estimate, although a great many works of art, most from deceased estates, passed through these sales in Delft. Montias suggest

that "from their size and frequency...they were a very important - perhaps the most important - source of supply, both for well-off collectors and for lower-middle class people buying pictures to decorate their homes." See Montias, Artists and Artisans in Delft, pp.202-204. In Delft, "Out-of-towners were not permitted to sell pictures or books at public auction without the consent of the burgomasters....It was not until February 1662 that an ordinance was issued prohibiting the sale of paintings brought in from out of town at estate sales. (Boelhuys sales, scheduled every week, were organised to liquidate the estates of deceased persons yet frequently contained items consigned by dealers.) These were [as far as Montias is aware] the only restrictions to which the importation of out-of-town products subsumed under the guild was subject. Any guild-registered dealer was apparently allowed to sell imported paintings or other works of art. **The fact that about half the attributed paintings in Delft inventories between 1610 and 1680 were made by out-of-town masters who at no time belonged to the guild in Delft indicates that there was no lack of such imports.**" [my emphasis] See Montias, Artists and Artisans in Delft, p.100.

(14) Lotteries were organised to raffle off a wide variety of luxury goods including paintings, silverware, firearms mirrors and fancy fabrics. From the available evidence, it appears that lotteries and raffles were an important outlet for artists wishing to sell their paintings, as well as for dealers and even private individuals - especially in the years between 1615 and 1625. See Montias, Artists and Artisans in Delft, pp.197-200.

(15) Montias, 'Art dealers in the seventeenth-century Netherlands', p.247. In the case of Delft only some of the merchants and craftsmen who occasionally sold paintings joined the guild, see Montias, Artists and Artisans in Delft, p.83.

(16) Campbell, pp.188-198.

(17) Martin, pp.357-369.

(18) Montias' general conclusion as regards the observance of guild rules on membership are "that the guild authorities were able to enforce these fairly effectively, frequently allowing a grace period, for almost all those artists and artisans who were living and practicing their craft in Delft and who sold their products or services there or had pupils or apprentices...." See Montias, Artists and Artisans in Delft, p.87.

(19) Montias, Artists and Artisans in Delft, p.6.

(20) Quoted by D. Ewing, 'Marketing Art in Antwerp, 1460-1560: Our Lady's Pand', p.563.

(21) Campbell, pp.188-198.

(22) Ewing, p.559.

(23) Ewing, p.559.

- (24)Ewing, p.558.
- (25)J.C. Wilson, 'The Participation of Painters in the Bruges 'pandt' market, 1512-1550', pp.476-479.
- (26)Ewing, p.559.
- (27)Wilson, pp.476-479.
- (28)Ewing, p.563.
- (29)Ewing, pp.558-584.
- (30)Ewing, p.579.
- (31)Ewing, p.561.
- (32)In the case of Delft, Montias finds hardly any evidence of protracted employment by wealthy clients. See Montias, Artists and Artisans in Delft, pp.190-194.
- (33)See, L.F. Jacobs, 'The Marketing and Standardization of Southern Netherlandish Carved Altarpieces: Limits on the Role of the Patron', pp.208-229.
- (34)Campbell, pp.188-198.
- (35)Campbell, pp.188-198.
- (36)Campbell, p.198.
- (37)Montias, 'Cost and Value in Seventeenth-century Dutch Art', p.459.
- (38)Montias' research indicates that 45 percent of all paintings in the inventories for the first twenty years of the seventeenth century that he sampled, with a specified subject, were religious in content. See Montias, Artists and Artisans in Delft, p.43.
- (39)Montias, J.M. Artists and Artisans in Delft. Princeton, 1982, p.44.
- (40)See Montias, Artists and Artisans in Delft, pp.238-246, and Table 8.3.
- (41)J. Denucé, Art Export in the Seventeenth Century in Antwerp: The Firm Forchoudt, p.17.
- (42)Campbell, p.196.
- (43)Montias, Artists and Artisans in Delft, p.210.
- (44)For example, in the early 1630's two dealers set themselves up in Delft who began to play an intermediary role between painters and collectors that went beyond the essentially mercantile activities of their predecessors. See Montias, Artists and Artisans in Delft, pp.208-215.

(45)Montias, 'Art dealers in the seventeenth-century Netherlands', pp. 244-245.

(46)As regards documentary proof of such sales, Montias notes the he did not find "a single reference in a contemporary document to an individual who visited a painter's atelier and bought a painting in cash. This of course reflects a bias in the nature of the written evidence; there was simply no reason to record such transactions. But even mention of debts owed to painters by estates - for works that were presumably brought directly from artists are rare....[but] That direct sales from stock must have occurred frequently may be inferred from the large inventories in the estates of prominent Delft painters...." See Montias, Artists and Artisans in Delft, pp.194-195.

(47)See J.M. Montias, 'Art dealers in the seventeenth-century Netherlands', pp.244-253.

(48)Montias, 'Art dealers in the seventeenth-century Netherlands', p.246.

(49)Montias, 'Art dealers in the seventeenth-century Netherlands', pp.245-246.

(50)S. Alpers, Rembrandt's Enterprise, p.94.

(51)Martin, pp.357-369.

(52)Montias estimates that perhaps two thirds of the population of Delft, estimated at 28 000 to 30 000 inhabitants, lived in households possessing paintings. See Montias, Artists and Artisans in Delft, pp.220,269.

(53)See Montias, Artists and Artisans in Delft, pp.269-270.

(54)Around 1600 the concept of academies was raised in local art circles. Artists became acquainted with the concept on journeys south of the Alps, and noted the more favourable working conditions without the strict controls of the guilds. But academies were unsuccessful in challenging the medieval guild organisation which remained valid in the Netherlands until the second half of the seventeenth century. The 'Academies' that were established were derivative of the academy of Louis XIV in Paris, rather than based upon the Italian format. See N. Pevsner, Academies of Art: Past and Present, p.82.

As Price observes on the subject of humanism in the context of the Dutch seventeenth century "...there were no clear and sharp divisions within Dutch society which coincided with those of artistic taste. There were wide differences of opinion on cultural matters, but the transitions were gradual and, moreover, only in very general terms can be said to have coincided with the gradual transitions of social status. Just as the enjoyment of a humanistic education did not necessarily imply wealth or elevated position in society, so wealth or membership of regent groups did not necessarily imply adherence to the artistic criteria of renaissance classicism. What does, however, seem tolerably clear is that the taste of the wealthier and politically more powerful sections of Dutch society was moving steadily during the seventeenth century towards acceptance of those views on art dominant in educated and cultivated

circles in the rest of Europe - at first towards the renaissance-classicist attitude, and then towards the standards set by French classicism. The movement was continuous, if irregular, and it varied notably from town to town.

It is of considerable importance for the nature and development of Dutch painting that this move away from acceptance of the Dutch style affected first and foremost clearly the commissions given by public bodies." See Price, pp.130-3.

(55)Price, pp. 35-39.

(56)In the case of Delft, Montias notes that although many painters did have an exclusive speciality, many others did not specialise in a genre. See Montias, Artists and Artisans in Delft, Chapter 6, and especially pp.146-148.

(57)Montias suggest that elimination of excess detail in baroque paintings may have helped to produce less costly pictures that could be sold to a wider circle of consumers. However the simplification associated with the classical phase of Dutch paintings seems to have corresponded to a change in taste that cannot satisfactorily be explained in economic terms. See Montias, Artists and Artisans in Delft, pp.316,317.

(58)Montias, Artists and Artisans in Delft, p.206.

(59)Alpers, p.97.

(60)Prior to the 1630s and 1640s, the quantity of sculpture and other art works as compared to paintings in homes of the rich was surprisingly high, and buyers most probably at first did not attach much importance to the identity of the artist - they simply wished to own works of a specific subject matter. By the mid-century, artists' signatures were accepted by a wide circle of consumers as a signal of quality. See Montias, Artists and Artisans in Delft, pp.160, 218.

(61)Montias, Artists and Artisans in Delft, p.227.

(62)Montias, Artists and Artisans in Delft, p.271.

(63)Montias, Artists and Artisans in Delft, p.48.

(64)Montias, 'Cost and Value in seventeenth century Dutch Art', p.463.

(65)Montias, 'Cost and Value in seventeenth century Dutch Art', p.464.

(66)F.H. Taylor, The Taste of Angels, p.269.

(67)These included Constantine Huygens at The Hague, secretary to the Prince of Orange, and the Amsterdam aristocrat Jan Six. Rembrandt's collection included paintings and drawings of the Old Masters and prints, antique busts, weapons and ethnological specimens. The other collectors of Amsterdam, The Hague and Delft had cabinets similar to that of Rembrandt's, and were considered 'communal property' for the instruction of students. Taylor, pp.258-263.

(68) Rubens was an ambassador for Archduchess Isabella of the Netherlands to Charles I of England, Philip IV of Spain, Marie de Medici the Queen of France, and to Holland. He accepted commissions from Charles I, Marie de Medici and Philip IV. Philip IV also appointed Rubens as his principal agent for the acquisition of paintings. Despite the relative decline of Antwerp during the first half of the seventeenth century, Rubens and a number of his fellow citizens assembled lavish collections. These cabinets surpassed the quality and quantity of the art collections assembled in Antwerp in the sixteenth century, when the city was the greatest economic centre in Europe. Rubens exchanged with the Grand Duke of Tuscany his own works for a group of pictures and statues from the court. Similarly he exchanged with Sir Dudley Carleton eighteen of his own paintings for a collection of antique busts. The greater portion of Rubens' collection was purchased by the Duke of Buckingham in 1627 for £10 000. After this sale, Rubens began another collection which filled his palatial home at the time of his death in 1640. Included in this collection were numerous copies of his paintings he appears to have kept to offer to collectors. See J.M. Muller, Rubens: The Artist as a Collector.

(69) The Earl of Arundel's collection was moved to the Netherlands in 1643, as were works from the collections of Charles I and the Duke of Buckingham after their confiscation by Parliament.

(70) An often cited example: Gerrit Uylenburgh, a respected dealer, sold to the Elector of Brandenburg thirteen old masters, mostly Italian. But a painter at the Berlin court, Hendrick van Fromantiou (or Fromentiou), questioned the authenticity of these works. The paintings were returned to Amsterdam in 1672; fifty-one artists were consulted and even though thirty-one decided they were authentic, the dealer went bankrupt and retired to England after the public auction of his goods.

CHAPTER 3

AN OVERVIEW OF THE ENGLISH ART MARKET

Introduction

The important part England played, and still plays, in the western art market is in collecting and in the secondary market. English collectors of old masters and antiquities first rose to prominence in the first half of the seventeenth century around Charles I, and again in the eighteenth century, at a time when the pursuits of French collectors on the continent was waning. London's position as centre of the secondary art market was reinforced when it was flooded with stock as a result of recurring instabilities on the continent - a position it has retained into the twentieth century, ironically due to its ability still to offer an unrivalled supply of works of art, a legacy of its own golden age of collecting. The lack of support for contemporary English artists by collectors preoccupied with old masters and antiquities is well known. And although the nineteenth century witnessed a greater interest in contemporary English artists, support still tended to be centred around a few successful individuals.

In the sixteenth century, the growing prosperity of England provided a climate that encouraged the formation of the first English collections. But prior to the seventeenth century and the accession of the Stuarts, collectors were few,¹ the acclaimed painters were foreign, and English painters were tied into the artisan guild of the Painter Stainers' company. As Iain Pears notes, "*Not only was there no 'English School' of painting, there was little sign that anyone particularly wanted one.*" Literature concerning the arts was non-existent, it was illegal to import paintings for sale, and, of course, there were no exhibitions.²

In the early seventeenth century, the court of James I had little interest in the arts, but his sons Prince Henry and Charles I both showed a serious interest in collecting. Charles I amassed the most spectacular collection ever seen on English soil.³ A significant proportion of this collection consisted of other collections acquired *en bloc*, the principal acquisition being the inherited collections of the Duke of Mantua.⁴ This was a remarkable transaction in that it was the first major dispersal of an Italian hereditary collection, a pattern that was to accelerate thereafter.⁵ The ministers, courtiers and ambassadors of the foreign powers made constant gifts to Charles I. The collection at one point amounted to 1387 pictures and 399 sculptures, and included Italian old masters, art of the northern countries,⁶ antique and contemporary sculpture,⁷ drawings and prints,⁸ and some work by contemporary artists.⁹

The collection of Charles I was confiscated by the puritan government after his execution in 1649 and a few months thereafter inventories were drawn up and reserve prices established. The dispersal of the collection, which was mostly by private sale, continued until 1653.¹⁰ Charles I's collecting practices and patronage ultimately were politically unwise, as they were seen as an extravagance and not a 'humanist exploit,' and all those that followed him onto the throne avoided lavish involvement in the arts, with the result that the tradition of English royal patronage always paled in comparison with the courts of Europe.¹¹

The dispersal of Charles I's collection created much rivalry between the royalty, nobility and collectors of Europe in their quest to purchase the works at reasonable prices.¹² But some of Charles I's pictures were made over to his creditors who resold them, resulting for the first time in some form of a structured art market in England. Before this, there was no established commercial system based on the distribution and redistribution of works by of dealers or auction houses because the limited number of transactions virtually precluded this, and the small resale market that did

exist, was dominated either by private deals or foreign agents.¹³

Charles I was not the only collector in seventeenth-century England. Amongst others, there were also the Duke of Buckingham,¹⁴ the Earl of Arundel,¹⁵ Sir Robert Bruce Cotton and the Duke of Hamilton,¹⁶ all of whom became known on the continent for their collections. These collectors made extensive use of intermediaries in the form of ambassadors, diplomats - particularly those in the Low Countries and Italy - and agents, painters and dealers - including Nicholas Lanier, the Gentileschi brothers, Daniel Nys and William Frizell¹⁷ - to locate works of art on the continent.

The London Art Market in the Eighteenth Century

[In the early eighteenth century, the London art world was] dominated by foreign imports: artists from Germany, Italy and France; antiques and old master paintings from Venice and Rome; prints from Paris and Amsterdam. The native school of art was distinguished for its technical failings and idiosyncratic mania for portraiture.

Louise Lippincott¹⁸

The picture jobbers from abroad are always ready to raise a cry in the public prints, whenever they think their craft is in danger; and indeed, it is their interest to depreciate every English work as hurtful to their trade of importing, by shiploads, dead Christs, Holy Families, Madonnas, and other dismal dark subjects on which they scrawl the names of Italian masters, and fix on us poor Englishmen the character of universal dupes.

William Hogarth¹⁹

The London art world participated wholeheartedly in England's eighteenth-century commercial growth, progressing from a weak provincial offshoot of the continental school of painting and the English book trade, into a highly specialised, respected aesthetic and commercial enterprise.²⁰ The London art market of the eighteenth century consisted of a number of interdependent but dissimilar 'sub-markets' in that each 'market' served a different clientele

and the source of each market's stock also differed. These markets included primary markets in prints, portraiture and contemporary art, and secondary markets in old masters and antiquities.

At the close of the seventeenth century, the European centres of the secondary art market were still Antwerp and Amsterdam, and the few high quality art works in England tended to be shipped there, if resale was necessary.²¹ Pears argues that the 1680s were the formative years of the London secondary art market. It was then that the number of pictures being traded first began to increase through imports from war-torn Europe,²² and the restrictions on importation of art works were relaxed.²³ But even in the eighteenth century, the secondary market in old masters and antiquities was narrow: it revolved around a few affluent collectors, and stock from the continent.

With regard to the primary market, the demand for work of contemporary artists was centred around a large market in portraiture. Although often referred to, incorrectly, as a form of 'patronage', this was, in effect, a competitive market in which artists were very sensitive to supply and demand, rather than a period where the support of 'patrons' enabled them to work relatively unaffected by external pressures. The reasons for this competitiveness are too numerous to outline here, but they included the inadequate training available to native painters, and the preoccupation of English collectors with old masters and antiquities rather than with the artists of their day. Hence, painters often resorted to a variety of art-related employment in the print trade and the art market.²⁴ Even with the establishment of the Royal Academy later in the century, the situation remained precarious for the less successful artists.

THE SECONDARY MARKET

The Market in Old Masters

In the early eighteenth century Lord Burlington and his friends revived the taste for Old Masters, previously briefly fashionable in England at the time of Charles I.²⁵ Referring to the market for old masters, Lippincott highlights the impact of two essays by Jonathan Richardson published in 1719 on the Georgian art world. According to her, they were

*instrumental in the formation of an audience capable of examining and appreciating art - something new in eighteenth-century England. It also forced English viewers to come to grips with works far more complicated than portraits, thus breaking down their traditional resistance to genre and history painting. Finally, the study of the old masters was given an important place in artists' educations, encouraging them to master and surpass the greatest achievements of the past.*²⁶

Richardson also mentioned that collectors would also benefit financially from the exploitation of a growing art market as a means of capital investment.²⁷

The European and particularly Italian collections seen on 'Grand Tours' of the continent provided much inspiration for collecting old masters and antiquities. The concept of the Grand Tour began late in the seventeenth century and became popular in the beginning of the eighteenth century, when it became an essential part of a gentleman's education. These tours - and the London art market - fluctuated according to the political situation on the Continent, and reached their zenith in the second half of the eighteenth century.²⁸ Before the Grand Tours, country houses were still decorated mainly with tapestries, frescoes by 'imported' French and Italian painters, and above all, family portraits.²⁹ The fashionable Palladian and Rococo interiors of the eighteenth century which imitated those seen on the continent, were often conceived specifically to display old masters and antiquities.³⁰ This contributed to an enormous demand for old master paintings and antiquities, but much of the demand for old masters was satisfied with copies. This was

due both to cost, and to a relative shortage of suitable paintings in London. In most cases, original old masters were overlooked in favour of large, cheap paintings of well known views or historical subjects which served equally well to create a 'Grand Tour Decor.'³¹

It is difficult to imagine what the English country houses would be like without the treasures that were brought back from Italy on the Grand Tour - without the views of Venice and the capricci by Panini, which recall the Roman monuments, without the classical statues and busts that adorn so many halls, and without the countless Italian pictures that are so well represented here.

Brinsley Ford³²

Haskell notes that in spite of the legendary wealth and scale of these purchases, in range and discernment, the importance of the ancient marbles and Italian paintings collected in England was surprisingly limited. Not a single example of what would now be considered the most celebrated Roman antiquities was acquired, and the Italian artists who were most highly esteemed during the eighteenth century - Raphael, Titian, Correggio, Annibale Carracci, Domenichino, and Guido Reni - were poorly represented.³³

The guides conducting tours for Englishmen in the Italian cities supplemented their income by dealing in art. Their interest in acquiring works of art on these tours was significant enough to warrant a group of architects, painters and connoisseurs turned dealer-agents, to act as intermediaries between English travellers and sources of supply in Italy. The most prominent in this trade were the architect Matthew Brettingham; the painter Gavin Hamilton; the painter turned banker, Thomas Jenkins;³⁴ the two most influential propagandists for the art of Greece and Rome, Johann Joachim Winckelmann, and Cardinal Albani's librarian; the artist, engraver and sculptor, Giovanni Battista Piranesi, and Consul Smith in Venice.³⁵ The conduct of these dealers was on occasions blatantly dishonest, as they went about hoodwinking the wealthy English collectors into acquiring antiquities and old masters that had often been subjected to extensive restoration and reconstruction.

Art Dealers

The relative ignorance of most English connoisseurs, especially in the earlier years of the eighteenth century, forced them to rely heavily on artists and dealers for guidance. Pears highlights the important role played by dealers in cultivating the interest of potential buyers as they obviously made it their business to ensure the availability of paintings in London. This can be contrasted with the situation in the seventeenth century when collecting and purchasing of art works was restricted to those who had privileged access to diplomatic contacts, and those able to travel abroad.³⁶

Art dealing was rarely a full-time occupation in England until the mid-eighteenth century. Until then it was usually taken up on a part-time basis by small-scale painters, print sellers, frame-makers, colour men and collectors, for the most part acting only as agents.³⁷ To begin with, the operation of dealers was limited by the small number of pictures available for sale in England, necessitating a heavy reliance on stock from the continent. Many collectors and dealers who went abroad on Grand Tours therefore did so with the aim of purchasing paintings for later resale in London, at first simply exploiting price differentials between England and the continent.³⁸ Later in the eighteenth century the growing sophistication and efficiency of the old master market meant that profit had to be derived from speculation in taste rather than from simply making a supply of art works available in London.³⁹ Substantial margins were required to absorb the costs of locating and importing the pictures; and for this reason foreign trips became less frequent and there was an expansion of contact with dealers abroad.⁴⁰ By the early 1790s there were no less than 28 English and Scottish dealers and painters alone residing in Rome and trading in old masters and antiquities.⁴¹

Auctioneers

As the eighteenth century progressed, a significant proportion of art buyers' expenditure was at auctions, eventually providing the price structure for the rest of the art market. The sale of works of art by auction - which originated in Holland and Flanders at the beginning of the seventeenth century - only reached England in 1676 when it was used for the sale of a library. It appears that the first auction of pictures did not take place in London until 1682. But at the end of the seventeenth century very few of these auctions offered authentic, original paintings. It was only in the next century when collecting had become more widespread and collectors were well-travelled, that greater emphasis was placed on quality.⁴²

The combination of low affordable prices - for works of mediocre quality - together with the growing number of valuable masterpieces on offer at auctions, attracted the participation of a broad spectrum of dealers and collectors. Auctioneers advanced the use of auctions as a means of trading painting by becoming connoisseurs and by actively marketing the auction sales. This specialisation in the sale of art works became more pronounced as the eighteenth century progressed.⁴³ In 1744 Samuel Baker established the auction house which at his death assumed the name of his nephew John Sotheby;⁴⁴ and in 1766 Christie's was opened by James Christie.⁴⁵ The early book auctions held by Samuel Baker were subject to a fairly sophisticated list of conditions indicating that, by the mid-eighteenth century, auction sales had evolved into a reputable means of buying and selling works of art.⁴⁶ The auctions also offered unusual opportunities to view works of art, since it was customary to place the objects offered for sale on exhibition for several days before the auction took place. These exhibitions were well advertised in the newspapers, and the admission was free or inexpensive, allowing the viewing of an ever changing display of works of art by the public and artists.⁴⁷

The Maturation of the Market

The last thirty years have produced events in the history of Europe, which for a considerable length of time not only revolutionised her ancient politics, and impeded or diverted the national current of her trade and commerce, but forced from their ancient sanctuaries those treasures of Science and Art, that had long been the pride and glory of the states to which they belonged.

William Buchanan, a doyen of British art dealers,⁴⁸ in his memoirs in 1824⁴⁹

In the last decades of the eighteenth century and the first of the nineteenth century, the affluence of the English gentry coincided with the decline in fortunes of the aristocracy and royalty, and the political turbulence in Europe, particularly in the two storehouses of art works, France and Italy. This ensured London's position as the dominant secondary art market in Europe. As Haskell indicates:

Flocks of agents, dealers, unsuccessful artists, and adventurers of all kinds descended like vultures on Italy to take their pickings from the resident nobility, who were obliged to pay the swingeing fines imposed by the invading French armies. For more than a decade it seemed as if the whole of Europe from dukes and generals to monks and common thieves were involved in a single vast campaign of speculative art dealing.⁵⁰

The French Revolution was responsible for the dispersal of many French collections to English collectors, including the collection of Louis-Phillippe-Joseph of the New Orléans branch of the French royal family, which reached England in 1791. No collection of this calibre had been offered for sale in England since the collection of Charles I, a century and a half earlier, but it was only one of many that made their way across the channel in the ensuing years.⁵¹ The French invasion of Holland in 1795 brought several Dutch collections to London.⁵² Masterpieces arrived in London in an apparently endless flow, the supply of which was taken for granted, and there was little interest in the works of second rate artists as long as there was what appeared to be an unlimited supply of superior old masters.⁵³ The success in obtaining important works of art was no longer as dependent on

connections with, and a knowledge of, the well-known collectors and collections, but merely on the prices the collector was willing to pay for art works. In Haskell's words:

*Taste, if the word implies discrimination, played little enough part in any of the complicated transactions involved, because for many years it was very difficult for anybody with enough money not to be able to buy some celebrated masterpiece.*⁵⁴

THE PRIMARY MARKET IN THE EIGHTEENTH AND NINETEENTH CENTURIES

A traditionally weak native patronage structure in the seventeenth and for part of the eighteenth century, together with the preference for all things continental, left English artists virtually unremunerated for their efforts.⁵⁵ By 1720, the typical European patron of the sixteenth and seventeenth centuries who often took the artist into his household had become a rare phenomenon; and as yet the art market had not developed sufficiently to provide artists with an alternative outlet for their works.

According to Lippincott, the predicament of English artists was also a result of a hesitancy on the part of artists to adjust to the demands of the new buyers. Substantial demand for the services of artists existed in portraiture, the print market, and in the design of mass-produced decorative wares and furnishings.⁵⁶ The latter was a potentially enormous market because the greatest expense in furnishing an eighteenth-century house did not lie in the purchase of art, but in upholstery and hangings.⁵⁷

The Portraiture Market

In Holland selfishness is the ruling passion; in England vanity is united with it. Portrait painting, therefore, ever has, and ever will succeed in this country better than in any other. The demand will be as constant as new faces arise...."

William Hogarth⁵⁸

There was intense competition between painters for portraiture commissions. As Marcia Pointon points out, behind the elegant facade of the cultivated society in which the London portrait-painter aspired to earn a living, there existed a cut-throat commercial world.⁵⁹ The highly competitive market, and the dominance of the Royal Academy as a forum for exhibition and publicity, made it imperative for artists to develop an individual and readily identifiable style. But between the artist and the Academy lay a gulf that had to be bridged by personal contact, nepotism, patronage and determination. And although everyone wanted portraits there were still more than enough painters to meet the demand, as well as arrival of portrait painters from the continent.⁶⁰ When it came to remuneration for their services, both artists and sitters were very conscious of the rivalry in the market for commissions, hence prices were standardised according to size and format and the reputation of the artist, and when increased, it was done in accordance with demand.⁶¹

Lippincott observes that the portrait market functioned like a modern commercial market for ephemeral luxury goods. Buyers valued likeness and decorum in portraits, and they were themselves able to make these assessments, whereas with Old Masters, collectors were dependent on the uncertain connoisseurship of others to ascertain value. Collectors also tended to view their large purchases of old masters as speculative investments, destined to increase in value, while portraits, like land, were only sold in emergencies and often at a loss. Since portraits were purchased to mark important occasions, they were subject to certain social needs rather than finance.⁶² As Reitlinger notes, "*A family investment would have been the last of considerations in choosing to have oneself painted.*"⁶³

The Print Market

Prints and book illustrations played an important role in the development of the early eighteenth century art world.⁶⁴ The print trade, together with art

dealing and auctions, were dominated and controlled by London booksellers in the first quarter of the eighteenth century.⁶⁵ The subsequent proliferation of print shops, along with the opening of auction houses specialising in fine arts only, resulted in the separation of the art and book trades.⁶⁶ But for a variety of reasons including those of audience, the paintings reproduced and the methods of sale, the print trade was closely intertwined with the rest of the art world. The Old Master and portrait markets provided subject-matter and clients, and the booksellers furnished the print market with materials, marketing techniques, and sales outlets.⁶⁷ Print makers had to abandon the painters' distaste for the commercial techniques of the booksellers - newspaper advertising, distributing through strategically located retail shops, and a continual output of serial publications - to attract new buyers and retain the interest of the old buyers. And this emphasis on novelty, volume, and distribution was to lift print selling out of the artist's workshop and bookseller's inventory, and into the world of commerce. Unlike paintings, prints were numerous, inexpensive, accessible, and able to respond rapidly to shifts in public taste and topical interests, and this malleability meant that they served an enormous market of varying wealth and connoisseurship.⁶⁸ Of the prominent dealers of the late twentieth century many - including Colnaghi's,⁶⁹ Ackermann's and Agnews - had their origins in the print trade, from where they expanded into Old Masters and other fields for which they are now renowned.

Before the founding of the Royal Academy, the print sellers, with their commercial alliances and close contact with the public, were in the best position to shape and profit from its growing interest in art collecting and the art world. Painters, threatened by the success and popularity of prints, sought to establish control over the art world by excluding engravers and print sellers from membership in the Royal Academy. But realising the potential profits to be made in the print market, artists began publishing prints themselves after their own works, with subject-matters which were increasingly designed to appeal to popular taste. Hence, indirectly, it was

the print market which first encouraged artists to paint on speculation rather than command, and to broaden their subjects beyond the traditional limits of portraiture.⁷⁰

The Founding of the Royal Academy

The first attempt at establishing an academy of art, thereby rectifying the deficient training of artists and exposing them to the tenets of humanism, was made by Charles I in 1636, but it was not until 1711 that the first school of drawing from life was organised. Structured art schools, like those associated with the French Academy did not exist in England. Instead, artists wishing to learn the skills of painting were taken on as apprentices, or they subscribed to informal 'academies' for rare opportunities to draw from casts or the nude.⁷¹ Persistent efforts by painters to establish a central institution to mediate between artists and patrons and subordinate entrepreneurs to their control eventually led to the founding of the Royal Academy in 1769.⁷² Acceptance by the Royal Academy and its exhibitions became essential for an artist wishing to establish a reputation, as alternative opportunities to exhibit outside the Academy were very limited. Exposure at the Academy exhibitions was the most effective means of attracting the attention of potential private patrons. The founding of the Royal Academy took place at a time when there was a great deal of 'new money' in London, acquired in the East and West Indies. For living English artists it heralded a golden dawn.⁷³ The public exhibitions together with the large commercial print trade enabled painters to forge reputations and a comfortable existence without depending entirely on a few wealthy patrons, as had been the case before.⁷⁴

Reitlinger regards the 1760's as a turning point in the history of England taste. This decade saw the first national academy, the first annual exhibitions and the first competition between the art markets of London and Paris.⁷⁵ Print sellers, drawing masters, auctioneers, art dealers and art

critics who had only marginal occupations in the 1720's, were flourishing after 1760.⁷⁶ Painters became increasingly sensitive to the forces of supply and demand, and artists' traditional means of maintaining employment and prices - guilds, gentlemen's agreements, ostracism of foreign artists, and high tariffs on imported art - were slowly eroded. In response to competing in an open market, Lippincott notes that artists formed conflicting, quarrelsome parties, ephemeral academies, clubs, heterogeneous learned societies, rather than a united professional organisation, that might have been able to ensure greater stability and impose some order on the market.⁷⁷ The founding of the Royal Academy in 1769 went some way towards centralising London's fragmented art world through its regular and large contemporary art exhibitions, but there was still nowhere in London where works of art could be seen on a regular basis except at the auctioneer and dealers' galleries and the studios of a few artists. Most of the important collections were housed at country seats, and although the British Institution was expressly founded in 1805 for exhibitions,⁷⁸ it was only in 1824 that the National Gallery was established.⁷⁹

The Contemporary Art Market in the Nineteenth Century

From early on in the nineteenth century, the collecting of contemporary art was among the chief preoccupations of the new wealthy 'middle' class, when a *"type of self made man, part profiteer, part patron, became increasingly familiar...."*⁸⁰ Dianne Macleod, in discussing Victorian middle-class preferences in art, ascribes this collecting trend to two factors - the prosperity engendered by the Industrial Revolution, and the Reform Bill of 1832, which granted more recognition to the middle classes and gave them more confidence in asserting their aesthetic preferences. There were sound practical reasons for this class-based difference in artistic taste:

The tradition of connoisseurship that had produced the British Old Master collections was fuelled by extensive trips abroad where the cognoscenti could indulge in the leisurely contemplation of grand manner painting. Unlike the eighteenth-century connoisseur, however, the majority of Victorian collectors were men of

business who neither had the time to make the Grand Tour of Europe nor the temperament required for deciphering European iconography. They preferred the familiar to the exotic landscapes, scenes from daily life, or romantic costume pieces inspired by their favourite novels or historical characters.

Dianne Macleod⁸¹

The dealer, Thomas Agnew, who started out in Manchester, nurtured the fashion for collecting contemporary art instead of old masters.⁸² The high prices living painters were eventually able to achieve by the middle of the century was an extension of the print-sellers' revolution, which had begun in the previous century by meeting the taste requirements of the public, rather than those of the critics.⁸³ The repeal of duty on glass further expanded the market for framed prints as the expense of the frames and glass in the print market comprised a large component of the costs in this market. The resultant enormous demand enabled mid-Victorian subject painters to request ever-more spectacular prices from dealers for their work and the copyright permitting reproduction.⁸⁴ The record-breaking auction sales of the Elhanan Bicknell⁸⁵ collection of contemporary art in 1863 and the Joseph Gillot sale in 1872,⁸⁶ proved beyond doubt the potential for speculation in modern British art, and contributed to the growing regard the native school enjoyed.⁸⁷

The value of contemporary art continued to increase steadily after these sales were spurred along by the arrival of continental and American buyers in the sale-rooms, thus limiting the dependence of prices on fluctuations in the national economy alone. For the first time in the history of the English School, the price of paintings went up instead of down as soon as their makers had ceased to produce them.⁸⁸ But few living artists could aspire to enormous prices for their works as only a small number were willing to risk innovation and experimentation in developing new themes or styles, instead of imitating the successful few with pastiches of varying quality. By the mid nineteenth century, scarcely a new name had appeared among the annual Royal Academy exhibitions since 1825, except for Landseer and Frith: "By

*demanding a pedantic literary standard of the works to be exhibited, the Academy condemned painting to stagnation and the market reflected this."*⁸⁹

Dispersal of the English Collections

The London 'old master market' was relatively stagnant from the time of the Napoleonic Wars until the Marlborough sales of 1884-1886. Reitlinger puts forward two reasons for this development: the astronomical prices achieved for living painters' works, and the loss of over-confident optimism in old masters after so many works had been purchased at excessively high prices earlier in the century. What altered this situation was the arrival of foreign collectors in the London sale-rooms in the later years of the nineteenth century who were attracted by the important master works sold by English collectors of declining fortunes.⁹⁰

Before 1882 it was very rare in London for even part of a noble inheritance to be offered for sale. Until then, the collections that were dispersed belonged chiefly to out-and-out speculators or they belonged to scholars, whose heirs could not afford to retain them.⁹¹ But,

After 1885 it can be said that the wealth derived from land no longer played any significant part in the saleroom. In England the nobility were henceforth seldom to appear in the market as buyers, but incessantly as sellers. The flow of old master paintings into America became a concealed form of payment for the cheap American wheat which had driven English land out of use without as yet enriching home industry.

Gerald Reitlinger⁹²

To meet this need, the 'Settled Lands Acts' were passed in 1882 and 1884, which allowed the Court of Chancery to authorise the sale of heirlooms by trustees, regardless of strict clauses in wills drawn up to safeguard family heirlooms.

These acts opened the way to a series of great sales: the famous Sunderland Library and many old masters from Blenheim in 1881-1883; the contents of Hamilton Palace in 1882-1883, largely consisting of treasures inherited from William Beckford's Fonthill;

the majority of Sir Andrew Fontaine's collection from Narford in 1902 and many others.

M. Binney and G. Jackson-Stops⁹³

The most spectacular transaction was the sale of the most important pictures from Blenheim Palace, which were sold by private negotiations. The introduction of death duties under the Liberal government in 1894, a supposedly temporary measure, also contributed to the dispersal of works.⁹⁴

The sale-rooms played a surprisingly minor part in the movement of the major works of art from England. It was not until the end of the nineteenth century, when the Duveen Brothers began meeting the demands of a strong American clientele, that London's position as a source of supply and centre of the international art market was secured.⁹⁵ Reitlinger points out that the entry of English eighteenth-century portrait paintings into the millionaire market is generally ascribed to the efforts of Joseph Duveen Jr., later Lord Millbank, but the basis for a revaluation of the entire English late eighteenth-century portrait school already existed in the 1870's. The firm of Duveen handled few pictures before 1901 and certainly not eighteenth-century English painters.⁹⁶ Prior to this, the obvious clients for the freed British heirlooms were the various branches of the Rothschild family, the South African 'Randlords' and the 'Berlin Museum';⁹⁷ as the emphasis among American collectors was, apart from Rembrandt, on the modern French school: *"The number of pictures of the English eighteenth-century school which finally changed hands at prices from £70 000 to £100 000 will probably never be known. Certainly it exceeded twenty, while more than half of them must have been bought between 1919 and 1927."*⁹⁸

Notes to Chapter Three

(1) F.H. Taylor, The Taste of Angels, pp.200-206.

(2) Iain Pears, The Discovery of Painting: The Growth of Interest in the Arts in England 1680-1780, p.1.

(3) See, A. MacGregor, ed., The Late King's Goods.

(4) The Gonzaga Duke of Mantua collections were purchased *en bloc* in two separate transactions, for 15 000 and 10 500 pounds in 1627 and 1629. See D. Chambers, and J. Martineau, eds., Splendours of the Gonzaga; Hugh Trevor-Roper, The Plunder of the arts in the Seventeenth Century, pp.27-36; and J. Alsop, The Rare Art Traditions, pp. 148-151.

(5) As Haskell points out ironically, the only other transfer of works of art on a scale similar to Charles I's purchase of the Mantua collection was the sale of much of Charles I's own collection about twenty years later. F. Haskell, 'Charles I's Collection of Pictures', in A. MacGregor, ed., The Late King's Goods, p.214.

(6) F. Haskell, 'Charles I's Collection of Pictures', in A. MacGregor, ed., The Late King's Goods.

(7) See D. Howarth, 'Charles I, Sculpture and Sculptures', in A. MacGregor, ed., The Late King's Goods.

(8) See, J. Roberts, 'The Limnings, Drawings and Prints in Charles I's Collection', in A. MacGregor, ed., The Late King's Goods, pp.115-129.

(9) The scale of his collecting practices has tended to overshadow the issue of his patronage of contemporary art, but it has recently been noted how erratic and improvised his patronage was: most of the foreign painters he employed had been brought to England by other patrons, but he was a meaningful patron of Rubens and Van Dyck amongst others. See M. Smuts, 'The political failure of Stuart cultural Patronage', pp. 165-187; and R.W. Lightbrown, 'Van Dyck and the purchase of paintings for the English Court', pp. 418-421.

(10) See A. MacGregor, 'The King's Goods and the Commonwealth Sale. Materials and Context', in A. MacGregor, ed., The Late King's Goods, 1989, pp.13-52.

(11) Pears, pp.134,137.

(12) Don Alonzo de Cardenas, the Spanish ambassador, bought extensively for Philip IV. Evrard Jabach, a banker from Cologne, bought paintings and drawings for himself; and as the agent of Cardinal Mazarin, purchased tapestries, *objets d'art* and antiquities. Queen Christina of Sweden bought the chief rarities in medals and jewels for her cabinet. The agents of the Archduke, Leopold Wilhelm, Governor of the Netherlands, purchased for the Picture Gallery in Vienna mostly pictures by Titian, Veronese and other members of the Venetian school. Smaller buyers included a group of painters acting for themselves or for other princes - De Critz, Wright, Baptist, Leemput and Sir Balthazar Gerbier.

The Reynst brothers, banker-dealers from Amsterdam, who also attended the sales, purchased superb pictures for their cabinet. After the death of the Reynst brothers, their collection was presented to Charles II - who ruled from 1660 - on the occasion of the Restoration, by the States-General. See Taylor, pp.237-9.

(13)Pears, pp.1,51.

(14)On the collecting of the Duke of Buckingham, see I.G. Philip, 'Balthazar Gerbier and the Duke of Buckingham's Pictures', pp.155-6. The collection included a group of works of art purchased *en bloc* from Rubens, see J.M. Muller, Rubens: The Artist as a Collector.

(15)Arundel's first love was for antiquity, but he also had a sizeable collection of paintings and was a noted collector of Old Master drawings and bought numerous portfolios from correspondents in Italy, including the cabinet of the dealer Daniel Nys in Venice, which included the drawing collections of the Duke of Mantua. He went into a self-imposed exile and in February 1642 went to Antwerp with the major part of his collection. But the 'Arundelian Marbles' remained in England where they had an important influence on later British taste. See, D. Howarth, Lord Arundel and his Circle.

(16)On the collecting practices of the Duke of Hamilton, see E.K. Waterhouse, 'Paintings from Venice for Seventeenth Century England: some records of a forgotten transaction', pp.1-23; and P. Shakeshaft, "'To much bewiched with thoes intysing things", the letters of James, 3rd Marquis of Hamilton and Basil, Viscount Fielding, concerning collecting in Venice in 1635-1639, pp.114-132.

(17)B. Reade, 'William Frizell and the Royal Collection', p.70.

(18)L. Lippincott, Selling art in Georgian London: The Rise of Arthur Pond, pp.1,2.

(19)In the London Magazine, 1737; quoted by Taylor, p.458.

(20)Lippincott, pp.164,165.

(21)The remnants of the Arundel collection were sold in Amsterdam in 1684 and the bulk of the Buckingham collection had been sold in Antwerp in the 1650s.

(22)Pears, pp.1,51,52.

(23)The law limiting the importation of paintings into England was not rigorously enforced, but the government did on occasions bring it into use and, in the Restoration period, relaxed the law without statutory change. These laws, originally implemented to protect the interests of the Painters-Stainers' Guild, were officially altered in 1695. This act placed an import duty of 20 per cent on the value of the pictures entering the country, but this proved to be unsatisfactory because the better the picture, the higher the duties to import it into England. See Pears, pp.52,53.

A 1721 Act of Parliament changed the basis of the tax from value to size

and lowered the customs duties imposed on imported works of art, immediately transforming art dealing in the secondary market from a shady sideline into a potentially lucrative trade. George Vertue noted its immediate impact on the market: "*This Gentlemen (Mr Broderick) it was that brought a Bill into the house of Commons, to pass an Act for importing of pictures into England paying according to the size from 10 shillings each picture to four pounds the most, when as before it was ad Valorem & caused great roguery & false swearing & prevented the best or very good pictures to come in the Custom mounting so high and instead of that Copies were brought in and sold for originals and the Curious deceived and since this Act already many good pictures are brought in and few copies since this twelvemonth.*" Vertue, *Note Books 3*, Walpole Society, Vol.22, Oxford, 1934, p.9; quoted by Lippincott, Louise. *Selling art in Georgian London: The Rise of Arthur Pond*. Yale, 1983, p.102.

(24)The two largest portions of the eighteenth-century art market were old masters and portraiture, hence most artists were reliant on portraiture or part-time dealing for a major part of their income. Lippincott, p.64.

(25)G. Jackson-Stops, 'Temples of the Arts', in G. Jackson-Stops, ed., *The Treasure Houses of Britain*, p.17.

(26)Lippincott, pp.101,125.

(27)"*If Gentlemen were Lovers of Painting, and Connoisseurs, many Summs of Money which are now lavish'd away, and consum'd in Luxury would be laid up in Pictures, Drawings, and Antiques, which would be not as plate, or Jewels, but an Improving Estate: Since as Time and Accidents must continually waste, and diminish the number of these Curiosities, and no New Supply (Equal in Goodness to those we have) is to be hop'd for, as the appearances of things at present are, the Value of such as are preserv'd with Care must necessarily encrease more and more: Especially if there is a greater Demand for them, as there Certainly will be if the Taste of Gentlemen take this turn.*" Jonathan Richardson, *Two Discourses containing 'An Essay on the whole Art of Criticism as it relates to Painting,' and 'An argument in behalf of the science of a Connoisseur'*, London, 1719, quoted by Lippincott, p.102.

(28)Pears has prepared charts detailing the fluctuation in the importation of artworks. He links these fluctuations to conflicts on the continent. See Pears, pp.54,55.

(29)F. Haskell, 'The British as Collectors', in G. Jackson-Stops, ed., *The Treasure Houses of Britain*, p.51.

(30)The Earl of Arundel was the first to bring a significant collection of antique marbles in the early seventeenth century, but following the archaeological discoveries at Herculaneum in 1738 and Pompeii in 1748, few Englishmen on the Grand Tour could resist acquiring antique marbles and mosaics, urns and vases, terracottas and bronzes, coins and cameos, both as souvenirs and as testimony of their superior taste in the arts, indicated by tutors and "bearleaders" alike. G. Jackson-Stop, ed., *The Treasure Houses of Britain*, pp.17,288.

(31) In Jonathan Richardson's words - "*a copy of a very good piis preferable to an indifferent original.*" Jonathan Richardson, Essay on the Art of Criticism, quoted by G. Jackson-Stops, ed., 'Temples of the Arts', in The Treasure Houses of Britain, p.18. See also Lippincott, pp.61-63.

(32) Brinsley Ford, 'The Englishman in Italy', in G. Jackson-Stops, ed., The Treasure Houses of Britain, p.49.

(33) F. Haskell, 'The British as Collectors,' in G. Jackson-Stops, ed., The Treasure Houses of Britain, p.52.

(34) Thomas Jenkins was considered a brilliant salesman by his contemporaries. Part of his technique was, on conclusion of the deal, to assure the client that if he ever wished to resell the painting, he would refund the purchase price. He always honoured his promise, and in doing so supported a market he was instrumental in making. See, Brinsley Ford, 'Thomas Jenkins: Banker, Dealer and Unofficial English Agent', pp.416-42.

(35) See Brinsley Ford, 'The Englishman in Italy', in G. Jackson-Stops, ed., The Treasure Houses of Britain, p.45; Albert Boime, Art in the Age of Revolution 1750-1800, pp.55-87.

(36) Pears, p.73.

(37) F. Herrmann, 'Peel and Solly: Two nineteenth-century Art Collectors and their Sources of Supply', in Colnaghi, Art, Commerce, Scholarship: A window onto the Artworld - Colnaghi 1760-1984, p.32.

(38) See Pears, pp.68,72; John Fleming 'Cardinal Albani's Drawings at Windsor: Their Purchase by James Adam for George III', pp.164-169; and John Fleming, 'Messrs Robert and James Adam: Art Dealers', pp.168-171.

(39) Pears, p.90.

(40) Pears, pp.73,90.

(41) Gerald Reitlinger, The Economics of Taste, vol.1, p.10.

(42) See Pears, pp.57-60.

(43) Pears, pp.62,63.

(44) See F. Herrmann, Sotheby's: Portrait of an Auction House.

(45) H.C. Marillier, Christie's 1766-1925; P. Colson, A Story of Christie's.

(46) B. Learmount, The History of Auctions, p.47.

(47) Lippincott, p.116.

(48) See H. Brigstocke, William Buchanan and the nineteenth century art trade.

- (49)William Buchanan, Memoirs of Painting, I, p.xii-xiii.
- (50)F. Haskell, Rediscoveries in Art, p.44.
- (51)Haskell, Rediscoveries in Art, pp. 39,42; and D. Sutton, 'The Orléans Sale', 357-372.
- (52)Reitlinger, p.13.
- (53)F. Haskell, 'The British as Collectors', in G. Jackson-Stops, ed., The Treasure Houses of Britain, pp.45,46.
- (54)Haskell, Rediscoveries in Art, pp.45-6.
- (55)Lippincott, p.1.
- (56)For an example of an artist who successfully took part in these markets, see S.M. Bennett, Thomas Stothard. The Mechanisms of Art Patronage in England circa 1800.
- (57)Lippincott, p.73.
- (58)Quoted by Taylor, p.468.
- (59)M. Pointon, 'Portrait Painting as a Business Enterprise in London in the 1780's', p.187.
- (60)The 1730s had been dominated by Van Loo, Mercier, Amigoni, Rusca, Soldi and Dahl. Their stranglehold on the market was contested by few of their English contemporaries. See Lippincott, p.83.
- (61)Pointon, pp.187-205; Lippincott, pp.69-72.
- (62)Lippincott, pp.66,67.
- (63)Reitlinger, p.65.
- (64)For an illustration of how an artist operated in the book illustration and print trade, see Bennett.
- (65)Lippincott, p.128.
- (66)Lippincott, p.158.
- (67)Lippincott, p.70.
- (68)Lippincott, p.158.
- (69)See, Colnaghi 1760-1960; Colnaghi, Art, Commerce, Scholarship: A window onto the Artworld - London.
- (70)Lippincott, pp.158,159.
- (71)Lippincott, pp.1,2.
- (72)See S.C. Hutchinson, The History of the Royal Academy 1768-1968.

(73)Reitlinger, p.111.

(74)Lippincott, p.2.

(75)Reitlinger, p.3.

(76)Lippincott, pp.1,2.

(77)Lippincott, p.73.

(78)The 1730s witnessed the first stages in this gradual dispersal of art collections from London to the country houses. The British Museum was opened in 1759 but it was not until the founding of the British Institution in 1805 that the first changing displays of foreign old masters and recently deceased artists, began in London. The British Institution was founded by Thomas Bernard, with the Earl of Dartmouth as President and Sir George Beaumont, Richard Knight and other gentlemen-patrons among the directors. It held its first exhibition in 1806, in the Pall Mall rooms that had previously housed the Shakespeare Gallery. The intentions of the Institution were the encouragement of art in Britain through exhibitions and, later, the purchase as well as the display of old masters. Animosity developed between the Royal Academy and the Institution, as the new organisation was perceived as "unfair competition". See F. Owen, and D.B. Brown, Collector of Genius: A life of Sir George Beaumont, p.154.

(79)The notion of establishing a national gallery was brought to the fore in 1777 when the celebrated Walpole collection was sold to the Empress of Russia. Early in the next century, a growing body of opinion considered it disgraceful that England lacked a national gallery, when the French had a magnificent one. [See Owen and Brown, p.210.] This debate was revived when it became apparent that England might lose the collection of John Julius Angerstein to the continent. Parliament responded by establishing a National Gallery, conditional upon the bequest of Sir George Beaumont's collection, opening its doors in 1824. Initially they bought the works of Renaissance primitives. It was only later in the nineteenth century that more Flemish and Dutch masters were purchased. A gallery for British contemporary art was only opened in 1897 in a building erected by Sir Henry Tate to house his gift of contemporary paintings. See G. Martin, 'The Founding of the National Gallery in London'.

(80)J. Wolff and J. Seed, The Culture of Capital, p.51. As Reitlinger points out, "*The art buyers then were no longer the nobility, [who favoured old masters and] whose fortune was frozen in entailed lands, but great merchants, industrialists and bankers, who could realise their capital.*". Reitlinger, p.xii.

(81)D.S. Macleod, 'Art Collecting and Victorian Middle-class taste', pp.328,329.

(82)See G. Agnew. Agnews 1817-1967; Agnews: A Dealer's record 1967-1981.

(83)Reitlinger, p.143.

(84)Reitlinger, pp.98,99. For a breakdown of the costs and profits the

dealers expected to make on selling prints after well known artists works, see B. Denvir, The Late Victorians, pp. 119-121.

(85) Elhanan Bicknell (1788-1861) became in the 1840s one of the principle collectors and patrons of contemporary painters. His collection was sold on April 25, 1863. The 122 lots realised £60 000 and four paintings rose above £2 400. In the same year as the Bicknell sale, the average price for pictures sold from the walls of the Academy was £52 10s. See, D. Robertson, Sir Charles Eastlake and the Victorian Art World, pp.206-209.

(86) See Denvir, pp.116-119.

(87) Macleod, pp.336,337.

(88) As Reitlinger points out, *"In the late eighteenth century as in previous ages, there had been no virtue in the mere fact of a painter being dead."* For details, see Reitlinger, p.100.

(89) Reitlinger, p.97.

(90) *"In the late seventies it was possible that one or two old masters might be sold at Christie's in a given year for more than a thousand pounds each, but the number of four-figure purchases of works by living or recently dead English painters could run to twenty or thirty."* Reitlinger, pp.108-110.

"Incredible treasures went abroad for derisory sums to end up anywhere, a stupendous El Greco in Rumania, Three Botticelli panels in Spain, but faith in the nineteenth century English realist school remained invincible." Reitlinger, p.152.

(91) Reitlinger, p.175.

(92) Reitlinger, p.226.

(93) M. Binney and G. Jackson-Stops, 'The Last Hundred Years', in G. Jackson-Stops, ed., The Treasure Houses of Britain, p.71.

(94) M. Binney and G. Jackson-Stops, 'The Last Hundred Years', in G. Jackson-Stops, ed., The Treasure Houses of Britain, p.71.

(95) Reitlinger, p.177.

(96) Reitlinger, p.190.

(97) Reitlinger, p.177.

(98) Reitlinger, p.196.

CHAPTER FOUR

AN OVERVIEW OF THE ART MARKET IN FRANCE

Introduction

Over the past five centuries French artists have participated in four support systems: guilds; the Academy; patronage from public and private sources; and an art market with dealers and commercial galleries. These support systems have often overlapped in their functions, making it difficult to separate the roles of each in the development of the French art market. Chronologically, the guilds were succeeded by the Academy, and the art market succeeded the Academy, while throughout the centuries, public and private patronage overlapped with the activities of the guilds, the Academy and the open market.

From the late fourteenth century until the Revolution, the guilds, sanctioned by the Church, offered artists a framework within which to work. These guilds continued to monopolise the instruction and production of art until the mid-seventeenth century, at which time the Academy began encroaching on their preeminence in artistic activities. The state sponsored Academy was pivotal in the affairs of French artists from the mid-seventeenth century through to the early years of the twentieth century, and was always at the centre of conflict, initially with the guilds, later the state, and finally with the open market.

The secondary market in France will not be dealt with as it is not of primary importance to the discussion. But it is worth noting that for some reason the French were always more interested in contemporary art than antiquities and old masters.

The Establishment of the French Academy

During the Middle Ages the arts were dependent on the authority of the Church. A Guild of painters and sculptors was created in Paris in 1391, ratifying the existing lack of distinction between artists and artisans. As in Italy and the rest of Europe, the intention of the guilds was to maintain a monopoly over the production of art by controlling training through the use of an apprentice system; limiting the number of practising painters in each area of jurisdiction;¹ having a quality control on materials used; and allowing members the exclusive right to sell paintings and to set up as entrepreneurs with shops or studios.²

In 1399 provision was made for artists working under Royal command to be free of the restrictions of the guilds. These artists, known as *brevetaires*, maintained their independence from the guilds using their *lettres de brevet* as a legal defence of this right. Subsequent royal families continued the tradition and each had a group of artists in their employ working autonomous of the guilds. The number of artists enjoying this freedom thus grew to the point where, by the mid-seventeenth century, commissions to guild artists outside this circle of *brevetaires* had become threateningly few. But in the intervening years, the declining popularity of the monarchy encouraged the Paris Parliament's support of the guilds in their struggle against the monarch and the *brevetaires*. This culminated in a 1646 guild petition demanding that only the king and queen employ French and foreign Rome-educated *brevetaires*, that the *brevetaires* be limited in number; and that they be denied the right to accept other commissions in Paris, which meant that once again the guildsmen would hold a monopoly over all church and private commissions as well as every aspect of the art market.³

This move had the effect of unifying artists opposed to the dominance of the guilds, who obtained a *lettres-patents* from Louis XIV to establish a 'Royal Academy of Painting and Sculpture' in 1648, entitling them to work

independently of the guilds' authority and to conduct a school of drawing in manner similar to the academies established in Italy in the previous century. The Academy was in effect a government agency; its members received salaries and studios; and state commissions were originally reserved for them. After numerous clashes with the guilds, the Academy finally overcame their resistance in 1655, a date which marks the end of guild influence and the beginning of the Academy's monopoly on French artistic affairs.⁴ In 1676 the Academy framework was extended to the provinces under the direction of the Academy of Paris.⁵

[The French Academy] was an intellectual idea, and yet at the same time a practical framework upon which could be built a programme for the glorification of the French monarchy. This framework was to become the envy of Europe and served until the end of the Romantic movement as the accepted pattern for governmental patronage and subsidy.

Francis Henry Taylor⁶

The fundamental objectives of the Academy were the serving of the pedagogical needs of artists, and the offering to artists of a framework within which to receive recognition, patronage, and public honour.⁷ The Academy was in many ways similar to the guilds in structure, but separated the artist's instruction into practical and theoretical components, offering a more formal education to the artist after he had learnt the craft of painting in the studio of a master, who would also sponsor his student's application to the Academy.

These life-drawing classes, complemented by theoretical courses, were the basis of the Academy's pedagogical system and life-drawing classes were later declared the monopoly of the Academy. But the Academy placed increasing emphasis on its role as a body able to confer honour on artists - to the detriment of its pedagogical responsibilities. The decline in quality of the instruction it supervised was so marked that the State was forced to intervene and establish the *École Royale des Elèves Protégés* in 1748, which proposed a return to a craftsman-like approach to instruction. The Academy protested and eventually achieved the legal suppression of the *École* during

the reign of Louis XVI. The old Academy of St. Luke - once a guild - also organised numerous exhibitions between 1751 and 1776 in opposition to the Academy, but they were abolished in 1777 by an Act of Parliament in a determined attempt to ensure the Academy's absolute and centralised control over artistic activities. The remaining guilds lost the last vestiges of their power during the Revolution.⁸

The Academy and Patronage of Artists in the late seventeenth and eighteenth centuries

Crow points out that although the Academy sought to facilitate patronage for its artists, it had the effect of distancing artists further from their patrons. This was because the Academy was "*charged with maintaining a set of standards which superseded any desire on the part of the patron to dictate every aspect of the work.*"⁹ As a result, taste and demand remained fairly homogeneous as long as patronage was dominated by the court and supervised by the Academy. However, once the demands of private patrons grew to rival those of the court and they became a formidable force within the market, artistic activity splintered and artists began working for specialised markets outside the domain of the Academy, supplying a fairly specific demand for decorative and history paintings within architectural settings.

State and Royal patronage was directed towards history painting which was viewed as supreme in the hierarchy of subject matter, but was hardly demanded by other patrons as works of this kind were "*too large in size and ponderous in character for the intimate aristocratic interiors of the day.*" But, for much of the eighteenth century,

state patronage was erratic at best and often absent altogether. The official programme for the support of serious painters just did not amount to much in material terms. If an artist received a commission, it could be years before he was fully paid for his work.... For the sake of tradition and institutional prestige,

history painting went on, but neither the state nor the established artists could have afforded a much greater devotion to the genre.
Thomas Crow¹⁰

With the ascent of Louis XVI to the throne in 1774, official patronage was reinstated on a scale similar to the patronage encouraged by Colbert and Le Brun in the latter half of the seventeenth century, and history painters, enjoying a larger support than ever before, were given prime space at the Salons.¹¹

But in the eighteenth century, the chief support for secular painting came from private collectors, rather than from royal and state circles. After the death of Louis XIV and the decline of Versailles, the aristocracy returned to Paris and required for their new town mansions, smaller-scale decorative pictures and designs for tapestries. Furthermore, an emergent class not of noble origin, but of wealth, viewed patronage and the collecting of paintings as a visible means of reaffirming their wealth. Unlike state and religious patrons, these private patrons supported artists outside the Academy structure, and provided a sizable demand for portraiture¹² and the so-called minor genres.¹³ The increasing dependence of artists on private patrons provided alternative and potentially lucrative opportunities, but was not necessarily secure. In this market, "*Artists were beholden to a narrow clientele, obsessed with shifting, elusive nuances of style and motif.*"¹⁴

The Church remained a powerful patron in the eighteenth century. Artists were enthusiastic to execute commissions for the churches because the works were more or less on permanent exhibition once installed in a church. However, religious paintings did not command good prices, and were undertaken for reasons of public exposure, rather than profit. Religious paintings were a major feature of Salon exhibitions throughout this period, although in the two decades prior to the Revolution, the numbers of secular history paintings increased and drew more critical acclaim than the religious paintings.¹⁵

The Academy and the Evolution of the Salon

The origins of the Salon can be traced to the later seventeenth century when there were a few irregular displays of paintings at the Louvre, but it was only after 1737 that this exhibition was held annually or biannually.¹⁶ As Crow observes:

The eighteenth century salon...marked a removal of art from the ritual hierarchies of earlier communal life. There the ordinary man or woman was encouraged to rehearse before works of art the kinds of pleasure and discrimination that had once been the exclusive prerogative of the patron and his intimates. There had been precedents for this kind of exhibition, of course, in France and elsewhere in Europe.... But the Salon was the first regularly repeated, open, and free display of contemporary art in Europe to be offered in a completely secular setting and for the purposes of encouraging a primary aesthetic response in large numbers of people.

Thomas Crow¹⁷

Before the advent of regular Salons and their opening to the public, the only other exposure the wider public had to works of art were at fairs and at the exhibitions held on religious feast days.¹⁸ But there was little innovative work on offer at these fairs, and art works were sold alongside a broad range of other merchandise:¹⁹

Prior to the eighteenth century, the popular experience of high art, however important and moving it may have been to the mass of people viewing it, was openly determined and administered from above. Artists operating at the highest levels of aesthetic ambition did not address their wider audience directly; they had first to satisfy, or at least resolve, the more immediate demands of elite individuals and groups. Whatever factors we might name which bear on the character of the art object, these were always refracted through the direct relationship between artists and patrons, that is, between artists and a circumscribed, privileged minority.

Thomas Crow²⁰

For the growing public interested in the arts, the Salon was almost the only place to view new and innovative works. Their participation was not at first welcomed by artists used to working for a clearly defined audience, but this

exposure culminated in the middle-class emerging as a substantial force in the art market in the next century.

In the years following the Revolution, critical changes were made to the structure and functioning of the Academy.²¹ As a result, in the nineteenth century, the Academy and State provided an artistic infrastructure that included recruitment, training, economic patronage and public recognition:

The comprehensive State network...provided status for the artist's profession in the middle-class milieu by assuring advancement through graded recognition. This process required a uniform system of instruction which the Academy, in its strict adherence to formula, facilitated.

Albert Boime²²

In this way the profession of the artist appeared accessible, and if an artist followed the pedagogical path laid out by the Academy, the rewards were apparently clearly defined. As in the past, the artist began by serving an 'apprenticeship' in the atelier of an Academy artist, who sponsored the application of the artist to the *École*. Until it was reformed in 1863, life-drawing remained the monopoly of the *École*. The long, rigid training at the *École* culminated in the competitions, particularly the *Prix de Rome*, the winners of which were usually assured material success and state patronage.²³ Even the artists associated with the more innovative movements were, for the most part, products of this rigid Academy-supervised education. As Boime observes:

*The demand for art after the 1850's became so complex, and taste so multifarious, that concentration upon a single style was bound to appear absurd to students. Yet they had recourse only to the academic art schools providing the available training.*²⁴

Despite these problems, the Academic system was successful in recruiting artists, increasing production and raising standards, and thereby contributed to the international dominance of Paris.²⁵ White and White estimate that in Paris alone, there were at least 3 000 recognised male painters; another 1 000 were in provincial centres; and that 200 000 reputable canvases must have

been produced in each decade after the mid-nineteenth century by professional painters.²⁶ This growth in the number of painters was a response to the success of the official Academy system in the recruitment of painters and to the increased support afforded art by both the state and the public. But recognition and support

from the state were available only to those painters evaluated highly in the system, and reformers did not recognise a need for a varied structure which could be related effectively to different publics of different kinds of paintings.

Harrison and Cynthia White²⁷

The enormous success of the few painters that did achieve prominence within the Academy structure served as an attraction to the flood of aspirants, making eventual success even more elusive for ever increasing numbers of artists.

Limitations of the Salons

The July Monarchy opened the Salons to the general public in 1831, taking cognisance of the growing public interest in artistic affairs. Within a short space of time this wider public developed a knowledge of the more prominent exhibitors and their current styles. This familiarisation with the work of Salon artists led inevitably to a desire to possess paintings; first the inexpensive lithographs and later original works. According to White and White, the interest in the arts was substantial enough to result in the primary market becoming characterised by distinct 'sub-markets,' as opposed to being dominated by single patrons or collectors.²⁸

Although the Academy held the monopoly over the selection and training of artists, it could no longer exhibit and represent all the artists trying to establish reputations. Academy members, under the original rules, were forbidden to engage in commerce in the sense of maintaining a business for the sale of art. But in the nineteenth century, the Salon was the principal public exhibition, and, simplified, performed three economic functions: it

served as a gallery where paintings on show could be bought directly; it gave artists publicity and exposure which could attract buyers, both collectors and dealers, to studios; and it provided the opportunity to make the officials aware of their work in hope of a commission which could confer considerable prestige.²⁹

The Salon was increasingly incapable of exhibiting and selling this growing *"hoard of unique objects."*³⁰ As White and White point out: *"It is exceedingly difficult to evaluate and process a large number of objects, using a single centralised organisation, when the objects are unique."*³¹ If the Academy and Salon wished to retain their eminence in the art world, they would have had to find a market for the works of the professional artists, and not only provide them with the opportunity to exhibit a few canvases annually. *"Long-term control in any institutional system requires control over marginal as well as respected members of the system. This is particularly true when change and innovation are part of the system."*³²

As a result of the Academy's resistance against reform, painters became increasingly reliant on outside networks for the distribution of their works.

As Boime points out:

*The monopoly of opportunities in the Academy, which served to maintain its omnipotence, forced its rejects to follow a path of innovation and rebellion, and consequently the Academy ran into antagonistic regimes simulating affection for marginal painters working outside the institutional system.*³³

The innovative artists rejected by official institutions were the first to recognise the economic potential of the dealer and critic network, the reason for which White and White point out was that:

*It was artists, not paintings, who were the focus of the dealer-critic institutional system. The new system triumphed in part because it could and did command a bigger market than the academic-government structure. Equally important, however, it dealt with an artist more in terms of his production over a career and thus provided a rational alternative to the chaos of the academic focus on paintings by themselves.*³⁴

No attempt was made to decentralise the Academy system geographically or by speciality.³⁵ However, in 1863 Napoleon III established the *Salon des Refusés* for paintings rejected by the official Salon, thus officially sanctioning the artist's right to greater freedom.³⁶ In December 1863 reforms were also made at the *École des Beaux Arts* in response to an imperial decree. The purpose of the reforms was to free the instruction of artists from the 'antiquated' tradition, but they were half-hearted measures.

The impact of private shows forced the Salon to make further reforms in the late 1870's and 1880's. In 1881 the Salon passed from academic government control to the newly formed 'Society of French Artists.' From this time onwards independent groups and exhibitions multiplied rapidly.³⁷ This, combined with a decline of the quality of training, marked the breakdown of the Salon's dominant position in the art world. In 1884 the 'Society of Independents' was formed with the objective to by making "*it easier for artists to present their works freely and directly to the public for judgment and sale.*"³⁸ But even the 'reformed' official Salon and the 'alternative' Salons were feeble substitutes for the increasingly rationalised and efficient market system. Whereas previously the doctrines of the Academy determined and guided artists' work, the supply and demand of the market now played this role.

Since the smaller size of the canvasses and greater number of canvasses made the direct sale of paintings by the artists to collectors time-consuming, there was an obvious reason for dealers to operate. With the emergence of the dealer, both the artist and the dealer enjoy a comparative advantage, the former by specialising in painting and the latter by selling. The advent of one-person shows in commercial galleries together with dealers stocking and promoting their work, further encouraged artists to abandon the Salon.³⁹

Emergence of Dealers in Contemporary Art

The Impressionists' dealer, in effect, had recreated the role of the patron - in the Renaissance sense of the word. He worked from a different economic base than the patron of earlier centuries and his motives were different. Yet the support artists received from him was a close approximation of the patronage relationship of earlier times. This relationship was not merely a matter of money. Often Durand, like Renaissance patrons, simply did not have the cash, or was in too precarious a financial position to pay his painters a steady living allowance. But the Impressionists, unlike other painters excluded from the tight circles of government patronage, had someone of whom they could demand regular support, recognition and praise.

Harrison and Cynthia White⁴⁰

Nicholas Green points out that in traditional art historical writing *"the dealer appears in a double guise, both entrepreneurial capitalist and 'hero', endowed with some of the creative capacities of those he backed. The artist...comes across as at best, the salaried employee, at worst a pawn at the mercy of cruel market forces beyond his or her control."*⁴¹ In contrast to this 'rosy myth of artists as innocent lambs bled by capitalist exploitation,' Green claims that artists emerged as *"active agents in the economic circuit of art, and [were] often shrewd businessmen working to extract the maximum benefit from the system."*⁴² Green advocates that dealing in contemporary art emerged from being a minor occupation in the early in the nineteenth century, to a highly distinctive economic practice with clear-cut business codes and financial protocols by the 1860's. The biggest operators became entrepreneurial capitalists, based internationally and backed by considerable financial resources. These dealers emerged out of artisan trades like printing, framing and gilding, and catered for an expansive Parisian market for leisure and luxury commodities, with few pretensions to connoisseurship or status. The paintings they sold were *"products marketed less as art than as luxury commodities."*⁴³

The turning point came in the 1850s when collectors became increasingly disenchanted with the high prices and dubious quality of old masters. This

period saw the founding of a generation of gallery-based dealers who cut loose from the artisanal origins of the trade leading to a shift from 'generalised luxury consumption to individualised art speculation.'⁴⁴ Free market principles and speculative investment intervened in, and regulated, the production and circulation of art products on a massive scale.⁴⁵

The dealer-critic system was able to provide in different forms what the Academy system had offered prior to its decline. Firstly, the painters were afforded visibility and were able to attract public attention with one-man shows which the Salon exhibitions offered in a limited way. Secondly, the dealer-critic system offered publicity in the form of critics' reviews, attracting attention to the artists' work. Both favourable and unfavourable criticism played an increasingly important part in bringing an art movement to the attention of collectors. Flexibility and specialised clientele were the chief strength of the dealer-critic system. Dealers also offered contracts or arrangements which guaranteed the painter a fairly steady income. The Impressionists' circle of dealers, critics and buyers gave the artists social support and recognition, sympathy and encouragement which the artists were not receiving from the Academy.⁴⁶

Speculation in Contemporary Art

From the 1820s onwards, dealers engaged in selling contemporary art were primarily shop-based, with little direct contact with auction houses. After the 1840s these new dealers became actively involved in public auctions of contemporary art and extended their activities to valuation, mounting sales of their own stock in the guise of anonymous collectors, bringing in art-historical experts to validate the catalogues, and arranging with auctioneers to fix prices. The realisation of the potential of the auction as an efficient and visible means of trading in art works, and the use of it by dealers, provided a structure for speculation involving dealers directly in the risks of a speculative market.⁴⁷

Nicholas Green observes that speculation was a recurring phenomena in modern Paris, and that the prospects of speculation in the art market attracted the participation of the French middle class. In the secondary market, old masters had long been recognised as a safe investment with growth potential suitable for international exchange; but changes in the value of these old masters were usually too slow to warrant 'speculation.' The dealers and buyers for such art works operated beyond the financial means of most of collectors of contemporary art. In the primary market the prices for current Academic favourites were also so high that they did not offer the potential of large gains. Dealers therefore directed the speculative fever towards the works by artists neglected by the Academy. The dealers realised that the supply outstripped demand and that in contrast to the market for old masters, 'rarity' could not be used as a marketing approach. Dealers therefore emphasised the individual personalities of contemporary artists, transforming the measurement of value from the rarity of the object to the uniqueness of the artist. This was ideal for the promotion of contemporary paintings where high productivity - one of the mainstays of the earlier shop trade - was a handicap in an investment market revolving around rarity. The great artist could now be simultaneously prolific and unique, and the traditional emphasis on rarity was reconciled with large-scale commodity capitalism.⁴⁸

The Impressionist Dealer Paul Durand-Ruel

The Impressionist dealer Paul Durand-Ruel transformed the traditional role of the dealer from that of an intermediary, to that of an astute selector and promoter of unknown artists. Subsequent generations of dealers "*could no longer merely satisfy the desires of their clients without taking a part in the promotion of new aesthetic principles.*"⁴⁹ Durand-Ruel is the best known, but not the only dealer, who introduced entrepreneurial strategies into the art market.⁵⁰

[He] possessed daring, taste, and imagination as well as a family⁵¹ tradition in the trade. The former qualities made him

an innovator in the selling of art; the latter gave him a commitment to the support of new art and an ability to discern its qualities.

Cynthia and Harrison White⁵²

The standard contemporary commercial practices of later art dealers in avant-garde art largely follow the innovative framework Durand-Ruel established in managing the Impressionists. As a result, many of his practices have become routine in the late twentieth century. But at the time, they were radical innovations. These innovations include his practice of acquiring a monopoly of the artist's work, supporting the prices of his work on the open market, offering his work for sale by auction and exhibiting it internationally. He also sought financial backing for his ventures, and realised the value of art criticism and one-person shows in the promotion of an artist's work.

Durand-Ruel sought to establish a monopoly over the work of relatively unknown artists - both aging artists of moderate success⁵³ and avant-garde artists. He would purchase a large body of their work directly from them and thereafter promote, exhibit and be instrumental in the recognition of these artists by the art world, later benefiting from accumulated stocks yielding high returns.⁵⁴ He expected sole rights to Impressionists' work and was incensed when they strayed to other dealers, but signed no written contracts; instead, accounts were periodically settled when he was in a financial position to do so. Durand-Ruel's success with the Impressionists had much to do with his monopoly over their work; but this commercial success in the open market of the Impressionists undermined his monopoly over their work: firstly for the reason that he was unable to control the secondary market in the artists he represented, and, secondly, the financial success of the Impressionist artists made them more attractive to other dealers who solicited the artists with more lucrative offers.

Durand-Ruel supported the prices in the secondary market of the artists he represented in the primary market, in order to ensure some similarity in the

value ascribed to art works in both markets. In his own words: "*To keep prices up you must never be in a hurry to sell and be ready to bid at sales for works by your artists.*"⁵⁵ He followed the works of the artists he represented closely at auctions and repurchased works from small dealers and private collectors in order to control both supply and prices. As this suggests, if a dealer wishes to make the speculation in contemporary art attractive, he needs to monopolise both the supply of works produced by the artist and those already in private collections and in the secondary market. The reason for this need to support prices in the secondary market arises from the risk that supply can be price-elastic, i.e. a rise in price can elicit a increase in the supply of works on offer in the secondary market. If demand is not in step with this increased supply, prices can decline, and thereby undermining the confidence in contemporary art as a speculative commodity.

Durand-Ruel was one of the first to offer contemporary art at auction. The significance of this lies in the fact that an auction price in the secondary market is usually taken by the market to be a more accurate indicator of the 'true' worth of an artist's work as it is supposedly a price arrived at in open competition between all the interested parties. The point at which a contemporary artist's work regularly achieves prices (unsupported by his dealer) at auction sales in line with those commanded in the primary market, is a significant step in the career of an artist.

Durand-Ruel also involved himself with financial backers and bankers to finance and support his long term, high risk operation.⁵⁶ The investment was of a venture capital nature - returns in 'a future as uncertain as it was distant.' Lacking the capital required to support his artists and the market for their works, Durand-Ruel arranged the sale of *The Edwards Collection*, which was nothing other than an exchange of paintings with a banker, Mr Edwards, for an advance of capital.⁵⁷ In this way a 'provenance' was also provided for the paintings, and the fact that it was 'dealers's stock,' was in

effect disguised.

In addition to this, Durand-Ruel realised the importance of art criticism and of educating the public. In 1869 he founded a *Revue Internationale de l'Art et de la Curiosité* which promoted modern art. With the same idea in mind, he organised lectures on the 1870 Salon in his gallery. Durand-Ruel also published in November 1890 the first number of 'Art in the Two Worlds' - a Franco-American Art magazine. The circulation was not large enough for the magazine to survive and ceased publication after 35 issues in July 1891.⁵⁸

Beginning in February 1883, Durand-Ruel was one of the first dealers to stage a series of one-person exhibitions of artists he supported - the routine method of exhibiting and selling art works in the twentieth century. Previously, single paintings were exhibited at the Salon or with dealers, hampering the prospect of the public forming an overall idea of the artist's oeuvre. In retrospect, Durand-Ruel commented that exhibitions were beneficial for a artist's reputation, but a poor way to sell pictures, as people are more likely to purchase and pay a higher price when presented with individual pieces than with a wide selection on exhibition, which could be viewed as evidence of there being no shortage of supply.⁵⁹ The dealer George Petit, more so than Durand-Ruel, used the single artist exhibition, and promoted Meissenier, Dumoulin, Monet and Rodin in this way in the 1880s and 1890s.

One must try to revolutionize the New World at the same time as the Old.

Paul Durand-Ruel to Pissarro⁶⁰

Finally, Durand-Ruel was instrumental in establishing an international market for the artists he represented, and put up shows in London,⁶¹ Rotterdam, Berlin, Boston⁶² and New York.⁶³ This marked the beginning of the internationalisation of the contemporary art market. From the mid-nineteenth century onwards, European dealers had seen the United States as a potential

market in spite of restrictive customs barriers. The European dealers, including Goupil and Michael Knoedler, who were concerned mostly with Old Masters, were involved with American collectors.⁶⁴ American collectors, especially in the large East Coast cities, became increasingly interested in contemporary French art. In the last two decades of the nineteenth century, the competition between American millionaires and patriotic French buyers sent the prices of works of the modern French school to astronomical levels.⁶⁵

The Dealers Ambroise Vollard and D.H. Kahnweiler

The dealer most active with the Post-Impressionists was Ambroise Vollard.⁶⁶ He was born in Reunion, came to Paris to study law, became interested in modern art and opened a gallery in 1894.⁶⁷ He took the risk of promoting and exhibiting the works of Van Gogh, Gauguin, Matisse, Cézanne and Picasso, who all had their first one-person shows with him. Vollard also acquired large stocks of Cézanne, Renoir, Rouault, Vlaminck, Derain and Picasso. His usual procedure was to buy up large quantities of an artist's work during occasional visits to his studio, which he then released with reluctance for sale.⁶⁸ The artists often objected to the low prices he offered them, but he at least exhibited and sold their work. With the exception of Rouault, he did not place artists under contract and did not seek a monopoly over their production. Having bought cheaply, he seemed content to allow another dealer to establish the reputation of the artists and realise his return at the much increased prices.⁶⁹

It was an incredible place. It did not look like a picture gallery. Inside there were a couple of canvases turned to the wall, in one corner was a small pile of big and little canvases thrown pell mell on top of one another, in the centre of the room stood a huge dark man glooming. This was Vollard cheerful. When he was really cheerless he put his huge frame against the glass door that led to the street, his arms above his head, his hands on each upper corner of the portal and gloomed darkly into the street. Nobody thought of trying to come in.
Gertrude Stein⁷⁰

The most prominent avant-garde dealer prior to the First World War was D.H. Kahnweiler, who, unlike Durand-Ruel and Vollard, signed contracts with his artists in order to effect a monopoly. He had received a financial training and was well acquainted with the principles of business investment and international trade which formed an integral part of his success after he set up as a dealer in 1907. Kahnweiler defined his role as that of one *"who would offer for public admission...painters whom the public did not know at all, and for whom it would be necessary to clear the way."*⁷¹ He and his artists enjoyed 'open-hearted collaboration' of personal, financial and intellectual affairs.⁷² Like Durand-Ruel, Kahnweiler began by buying the work of both the more traditional and avant-garde painters, including Camoin, Van Dongen, Metzinger, but he concentrated on Derain, Vlaminck, Picasso and Braque. Of these painters, only Braque was entirely unknown when Kahnweiler first purchased his work. By 1912, most of the work of Picasso, Braque and Derain was seen at Galerie Kahnweiler, and at the end of 1912 he signed contracts with all three artists for exclusive right to their production. In 1913 he contracted with Vlaminck and the younger Cubists, Léger and Gris. The work of these six artists was in effect withdrawn from circulation in the wider art world - the Salons exhibitions and other smaller art-dealers - and managed entirely by Galerie Kahnweiler.⁷³ He drew up minutely detailed contracts with his artists, ensuring exclusive representation, and was not tolerant of artists breaching this clause of monopoly over their work.⁷⁴ Kahnweiler, as had Durand-Ruel, realised the importance of foreign markets to widen the clientele and lessen the risk of reliance on the domestic market, and developed close ties with America and Germany, and arranged for exhibitions of paintings in England and elsewhere in Europe.

Ambroise Vollard and D.H. Kahnweiler were the prototype investor-dealers whose policy it was to sell judiciously and slowly and to wait for the artist to rise to prominence. But most other dealers of the period were unable to afford this patience and held temporary exhibitions of various artists' works,

sold on a commission basis; they also traded in the works of artists they did not regularly exhibit. The majority of dealers supported their ventures into the avant-garde primary market by also trading in the secondary market in works by established artists. These dealers were, for the most, unable to benefit financially from the increased value of the works of artists they promoted, for their position was that of an intermediary and not an investor, i.e. they sold on commission and did not take a position in what they were trading by owning the works of art.⁷⁵ Malcolm Gee notes that the avant-garde was effectively split into two groups according to the importance of their dealers: artists who enjoyed real security and success were contracted with dealers with financial resources and influence, and those artists reliant on marginal dealers only received intermittent support and were able to achieve a more limited success.⁷⁶

The use of contracts was widespread before the First World War, but only after the War did it become the routine method of buying from artists. A basic contract provided for the purchase of all or a given quantity of the output of an artist over a certain period at a fixed price per canvas size and/or medium.⁷⁷ The dealer usually paid the artist a regular sum, and in return the paintings delivered to the gallery became the property of the dealer, who could dispose of them in his own time and at his own price. The length of the contract and commitment would depend on the resources of a dealer. If the dealer was able to secure a long-term contract, both potential risk and return to the dealer would magnify: if the artist did not begin to enjoy critical acclaim, the dealer could end up devoting considerable resources to holding a stock of an artist's work which critics and collectors did not deem 'significant;' but if the artist was well received, the dealer was assured of selling the artist's work for the length of the contract. Some dealers only handled the work of artists they had under contract, like Léonce Rosenberg and D.H. Kahnweiler. In this way they were able to direct all their activity towards the artists in whom they had invested.

Other Parisian Dealers in the Avant-Garde

Although Kahnweiler is the dealer of the period most often discussed in the literature, he was part of an extensive dealer-auction-collector-painter network. With the outbreak of World War I, activity in the art trade abated, and Kahnweiler was forced to flee Paris, leaving behind his enormous stock of avant-garde works. His 'successors,' as the prominent dealers in avant-garde artists, were Paul Guillaume, Léonce Rosenberg and his brother Paul.⁷⁸ In the summer of 1918 the art market revived, but with Léonce Rosenberg's *Galerie de l'Effort Moderne* as the principal gallery of the avant-garde. He remained central to the avant-garde until 1920 when the coherence of the cubist movement began to dissipate and opportunities for artists with other dealers once again became a possibility. The avant-garde dealers who emerged in the 1920s are characterised by trading in an eclectic mix of contemporary art consistent with developments in the 1920s, which did not produce unified progressive movements like Cubism or Impressionism.⁷⁹ Certain of the prosperous and established galleries were also attracted to partaking in the avant-garde market; as well as numerous smaller galleries who represented artists that are today considered 'minor.'⁸⁰ The market further comprised a range of brokers - either well connected with artists or clients,⁸¹ and collector-dealers⁸² who often worked in a consultative capacity, or saw dealing as a secondary activity.

The Sale of Modern Art At Auction

Before the First World War, it was only infrequently that auction sales were used in trading in modern paintings.⁸³ The occasions when modern paintings were sold at auction usually came about when a collection needed to be dispersed, often after the death of its owner.⁸⁴ But this situation changed with two major sales - the 'Bearskin Sale' in 1914, and the series of sales between 1921 and 1923 disposing of the modern paintings mostly from Kahnweiler's confiscated stock.

The 'Bearskin Sale' - *La Peau de l'Ours* - at the Hôtel Drouot proved that modern paintings could be sold successively at auction, and that investments in living artists could be profitable. The 'Bearskin Club' was founded in 1903 by a few wealthy young men who had similar tastes and proposed to make a common collection. They planned to buy the works of young painters during a period of ten years and then share the proceeds obtained from their sale by public auction. Each member contributed 250 francs a year for a share in the venture and purchases were made on recommendation of the Club's manager, André Level, with the approval of his friends. The final sale took place on March 2, 1914 and brought in over 30 000 gold francs which was triple the initial investment. The collection included works by Bonnard, Picasso, Matisse, Rouault and Derain, and provided evidence that the purchase of avant-garde art could be a viable economic speculation.⁸⁵

It was also at the Hôtel Drouot the sequestered collections of D.H. Kahnweiler and Wilhelm Uhde were offered for sale between 1921 and 1923.⁸⁶ These paintings were confiscated, as were the possessions of all the other Germans resident in Paris soon after the outbreak of the War in 1914. Their sale was ordered by the state, after some vacillation, as part of the drive to acquire war reparations.⁸⁷ Léonce Rosenberg, who was then working towards being the principal Cubist dealer, was appointed as the expert to oversee the sales. He perceived the sales as performing two functions: they would provide the avant-garde with publicity, and would end the continuing uncertainty of 1 224 avant-garde paintings hanging over the market. Although Rosenberg realised that prices would be depressed because of both the quantity on offer, and the works having had only limited success when previously sold by auction, he also was aware that if Kahnweiler regained possession of his stock, his (Rosenberg's) wish to be the preeminent dealer in Cubism would be jeopardised. In effect Rosenberg placed his career aspirations above what would be best for the cubist artists. The artists saw these sales as a 'grave threat to their own present reputation and position' since collectors would most certainly prefer to buy their earlier work more

cheaply in the secondary auction market, than purchase their current work from dealers in the primary market. The sales went ahead with mixed results, but afforded the artists exposure in the secondary market.

Even after the 'Kahnweiler' sales, the sale of modern art by auction was still an erratic affair. Alphonse Bellier worked towards creating an auction market in avant-garde art, but achieved only mixed success until the mid-1920s, when he was able to offer genuine collections, whereas before the sales comprised of works from various friends and artists. From 1925 onwards, after France's economy had recovered, and international collectors of modern pictures were on the increase, there were often spectacular leaps in the prices realised for modern art, and auctions increasingly began to function as major players in the determination of the price structure of modern art. Malcolm Gee has established that, on the whole, dealers were more active in the auction market than collectors. The dealers, as had been the pattern since the Impressionists, usually supported the prices of the works by painters they were already committed to. Léonce Rosenberg apparently used to remind his artists that if they were not backed by a serious dealer, the sale of a work of theirs by auction could be disastrous and threatened them with this fate.⁸⁸

The procession of avant-garde movements in Paris from Impressionism onwards, each of which achieved critical acclaim and financial success more rapidly, and the development of sophisticated primary and secondary art markets, resulted in the art market becoming increasingly efficient. The time span between a movement's beginnings, and financial success became shorter as the network of the art world realised the potential gains in the early promotion and collecting of the avant-garde. The high returns from these speculative purchases justified the high risk, but the risk appears to have decreased as different movements all seemed to achieve financial and critical success, except the 'abstract' tendency which was limited in its success in the late 1920s.⁸⁹

The Wall Street crash of 1929 had immediate repercussions for the Parisian art trade, which was generally sensitive to economic conditions and dependent on American buyers.⁹⁰ This market came to a halt as the Depression intensified and was viewed in 1932 onwards by the art dealers as a means of ridding the trade of bad artists and unscrupulous dealers.⁹¹ The speculative fever of the 1920s abated, and from 1932 onwards more than one third of the art galleries then in business shut their doors. Contracts with even established painters were broken, and the prospects for younger unknown artists were few. The secondary market in old masters also scaled down as collectors withdrew works from the market if they were able to delay sales.⁹² Towards the end of decade, the worsening political situation and the prospect of Nazi confiscations resulted in a generation of both dealers and artists leaving for America, bringing to an abrupt halt the Parisian and French art markets. Their influence on the 'New York School' is well documented, and led to New York taking the place of Paris as the preeminent market in contemporary art.⁹³

Notes to Chapter Four

(1) In the guild system there had been an effective decentralisation of artistic activity with tight local restrictions preventing artists from moving easily from one region to another. Ironically, in the nineteenth century, the preeminence of the Academy meant that the art world was so centred in Paris that no artist could become a major figure if based in the provinces. See H. White and C. White, Canvases and Careers, p.8.

(2) See F. Husson, Artisans Francais. Paris, 1905, for original statutes; quoted by White and White, p.12.

(3) White and White, p.5.

(4) Crow challenges past perceptions of the side effects of the Academy's monopolies: "...our received picture of the Academy as a monolithic, exclusionary body has largely been a myth. That myth has resulted from taking the legal basis of its bureaucratic power, and the reiterated ideological justifications for that power, at face value. The exclusionary energy of the company was directed at other artists who might challenge its various monopolies, but did not extend to any conformist compulsion towards artists of the most diverse kinds within its ranks. What it wanted to monopolize, to put it simply, was talent, and thus prevent the Maîtrise from re-establishing a claim to priority on any artistic level. Though the heart of the Academy's life as an institution was its exclusive right to conduct serious training, it was able at the same time to recognize the insufficiency of its recruiting and procedures even in this crucial area. The official and semi-official discourse that surrounds eighteenth-century painting is in fact able to narrate this insufficiency..." T.E. Crow, Painters and Public Life, p. 134.

(5) See Crow, pp.23-44, for a concise overview on the origins of the French Academy.

(6) F.H. Taylor, The Taste of Angels, p.323.

(7) White and White define the Academy as an institution with a "persistent network of beliefs, customs, and formal procedures which together form a more-or-less articulated social organisation - here the creation and recognition of art. The purpose is realised through the recruitment, training, continuous indoctrination, a sequential process of appraisal and graded recognition, regulated appropriation of economic support from the environment, graded system of discipline and punishment, acknowledged machinery for legitimation of adaption and change, and controlled communication with the social environment". White and White, p.2.

(8) White and White, p.27.

(9) Crow, p.25.

(10) Crow, pp.11,12.

(11) For an overview of history painting, see P. Conisbee, Painting in

Eighteenth century France, pp. 73-110.

(12) For an overview of portraiture, see Conisbee, pp.111-142.

(13) For an overview of the minor genres, see Conisbee, pp.143-170.

(14) Crow, p.14.

(15) For an overview of religious painting, see Conisbee, pp.35-72.

(16) See Crow, pp.33-6.

(17) Crow, p.3.

(18) See Crow, pp.82-5.

(19) See Crow, pp.45-74, for a discussion on the fairs and the public's participation.

(20) Crow, p.2.

(21) After the Revolution of 1789 the government stripped the Academy - identified with the court - of its monopoly over the Salon and opened it to independent artists in 1792. See P. Mainardi, 'The Double Exhibition in nineteenth century France', p.23.

Most of the functions of the old Academy were transferred to the newly established 'class' within the *Institut de France*. The *Institut* was founded on the principle of separating the honorary and pedagogical functions of the old Academy - the *Institut* itself gave no instruction; this role was fulfilled by the *École du Louvre*. But the *Institut* acted in an advisory capacity to the *École*, eventually virtually seizing control so that there was a return to the situation before the Revolution when pedagogical and honorary duties were linked.

Boime describes this change as follows: "*In the eighteenth century the Academy was a large inclusive body with high social status founded upon the principle of instruction. It devoted its greatest energy to developing potential academicians....The Class of Fine Art of the Institut [which replaced the old Academy] was, by comparison, a passive organization, within which members filled desultory administrative duties and acted in a consultative capacity. It lacked the dynamic structure of the old Academy and in their honorary roles the individual members felt little self justification.*" See A. Boime, The Academy and French Painting in the Nineteenth Century, p.6.

This led to continual conflict between the State and members of the *Institut*, and later the Academy. The State wished to identify itself with progressive artists, but was hampered by the constant attempts of Academicians of the *Institut* to impose their taste on the students of the *École du Louvre*. This led to repeated interventions by the State in the affairs of the *Institut* and the Academy to lessen their despotic influence over artists. An *Académie de Peinture et Sculpture*, similar to the Academy of the eighteenth century, was reestablished in 1816 on the return of the Bourbons. The secretary elected, Quatremère de Quincy, in his subsequent tenure which lasted, until 1839, emphasised 'history painting,' and dismissed the innovations and trends of the Romantic movement, which in time further isolated the Academy from a growing portion of the artistic community.

(22)Boime, The Academy and French Painting, p.18.

(23)See White and White, pp.19,20.

(24)Boime, The Academy and French Painting, 1971, p.21.

(25)France, and especially Paris, emerged as a world cultural centre. In Paris there was a concentration of dealers with international clientele; art students were attracted internationally; higher prices were achieved for contemporary French painting as compared with contemporary paintings of other countries; and art journalism-critique evolved. White and White, p.76,102.

(26)White and White, p.83.

(27)A struggle between the 'elevated history painting' - promoted by the Academy and purchased by the State - and genre paintings - purchased by private collectors - ensued. The trend away from history painting can be ascribed partly to painters attempting to find a niche and hopefully a more secure career in painting than the Academy was able to offer to the select few 'history painters.' By specializing in a particular subject and style, popular public appeal could be won by their easy recognition of the particular characteristics of the artist's work. The argument which is put forward by White and White, probably goes too far. But this suggests that the development first of landscape painting and later of Impressionism could be seen as an adaptation by painters trying to appeal to a specialized and distinct market. See White and White, p.103.

(28)White and White, p.94.

(29)M. Gee, Dealers, Critics and Collectors of Modern Painting, p.12.

(30)White & White estimate that at least 200 000 reputable canvasses were produced during each decade after the mid nineteenth century. White and White, pp.83,88.

(31)White and White, p.88.

(32)White and White, p.103.

(33)Boime, The Academy and French Painting, p. 15.

(34)White and White, p.98.

(35)White and White, p.103.

(36)Boime observes that although the *Salon des Refusés* was meant to be a compromise solution placating both academic and independent factions, the Academy understood it as a further repudiation of its authority. The administration inadvertently reduced the Academy to being the exponent of a particular style and made it forfeit its position as the sovereign representative of national art. The publicity accruing to the *Salon des Refusés* induced the government to sponsor it again the following year, but it took steps to prevent the institution from enjoying the prominence it held in 1863 by admitting the leaders of the

1863 rejections to the Salon exhibition. As a result this counter exhibition lacked vitality. In 1873 protests about the official Salon's exhibition culminated in another *Salon des Refusés*. See A. Boime, 'The Salon des Refusés and the Evolution of Modern Art', pp.411-426.

(37)The *Salon des Indépendants*, established in 1884 aimed to attract a more adventurous collector and did not offer the artist exposure to government patronage. A third Salon was established as an alternative 'official' exhibition, the *Nationale*, in 1890. The increasing incoherence of the *Salon des Indépendants* eventually caused a group of progressive painters to found the *Salon d'Automne* in 1903. There now existed four 'rival' Salons in Paris: two for traditional-type paintings and two for 'progressive tendencies'. The Salons were not mutually exclusive, but few people exhibited in both the traditional and 'progressive' Salons. On the other hand, many artists exhibited regularly at the *Indépendants* and at the *Automne*. By the mid 1920's the *Salon d'Automne* had also become an 'establishment'. For this reason, it no longer played a central role in contemporary art. See Gee, pp.12,13,17.

(38)R. Moulin, The French Art Market, p.23.

(39)Gee, pp.21,22. As an example of this, Renoir wrote to Paul Durand-Ruel in 1881 that "*I shall try to explain to you why I send my paintings to the Salon. There are 15 art lovers in Paris capable of appreciating a painter without the Salon. There are 80 000 who wouldn't buy a thing from a painter not exhibited at the Salon.*" Quoted by Moulin, p.13.

(40)White and White, p.126.

(41)N. Green, 'Circuits of Production, Circuits of Consumption', p.29.

(42)Green, Nicholas. 'Circuits of Production, Circuits of Consumption'.

(43)N. Green, 'Dealing in Temperaments', p.31.

(44)Green, 'Dealing in Temperaments', p.32.

(45)Green, 'Dealing in Temperaments', pp.60,61.

(46)See White and White, p.121, for a similar five point breakdown of the dealer-critic system.

(47)Green, 'Dealing in Temperaments', pp.63,64.

(48)Green, 'Dealing in Temperaments', p.72.

(49)Moulin, p14.

(50)Other dealers promoting contemporary art included Carpentier, Latouche, Brame, Georges Petit, Père Martin, Père Tanguy, Theo van Gogh and Bernheim-Jeune. See A. Distel, Impressionism: The First Collectors, Chapter 3.

(51)Paul Durand-Ruel's father began in the 1820's as a merchant of artists' materials and later became the exclusive dealer of Constable,

Delacroix, and the Barbizon landscapists. In 1865 his son took over the gallery and an established clientele.

(52)White and White, p.129.

(53)This was the case with Théodore Rousseau, see Distel, p.22.

(54)In January 1872, Durand-Ruel purchased twenty three canvasses from Manet in a single transaction for 35 000 francs; in 1881 he purchased a large body of Pissarro's works; in 1881 he intended to purchase a body of Boudin's works, but finance was not available. In 1886 he purchased 70 canvasses from Theodore Rousseau.

(55)P. Cabanne, The Great Collectors, p.69.

(56)Charles Edwards, Abraham and Nissim de Camondo, see Distel, p.22.

(57)Cabanne, p.72.

(58)Cabanne, p.81.

(59)For a listing of dealers' exhibitions of Impressionist artists, see White and White, pp.125,144,145.

(60)C. Pissarro, Lettres à sons fils Lucien, ed. by John Rewald, Paris, 1950, p.47; quoted by F. Weitzenhoffer, The Havemeyers: Impressionism Comes to America, p.38.

(61)In 1870, when the Franco-Prussian war broke out, Durand-Ruel left for London and organised a series of exhibitions in the German Gallery on New Bond Street under a fictitious sponsor "The Society of French Artists" for his 'regular' artists: Corot, Millet, Dupré, Daubigny, Diaz, Fromentin, Isabey, Ricard, Bonvin, Cabanel, Merle, Pils and Roybet. Between 1870 and 1875 he organised ten exhibitions in London showing 120-130 pictures in all. In 1883 Durand-Ruel organised an exhibition at Dowdeswell & Dowdeswell, also in New Bond Street. See Distel, pp.24,231-3; Cabanne, p.71.

(62)In the spring of 1883 Durand-Ruel started out his long relationship with American collectors by taking part in an exhibition in Boston. See, Weitzenhoffer, pp.34-35, 37-39.

(63)In April and May 1886 Durand-Ruel held an exhibition in New York, "Impressionists of Paris" with the support of the American Art Association and in particular the dealer James F. Sutton. The exhibition was well received by the critics but of limited commercial success. In 1887 Durand-Ruel organised a second exhibition of Impressionists in New York. He was forced to hold an auction of Impressionist paintings after the 1887 exhibition, but it was not a success. See, Weitzenhoffer, pp.39-43 and the next chapter on the American market.

He decided to open a branch in New York which was managed by his son Charles, until his untimely death in 1892, and thereafter by his other sons Joseph and George. The branch grew steadily from 1890 onwards. Distel, Anne. Impressionism: The First Collectors, New York. 1990, pp.28,29.

(64)Moulin, p.14.

(65)See G. Reitlinger, The Economics of Taste, vol.1, pp.161,162 for examples.

(66)See A. Vollard, Recollections of a Picture Dealer, and U.E. Johnson, Ambroise Vollard, Editeur - Prints, Books, Bronzes.

(67)Kahnweiler describes Vollard's gallery as "*a funny little hole in the wall with nothing but an old frame in the window...*". D.H. Kahnweiler, My Galleries and Painters, p.32.

(68)Vollard writes in his Recollections, "*I did not go as far as to refuse to sell, but it might well be said that the way I conducted business at that time was not calculated to make the customer buy.*" When a customer enquired about the price of three Cézanne sketches to which Vollard quoted thirty thousand francs for one, eighty thousand for two and a hundred and fifty thousand francs for three. To the customer's expression of surprise Vollard replied, "*It's perfectly simple - if I sell you only one of my Cézannes, I have two left. If I sell you two, I have only one left. If I sell you all three, I have none left.*" Vollard, p.317.

(69)Gee, p.215.

(70)Gertrude Stein, 'Gertrude Stein in Paris, 1903-1907', The Autobiography of Alice B. Tolkas, New York, 1933, pp.33-34, quoted by John Rewald, Cézanne and America, p.89. Her brother made a similar remark: "*In my frequentations of the rue Laffitte, then the center of the Parisian art trade, I often passed Vollard's. But there never seemed to be any exhibitions on, and through the doors one had a glimpse of something like a junk shop, with heaps of pictures on the floor and against the walls, but nothing to indicate that one would be welcome.*" Leo Stein, Appreciation: Painting, Poetry and Prose, New York, 1947, p.134, quoted by John Rewald, Cézanne and America, p.89.

(71)Kahnweiler, Daniel-Henry, with Francis Crémieux. My Galleries and Painters. London, 1971, p.30. Kahnweiler further wrote that "*The business of selling paintings, like any other business, is concerned with making money. In order for a business to exist, it must have a merchandise that sells. It is true that nowadays, in certain fields, industry and business have succeeded in creating needs. In paintings I don't think this is the case. I think besides myself, there have really been only two art dealers, Durand-Ruel and Vollard, who bought paintings that did not sell or that sold poorly. To the extent that I know my colleagues, I am convinced that almost all of them buy merchandise that sells.*" Kahnweiler, Daniel-Henry, with Francis Crémieux. My Galleries and Painters. London, 1971, p.60.

(72)Kahnweiler, p.45.

(73)Gee, pp.215,216.

(74)His stock was confiscated during the war by the state and on his return in 1920, he established the Galerie Simon, supporting artists outside the immediate milieu of Cubism. See Gee, pp.44-58.

(75)Gee, pp.37-43.

(76)See Gee, p.214.

(77)For detailed discussion concerning the nature of contracts see Gee, Appendix E, and Moulin, Appendix 4.

(78)During the War both Léonce Rosenberg and Paul Guillaume realised the prospects of representing the artists previously associated with Kahnweiler. With Kahnweiler in Switzerland, Rosenberg made contracts of some sort with at least twelve cubist artists in 1917. He was able to achieve rapid influence in the absence of competition and opened *Galerie de l'Effort Moderne* in 1918. Rosenberg had experience in commodity trading before becoming an art dealer. His approach was similar to that of Kahnweiler, in terms of artists chosen and techniques of dealing. He also sought to develop an international market, using contracts to secure artists, and involved himself in the Cubist community. He launched an active propaganda campaign, promoting the Cubists with the intention of reaping the benefits of their success with some immediacy. In contrast to this, Kahnweiler was prepared to wait patiently for the wider recognition of his artists before realising his investment. See Gee, pp.44-66. Kahnweiler writes that Léonce Rosenberg "*unfortunately...did not understand what he should do, but still he deserves a lot of credit...*" for helping and supporting the 'Kahnweiler' artists during the war. Kahnweiler, p.53.

(79)Gee, pp.74-87.

(80)Gee, pp.67-73.

(81)Gee, pp.89-87.

(82)Gee, pp.88-100.

(83)See Gee, p.23.

(84)See Gee, p.23.

(85)Cabanne, p.xi, and Moulin, p.16.

(86)See Gee, p.24.

(87)See Gee, Appendix F.

(88)See Gee, pp.23-36.

(89)Gee, p.275.

(90)Gee, p.283.

(91)Gee, p.285.

(92)Moulin, p.19.

(93)The dealers included George Wildenstein and Paul Rosenberg; the artists included Marc Chagall, Max Ernst, Yves Tanguy, André Masson and

Piet Mondrian. See Moulin, p.22.

CHAPTER FIVE

OVERVIEW OF THE ART MARKET IN THE U.S.A

Introduction

A discussion of the art market in the United States of America is an appropriate way to conclude the historical overview of the Western art market in that it is presently at the centre of both the world primary and secondary markets. This overview of the American art market will also serve as an introduction to the two concluding chapters which are essentially concerned with an analysis of the economic characteristics of the art market in the late twentieth century, and the market that best exemplifies this, is the American art market.

The Art Market in the Nineteenth Century

In the years following the Civil War, American industry and commerce developed rapidly, and contact with Europe expanded. In these years support for the arts grew steadily and the new industrialists began to acquire European old masters,¹ and 'imported' contemporary art.² But interest gradually began to shift away from dubious 'old masters' to the more easily authenticated works by contemporary artists. American collectors purchased the work of their own artists with enthusiasm,³ and, on a larger scale, the work of contemporary European and English artists. European dealers, in particular Goupil, Fambert and Cadart, cultivated this latent demand⁴ so that by 1880 there were large quantities of art works by foreign contemporary artists available in America.⁵ The success of these efforts to promote French art can be ascribed to two factors: the accessible subject matter of these works, most notably that of the Barbizon school which required no special knowledge of art history for its appreciation, and the potential these works offered as financial speculations.⁶

Durand-Ruel in America

The Parisian Impressionist dealer Durand-Ruel made his first visit to America in 1883, exhibiting some Impressionist and Barbizon works in Boston. This exhibition marks the beginning of American collectors' interest in the works of the Impressionists, which Durand-Ruel fostered in the ensuing years.⁷ In 1886 he organised an exhibition, "Impressionists of Paris", at the American Association of Arts, which was quasi-institutional and thus exempted from paying import tariffs.⁸ Although the exhibition was not received with the hysterical outrage that characterised the response to Durand-Ruel's exhibitions in Paris, New York dealers were intimidated by the relative success of the exhibition, and campaigned for the imposition of the normal tax. As a result, the paintings were moved to the National Academy of Design to avoid accusations of commercial intentions.⁹

Durand-Ruel began making arrangements for a second exhibition at the Association in the fall of the same year. This exhibition was also to include the Barbizon school and more traditional contemporary French art works, but it only opened in May 1887 after complications with customs. The more conservative aspects of the show made it even more accessible, but an auction sale of the collection at the end of the exhibition was not a success. Nevertheless, Durand-Ruel was sufficiently optimistic about the potential of selling works to American collectors to open a gallery in New York in the following year to be managed by his sons.¹⁰ By the mid 1890s, he was regularly presenting one-person shows of the Impressionists in this gallery.

Import Tariffs

For much of the nineteenth century, art works by contemporary European artists were seen as direct competition and therefore as a threat by native American artists. These artists did not unite in guilds as their European

counterparts had done centuries before, but instead, on occasions, campaigned for the imposition for higher import duties.

There is not enough money in this country to support art, without having to pay profits to individuals to procure foreign paintings.

A spokesman for the America Art Union commenting on an exhibition in 1848 of contemporary French Art organised by Goupil.¹¹

There were numerous changes in legislation in the late nineteenth- and early twentieth centuries. On the occasion of an exhibition at Goupil in 1866, artists demanded higher import tariffs specifically on contemporary art, petitioning Congress to place a duty of \$100 plus 10% of the excess on each imported painting, but this request was rejected. In 1883, however, an import duty of 30% was imposed on any European painting brought into the United States.¹² Although this duty was abolished in 1894, a 20% import tariff was introduced, once again, in 1897. Challenging the 1897 Tariff Act, dealers who sold European old master paintings argued in favour of a tariff on contemporary art rather than on the works of old masters. They claimed that this would raise revenue while indirectly protecting living American artists from foreign competition.¹³

The Payne-Aldrich Tariff of 1909 amended the 1897 Act by lifting the import duty on works of art older than twenty years. Those less than twenty years old were still liable for a fifteen per cent import duty.¹⁴ It was said that the tariffs were repealed "*to lure Pierpont Morgan's fabulous collection*" from his London and Paris homes. Rumour had it that Morgan had promised that his collection would be given to the nation if the law was changed, and his collection was in fact brought to America in 1912 and 1913. The repeal of duties gave a great impetus to American purchases of art abroad and led to an era of unprecedented prosperity in the international art trade with the Duveen Brothers taking the lead.¹⁵ In 1913, the tariffs were further amended to exclude all works of art largely due to a campaign waged by the New York lawyer-collector John Quinn.¹⁶

The Secondary Market

The first serious American collectors had to purchase works in Europe or employ agents to purchase works on their behalf in Europe, as there was in the first half of the nineteenth century, no 'stock' of art works in the U.S.A. to speak of,¹⁷ and no dealers with authentic European old masters or convincing attributions.¹⁸ A single dealer, Michael Paff, supplied the new industrial entrepreneurs' limited demand for 'Old Masters,' usually selling atrocious copies of dubious originals:¹⁹

In their urge to camouflage the not always highly ethical means through which their immense fortunes had been acquired, the American robber barons transformed themselves into cultural heroes and purveyors of art to a sadly deprived nation by importing shiploads of mediocre paintings and cluttering their mansions with genuine or fake antiques, furniture, bibelots, and pictures.

Frances Weitzenhoffer²⁰

New York's entrance into the international art market can be traced back to 1846 when Michael Knoedler, newly arrived from Paris, became one of the first European art dealers to establish a New York branch. By the turn of the century all major international dealers were represented in the city: Duveen, Wildenstein, Durand-Ruel, Colnaghi, Seligman. These international dealers helped to protect American collectors from the vicissitudes of attributions. By the end of the century therefore, a new era of collecting, characterised by the purchase of acclaimed works from all periods of history, had commenced.

Many of these works came from European private collections. But as early as the 1880s, a secondary market in art works belonging to American collectors had also begun to take form. This development was influenced by the auction sale of the collection of John Taylor Johnston in 1876,²¹ the collection of George I. Seney in 1885,²² and the estate sale of Mary Jane Morgan in 1886,²³ Since a large portion of all these sales comprised Continental and

French nineteenth-century works, collectors began to feel that "*acceptable pictures were an uncommonly good investment.*"²⁴ But until the early twentieth century, Impressionist pictures continued to realise relatively low prices as compared with the works of the more Academic French painters.²⁵

Millionaire Collectors

The American domination of the world art market was led by James Pierpont Morgan, who collected extensively both for himself and for the Metropolitan Museum.²⁶ The scale and quality of his collection was unequalled by any of the 'millionaire collectors,' who, until the Second World War also assembled formidable collections of masterpieces, thereby swaying the world secondary market towards America. A single dealer, the legendary Joseph Duveen, almost monopolised this American market in masterpieces.²⁷ He offered the American millionaires, at ever more spectacular prices, eighteenth-century English portraits, Italian art works of the early and High Renaissance, and Dutch paintings, particularly those of Rembrandt and Hals. Together with the art historian, Bernard Berenson, they created a market in the masters of the *quattrocento* and the High Renaissance which had been neglected by most nineteenth-century English collectors who favoured contemporary English art or seventeenth-century European art.²⁸ His clients included Benjamin Altman, Henry Clay Frick, P.A.B. Widener, Jules Bache, J.D. Rockefeller Jnr, Arabella and Henry Huntington, Andrew Mellon, and Samuel Kress - most of whom were encouraged by Duveen to leave their collections to museums. As Reitlinger points out:

*Duveen was the first to see that by persuading his clients to leave their possessions to public galleries, he ensured the safety of his own market against future shocks. When a world slump came, very few of his own prices collapsed in the open light of day.[my emphasis]*²⁹

After the furious competition in collecting and dealing in the 1920s, the Great Depression of the next decade wrecked havoc on the market.³⁰ But there remained a market in important old masters as a result of the likes of

men like Andrew Mellon, Samuel Kress and Jules Bache, who were all assembling museum quality collections. The most spectacular of the transactions entered into by these collectors date to 1930 and 1931 when Mellon paid \$7m for 31 paintings purchased through the Soviet government, from the Hermitage collection. This purchase, together with the rest of his collection became the basis of the National Gallery in Washington. This gradual removal of works from public circulation meant that when the art market boomed again in the 1950s, works other than old masters became the focus of competition.

Museums

Think of it, ye millionaires of many markets - what glory may yet be yours if you only listen to our advice, to convert pork into porcelain, grain and produce into priceless pottery, the rude ores of commerce into sculptured marble, and railroad shares and mining stocks - things which perish without the using, and which in the next financial panic shall surely shrivel like parched scrolls - into the glorified canvas of the world's masters, that shall adorn these walls [of the Metropolitan Museum] for centuries.

Joseph H. Choate, at the opening of the Museum's new building in 1880.³¹

The first three major American museums, in Boston, Washington DC, and New York, were incorporated in 1870.³² But before the end of the nineteenth century, another 25 art museums had opened in other cities, a trend that was to continue unabated thereafter.³³ The greatest number of masterpieces have gone to the Metropolitan, founded in 1870, and the National Gallery founded in 1941.

By the early twentieth century, the financial resources of these museums, were substantially greater than those of European museums. A major incentive to the bequests of finance and works of art was the introduction of favourable tax deductions.³⁴ Beginning with the Federal Revenue Act of 1917, Congress allowed the deduction from taxable income of contributions to American organisations that "*operated exclusively for religious, charitable,*

scientific, literary or educational purposes."³⁵ A similar provision had already existed in the federal estate tax laws and was subsequently adopted in the case of gift taxes. All American museums benefited from these provisions, which often made it more financially rewarding to donate a work of art to a museum than to sell it. As Keen noted in 1971, this tax concession "*resulted in untold treasures finding their way to America and has provided the underlying strength of the art market since the [Second World] War.*"³⁶ But in 1986 this law was altered. Whereas previously tax deductions were based on the market value of the work at the time of the donation, the deduction is now to the value of the initial cost to the benefactor. As could be expected, this has drastically reduced the number of works donated to museums.

But the fact remains that the large scale absorption of acclaimed works of art by American museums has had a radical impact on the art market. Since this market now functions around far fewer old masters, the whole concept of rarity has been altered. As a result, comparatively minor works by acclaimed artists are often considered consequential in terms of the market. It must be pointed out, however, that the traditional idea of a museum as a repository of artistic artifacts is not necessarily appropriate to a consideration of American museums. In recent years, especially since the change in tax laws and ever-higher prices, acquisition funds have proved to be insufficient to purchase additional works. In some cases, this has encouraged the sale of works not central to these collections.³⁷

The "tycoon collector" of yore had been associated in the main with the purchase of Old Masters at grossly inflated prices; and their public prestige as collectors had frequently been drawn from their ability to pay these high prices than from their critical discrimination. Similar forces were still at play in the 1940s, although by then the focus of attention of the wealthiest collectors had moved to the late-nineteenth- and early-twentieth-century French painting - the "modern masters."

Deirdre Robson³⁸

The Post War Art Market

"You know, Paris has been limping along as the world center of art since 1936."

"But what will replace the School of Paris?"

"The place where the money is, New York."

The critic Clement Greenberg in conversation with the dealer John Bernard Myers³⁹

The war in Europe proved to be devastating to the European art market, but New York by virtue of its location away from the conflict became a leading centre of art trading. In the post-War years the London and Continental markets were further hampered by the restricted movement of currency, hindering the realisation of the full worth of art works.⁴⁰ But a series of single-owner sales mostly of Impressionist works kick-started the international art market and radically altered its hierarchy of values. These sales began with the Cognacq collection which was sold in Paris in 1952, followed by the Weinberg sale in London in 1957,⁴¹ the Lurcy sale in New York also in 1957,⁴² and the Goldschmidt sale in London in 1958.⁴³ Auctioneers relied heavily on publicity and encouraged the direct participation of collectors worldwide by producing expensive catalogues and by turning the sales into social occasions. The work of the Impressionists came up for the most dramatic reevaluation, which was followed in the 1960s by the reevaluation of the successive Modern movements.

In the decades following the Second World War successive American art movements caught the imagination of American and international collectors and artists. As was the case with the French avant-garde, the success of each of these movements was closely identified with one or two dealers and their galleries. Penny Guggenheim's short-lived gallery *Art of this Century*⁴⁴ promoted the work of many of the Surrealists and the first Abstract Expressionists. But Betty Parson⁴⁵ and later Sidney Janis⁴⁶ were the best known dealers of the Abstract Expressionists. The Pop Art market was dominated by Leo Castelli's gallery, as was Minimalism and Conceptual Art, while Ivan Karp's gallery, *O.K. Harris*, promoted the resurgence of realism in

the 1970s. Pattern painting became synonymous with Holly Solomon's gallery, and Mary Boone's Gallery currently represents numerous of the prominent artists of the 1980s. Museums, in particular, the Museum of Modern Art⁴⁷ and the Whitney Museum of American Art, have played an important role in the promotion of contemporary artists as had not been the case in previous art markets.⁴⁸

Leo Castelli is undoubtedly the most successful of the American dealers.⁴⁹ Castelli, who is of Italian origin, had much exposure to both the Parisian art world prior to World War II and the post-war New York art world, before opening his gallery in 1957. The artists represented by his gallery include those who are now deemed the initiators of Pop, Minimal and Conceptual movements, and more recently a selection of artists of the eighties.⁵⁰ In contrast to the habit of most American dealers who take art works on consignment, Castelli, like his Parisian predecessors, paid his artists regular stipends against which the sales of the work were offset. This meant, as was the case with Durand-Ruel, that the existence of the gallery became precarious when the work of artists did not sell well.⁵¹ He also did all in his power to develop a national and international audience for his artists' work at their outset of the careers.⁵²

The Minimal and, especially, the Conceptual movement confronted the accepted practices of the commercial gallery-dealer system by producing art works that were difficult to transform into commodities. This 'anti-market' stance and the search for an alternative support system encouraged a new form of patronage and the use of 'alternative spaces.' The nature of the art produced, e.g. performances, meant that the patron often received little other than the pleasure of knowing that the artist was able to execute his or her ideas, whereas most earlier patrons usually received a material work of art in return for their financial support.⁵³ But by the late 1970s a market for even these 'awkward' works of art had developed, and what had been thought of as unsaleable, became demanded for historical, if no other,

reason.⁵⁴ Even the works that were either thought to be ephemeral, the documentation of the event, or the right to recreate the art works, became commodities in that they were offered for sale by artists and their patrons, and were demanded by collectors and museums.

The Secondary Market of the 1970s and 1980s

In the 1970s contemporary art also became a very successful auction commodity. Prior to this, the work of living artists had seldom been traded successfully through auction sales. Because of the uncertainty of the open-market value of contemporary art, this market had traditionally been dominated by dealers.⁵⁵ But the 1973 Sotheby's sale of the Robert Scull collection of Pop and Minimal art not only altered the prices of American contemporary artists, but also paved the way for the secondary market in contemporary art to be directed by auctions.⁵⁶

New York's position as a capital of the world secondary art market was secured with the auction sale of the estate of Mr Alfred Erickson in 1961. From then on New York was regarded as being as suitable as London for the sale of acclaimed works of art.⁵⁷ In the wake of this realisation, the English auction houses competed to establish themselves in the American market: in 1964 the leading auction gallery in New York, Parke-Bernet, was purchased by Sotheby's of London,⁵⁸ in 1977 Christie's opened two galleries in Manhattan,⁵⁹ and in 1983 the ownership of Sotheby Parke Bernet passed to an American.⁶⁰ Since then auctions have thrived on publicity and have dominated the secondary market. As Keen notes:

Press and television threw themselves enthusiastically into recording the drama of the exchange of great art for great sums of money; articles on art as an investment proliferated; the art market itself gathered new momentum from this publicity and fed the Press with more and more amazing stories of price levels.⁶¹

From this time on American auction sales were very different from the traditional English auction sales. Auctions with lavish catalogues began to

enjoy a high profile in the art world and to attract the direct participation of collectors, whereas in England auction sales were, and until the late 1960s remained trade affairs with cryptic catalogues uninviting to collectors.⁶²

The advent of double-digit inflation in the 1960s and 1970s spurred on the trend of purchasing hard assets whose value would not be corroded by inflation. Art enjoyed enormous publicity as an 'alternative investment' a trend that continued even after inflation returned to low single-digit figures in the 1980s. Sotheby's in particular indirectly fanned the concept of art as an investment by commissioning an 'art index' to track the price movements in the art market in a manner not dissimilar to a stock exchange index.⁶³ They also were responsible for inducing the British Rail Pension Fund to diversify their investment by placing a portion of their assets in art.⁶⁴ Since these works were purchased for the Pension Fund because of the financial return they were expected to offer, not for reasons of the aesthetic pleasure they may offer, this marks a radical change of attitude to the purchasing of art works.

Traditionally an auction house was regarded as an agent and a neutral broker between a seller and buyer. However, since 1972, in order to compete with dealers, auction houses and particularly Sotheby's, went beyond this by offering a reserve price to potential sellers and guarantees of sale price, either on individual art works, or in the form of a 'global' overall guarantee on a collection. For a short time in the mid-eighties Sotheby's also offered to finance the purchaser, while still providing guarantees to the seller, which means that the auctioneers are no longer an impartial agents as they have a financial interest in both sides of the transaction. Also, in the mid-eighties Sotheby's set up a separate financing division to offer loans with art works as collateral. After much unfavourable publicity in recent years, and accusations that these financing practices distorted the market and thus led to 'unrealistic' record prices, Sotheby's have curtailed some of these financial services.⁶⁵

The other major element in the expansion of the art market was provided by the infusion into it of government and corporate funds from about the mid-1960s onwards. Over the period 1967-86, American corporate support is estimated to have totalled \$5.3 billion dollars, and for 1988 alone it is estimated to be close to a billion dollars, and to comprise 20 to 30 percent of the contemporary art market.⁶⁶ Corporate participation in the art world is mostly in two forms: the sponsoring of exhibitions at museums and galleries with which the corporation's name will be closely associated; or the purchasing of a corporate collection of art works. The involvement of the corporate sector in the art world could be said to have begun around 1959 when Chase Manhattan Bank set up its art-buying programme. Chase Manhattan was not the first American firm to collect or commission art, but it was their commitment, largely led by David Rockefeller and overseen by a committee of museum officials, that attracted the attention of many other corporations.⁶⁷ Three reasons may be cited for this involvement in the arts. Firstly, the corporation stands to benefit from the publicity accruing from the sponsorship of exhibitions; secondly, the working environment of employees is enhanced by the display of art works in offices and buildings; and thirdly, there is a possible growth in the capital value of the collection. By the 1980s the concept of corporate sponsorship was no longer an American phenomenon and became more common in Great Britain, and to a lesser extent, Europe.⁶⁸

The successors to the Americans as the world's preeminent collectors are the Japanese collectors whose presence in the European and American art markets began to be noted in the 1960s. In response to this, both Christie's and Sotheby's in 1969 held their first sales in Tokyo, and later set up offices in Tokyo. But differences in auction techniques and local regulations have limited the sales held by Western auction houses in Tokyo, and instead the Japanese do most of their buying in London and New York. Their interest has mostly been centred on the works of the Impressionists and Moderns, but has expanded to most other fields of art, to the extent that their buying patterns tend to determine the mood of the international art market.⁶⁹

Notes to Chapter Five

(1) See L.B. Miller, Patrons and Patriotism: The Encouragement of the Fine Arts in the United States, 1790-1860.

(2) M.F. Beaufort and J.K. Welcner, 'Some Views of Art Buying in New York in the 1870's and 1880's', p.48.

(3) Beaufort and Welcner, p.48.

(4) See L. M. Fink, 'French Art in the United States 1850-1870: Three Dealers and Collectors', pp.88-100.

(5) Beaufort and Welcner, p.48.

(6) See Fink, pp.88-100.

(7) F. Weitzenhoffer, The Havemeyers: Impressionism Comes to America, p.35.

(8) The works were brought in for the exhibition as temporary imports and were therefore exempted from the thirty per cent tariff on the price of any European painting imported into the United States. The paintings were supplied by Durand-Ruel and the Association paid for the exhibition costs. See W. Towner, The Elegant Auctioneers, p.117-121.

(9) Durand-Ruel did manage to sell some of the works, which then obviously became liable for the duty: "*I did not make a fortune, but it was a significant success which was encouraging for the future.*" See P. Durand-Ruel, Memoirs of Paul Durand-Ruel p.217.

(10) Weitzenhoffer, p.43.

(11) Quoted by Fink, pp.87-100.

(12) Beaufort and Welcner, p.53.

(13) J. Zilczer, The Noble Buyer: John Quinn, Patron of the Avant-Garde.

(14) K. Meyer, p.31.

(15) E. Samuels, Bernard Berenson: The Making of a Legend, p.91.

(16) Although the House Committee adopted a bill proposing the abolition of duty on works of art, in June 1913 the Senate reimposed the tariff on art and extended the age of art subject to taxation from twenty to fifty years. In August it appeared as if the tariff on Modern Art might even be increased from fifteen to twenty per cent. Quinn continued his campaign and in October of that year all original art, regardless of age was exempt from import duties. See, B.L. Reid, The Man from New York: John Quinn and his Friends, and Zilczer, pp.28-31.

(17) For example see G.A. Lucas, The Diary of George A. Lucas: An American Agent in Paris, 1857-1909; S.P. Avery, The Diaries 1871-1882 of Samuel P. Avery: Art Dealer.

(18) Beaufort and Welcner, p.48.

(19) C. Tomkins, Merchants and Masterpieces, p.95.

(20) Weitzenhoffer, p.9.

(21) See Beaufort and Welcner.

(22) See Towner, pp.56-65.

(23) See Towner, p.114.

(24) See Weitzenhoffer, pp.44-46.

(25) Weitzenhoffer, p.85.

(26) J.P. Morgan's election as president of the Museum in 1904 marked the beginning of the vigorous acquisition of masterpieces that American museums have been renowned for ever since. His private collection covering all ages, parts of which were left to the Metropolitan, is considered as possibly the greatest private collection ever assembled. See L. Auchincloss, J. P. Morgan: The Financier as Collector; and Tomkins, Merchants and Masterpieces, p.99.

(27) As has been noted, Duveen's astonishing career was the product of one simple observation: Europe had plenty of art and America plenty of money. S.N. Behrman, Duveen, p.1; see also J.H. Duveen, Confessions of an Art Dealer; J.H. Duveen, The Rise of the House of Duveen; E. Fowles, Memories of Duveen Brothers.

(28) See D.A. Brown, Berenson and the Connoisseurship of Italian Painting; E. Samuels, Bernard Berenson: The Making of a Connoisseur; E. Samuels, Bernard Berenson: The Making of a Legend; C. Simpson, The Partnership, The Secret Association of Bernard Berenson and Joseph Duveen.

(29) G. Reitlinger, The Economics of Taste, vol.1, p.229.

(30) T.E. Norton, 100 years of Collecting in America, p.14.

(31) Quoted by K. Meyer, The Art Museum, p.27.

(32) Tomkins, Merchants and Masterpieces, p.21.

(33) By 1905 there were 46 galleries in the U S A; there were 60 by 1914; 92 by 1920; and 340 (and another 186 art/history museums) by 1971-2. See Meyer, p.59.

(34) Meyer, p.31.

(35) Meyer makes the interesting point that private foundations initially concentrated their efforts on education, health programmes and scientific research. It was only in the 1950s when the Ford Foundation decided to channel major grants to cultural endeavours, that foundations became a substantial part of the arts economy. See Meyer, pp.34,68.

(36) G. Keen, The Sale of Works of Art, p.27.

(37)See P. Weiss, 'Selling the Collection', pp.124-131.

(38)Robson, p.219.

(39)See Reitlinger, vol.I, p.220. In 1948, the import and export of works of art to 'soft currency areas' were relaxed, but trade with the 'hard currency areas' - America and the Commonwealth - remained restricted. In 1954 foreign vendors were again allowed to be paid in their own currency. See F. Herrmann, Sotheby's: Portrait of an Auction House, pp.327,347.

(40)See Herrmann, pp.350-357.

(41)See Towner, pp.578-588.

(42)See Herrmann, pp.365-374; and, J. Herbert, Inside Christie's, pp.20-21.

(43)J.B. Myers, Tracking the Marvelous, p.66.

(44)See P. Guggenheim, Out of this Century: Confessions of an Art Addict.

(45)On Betty Parsons, see L. Hall, Betty Parsons: Artist - Dealer - Collector.

(46)A change in the way in which Abstract Expressionist artists were managed in the context of commercial galleries can be discerned after Sam Kootz in 1949, and Sidney Janis in 1952, began promoting the avant-garde alongside European art, and obviously financing their primary market dealings with profits derived from their secondary market dealings in European 'moderns.' Marcia Bystryn views the first group of 'undercapitalised' galleries as serving a gatekeeping function for the second group who were in turn responsible for the financial success of the Abstract Expressionism. At both levels there was a division of labour: the artist-orientated type of gallery acted to foster artistic community in general and in particular a certain style, and the market-orientated gallery acted to create a receptive institutional community and specifically a market for abstract expressionism. M. Bystryn, 'Art Galleries as Gate Keepers: The Case of the Abstract Expressionists', p.407.

"The first type of gallery, through its connections with the artistic community, does an initial screening of potentially successful artists. The gallery usually gives them their first show and provides for their initial media coverage. The relationship between the artist and dealer is usually close, and the dealer is respected for his or her artistic judgment. The second type of gallery assesses the potential marketability of the artist through exposure to the shows provided by this first type. From this set of artists, and not from the larger artistic community, those artists who are seen as having the most potential are drawn. They are then heavily promoted....Type one is characterized by its fostering of invention, allocation of symbolic rewards to the artist, personal ties with the artist, cultural goals, personnel who are artists themselves, and close connections with the artistic community. [The second type] is more involved with innovation than invention, rational economic goals, allocation with monetary

rewards to the artist, business personnel, and close ties with the institutionalized art market." *Bystryn*, pp.393-4.

(47)See A.G. Marquis, Alfred H. Barr, Jr. : Missionary for the Modern.

(48)For a detailed analysis on the relations between the various movements and Museums, see D. Crane, The Transformation of the Avant-Garde, Chapter 7.

(49)See A. Hindry, ed., Claude Berri meets Leo Castelli; and C. Tomkins, Post- to Neo-, pp.9-52. Tomkins terms Castelli "*the most influential purveyor of contemporary art in the world.*" Tomkins, Post- to Neo-, p.10.

(50)The Pop artists include Jasper Johns, Robert Rauschenberg, Cy Twombly, Frank Stella, Pop artists - Roy Lichtenstein, Andy Warhol, James Rosenquist, Claes Oldenburg. The Minimal artists including Dan Flavin, Richard Serra, Robert Morris, Donald Judd, Carl Andre, Sol LeWitt, Brice Marden, and Bruce Nauman. Conceptual artists include Joseph Kosuth, Lawrence Weiner, Robert Barry, Douglas Huebler, Hanne Darboven, a German, and Laura Grisi, an Italian. Other artists represented by the gallery at some stage include Ellsworth Kelly, John Chamberlain, Julian Schnabel (together with Mary Boone) and David Salle.

(51)As Tomkins notes, "*until fairly recently [1980] it [the Castelli Gallery] was a giant shoestring operation.*" Tomkins, Post- to Neo-, p.11.

(52)See Hindry, pp.125-126; and Tomkins, Post- to Neo-, pp.46-8.

(53)Artists also chose to exhibit in 'alternative spaces' and artists' cooperatives and use the print media that did not require what most commercial galleries would - works that were salable - and instead provided ephemeral art in the form of 'happenings,' performances, site-specific installations etc. As was to be expected - and desired - the works of the Minimal and Conceptual artists were not an immediate financial success that Pop art had been, but they did attract a surprisingly amount of support from commercial galleries, in particular Leo Castelli.

(54)On the subject of the demand and refabrication of Minimal and Conceptual art works, see S. Hapgood, 'Remaking Art History', pp.115-122,181.

(55)For a study on the auction prices of American artists between 1970 and 1982, see Crane, pp.115-118.

(56)Hindry, pp.121-123.

(57)See Towner, pp.602-604; and Meyer, p.173.

(58)Herrmann, pp.385-395.

(59)See Herbert, Inside Christie's, pp.245-258.

(60)For a discussion of the takeover battle, see, N. Faith, SOLD: The Revolution in the Art Market.

(61)Keen, p.25.

(62)See Towner, p.52. For example, the catalogue for the Morgan sale in 1886 was a "305-page quarto volume.... Printed on heavy rag paper, with twenty-nine etchings and twenty-four photographs tipped in, bound in pristine white boards with rich gold lettering, this weighty tome cost \$40,000 to produce. It contained biographical notes on 116 artists favoured by Mary Jane, interspersed with vignettes of their countenances...." This is very different to the London auction sale catalogues that offered the barest of descriptions and were seldom illustrated. "...until the mid-1950s the salesrooms were still being conducted in the same manner as at the beginning of the nineteenth century. Pictures gathered together.... When those pictures arrived, sales were made up; "little catalogues" were printed which gave the barest of information to the buyer, and the buyers rolled along having viewed the pictures three days before, relying on their own knowledge to buy." Herbert, p.348.

(63)See Keen; and the Sotheby's Art Market Bulletin.

(64)See Sotheby's Art Market Bulletin, no.24, October 1989.

(65)See B. Heller, 'The "Irises" Affair', pp.45-53.

(66)See I. Pears, 'In Sum: Corporate Support for Art', pp.55-59; R. Martorella, Corporate Art; and the review of the book, P. Plagens in, Art in America. Vol 78, no.7, July 1990, p.39.

(67)Tomkins, Post- to Neo-, pp.211-217.

(68)In the case of Germany, see D. Galloway, 'The Ongoing Romance of Kunst and Kapital'.

(69)See C. Danziger, 'Where the Buyers Are...', pp.55-59.



CHAPTER SIX

THE COMPONENTS OF VALUE OF ART WORKS

Works of art are subject, of course, in the market to the general economic factors which affect the market at large. But the value of a work of art is not determined solely by its competitive market relationship with products which are desired for utilitarian reasons. It is determined by the resolution within the art system, by interaction and mediation of the values it has acquired in contact with component parts of the system during its effective 'life' or duration within the system, and in competition with other art works in the system.

Bernard Smith¹

...a subjective theory of value governs the art market as a whole. Demand - a subjective affair, unstable and manipulable - plays a decisive role; thus, irrational factors are important in determining art prices, and it would be irrational to attempt to eliminate them.

Raymonde Moulin²

Introduction

As is evident throughout the historical overview, there are certain aspects of art works that the participants of the art world have at varying times consistently favoured or treated as irrelevant. It is these preferences that have determined changes in the financial value of art works through the ages. It is the object of this chapter to study these aspects, which I have chosen to term 'Components of Value' of art works, that in varying ways contribute to the financial worth of art works. In the concluding chapter, these Components of Value will form the basis of a discussion on supply, demand and intermediation in the art market of recent years.

The Components of Value of art works are those attributes that an optimising consumer, demanding art works, would respond to and would rank in the process of maximising his or her utility, i.e. in the process of assessing the benefits could be derived from these preferences. These Components of Value are also the aspects of art works that a seller wishing

to supply the art market will assess and rank in order to maximise the price of exchange. The link between these market participants is usually provided by various types of intermediaries, who facilitate and ease the flow of art works.

The Components of Value Model

The prices of exchange for art works are not as easily estimated or arrived at as those for other consumer goods and financial assets. To extend the present perceptions of the process through which paintings, sculptures and art works are exchanged and acquire monetary value, the Components of Value Model is proposed.

In economic theory, it is assumed that a consumer's demands and choices are dependent on his or her preferences and his or her market opportunities, and the latter is in turn reliant on income and prices. The model of the Components of Value of art works is particularly concerned with ordering and assessing the former, i.e., the role the consumer's preferences play in determining the nature of demand, and ultimately the price of exchange. In constructing a model of this kind, a decision needs to be made as to the appropriate scope, level of detail and areas of emphasis, all of which depend on what the model intends to accomplish. In the case of the art market, what is often overlooked in discussions concerning its economic aspects is its more salient characteristics and idiosyncrasies. The reader of this dissertation will by now be aware of some of these characteristics and idiosyncrasies and the historical reasons for their existence. These issues are crucial to an accurate analysis of aspects of the art market. The approach in this dissertation therefore sets out to provide an economic analysis based on an historical perspective as opposed to a more tangible and direct, but reductive, approach to assessing the economic value ascribed to works of art.

All economic models and theories are simplified representations and abstractions of the perceived reality that they seek to replicate. To some degree, they explain and predict economic occurrences in the real world. But no model is ever complete and entirely accurate in its predictions, and in the case of the art market analytical predictive models are problematic for several reasons. Firstly, art works are extremely diverse in their makeup; and secondly, the structure of the market is such that the prospect of obtaining accurate and complete data is minimal. Even though, for the reasons cited, it is not possible to devise a model that will provide a numerically accurate prediction of value or price, an ordinal ranking of the Components of Value can be approximated to provide an understanding of the factors that will come into play in determining the worth of a particular art work. The order in which these factors or Components are ranked by the participants of the art market at any given time will enable them to structure their preferences and thus allow them come to a decision on whether to trade, and at what price of exchange. A further consideration is that the Components of Value are for the most part not independent of each other because of the interrelationships between them and the reliance of some on others. Thus, in the case of the art market, the evaluation of models replicating its functioning should depend on how credible they are to both economists and art historians.

The Components of Value Model proposed here incorporates a larger number of variables than other models devised to assess the factors contributing to the economic value of works of art. A number of these variables may at first appear to be insignificant for the reason that their influence is not easily determined. However a closer examination of the art market suggests their existence and influence. It is these 'unnumerical' variables that this dissertation attempts to take cognisance of and in that way to provide an insight into the process by which works of art 'acquire' value through the participation of consumers, the art market and art world.

The Components of Value Model can be used as a guide (or 'checklist') to ensure that the market participants have an adequate understanding of all the factors (or Components) that are likely to influence a particular decision to trade. Secondly, by using this model, it is possible to structure the decision-making process by ranking the Components of Value that are likely to be priority Components in the mind of the buyer and seller, and, on the basis of this ordinal ranking, to concentrate their efforts on those Components that are perceived to be more important.

The relative weighting and direction of the effect of each Component of Value could be expected to be unique for each exchange of an art work. Similar groups of art works may exhibit similar Components of Value, but on closer inspection, each art work has some Components that are not identical to that of another work. Often what appear only to be minor differences account for substantial differences in prices of exchange.

The Components of Value are separated into four distinct groups [Table 6.1]. The first two, the 'Aesthetic and Historical Factors' and the 'Supporting Documentation' of an art work are comprised entirely of 'information' aspects of an art work. The third group, the 'Material Attributes', relate to the more tangible aspects of an art work; and the fourth group, the 'Financial and Economic Factors', are concerned with the mechanics of the exchange, and the market in which the exchange occurs.

In general terms the Components of Value particularly relevant to the primary and secondary market would differ in some respects. The Component concerning the Identity of the Artist is universal to the art market, as is the aesthetic significance of the work and the position of the artist and art work in the art world hierarchy, whereas Components such as attribution, authenticity, provenance and state of preservation are fundamental to the secondary market. The Components of Value relevant to the functioning of the primary market are mostly a sub-set of Components of Value which

relate to the secondary market; there is no one Component that relates more to the primary market than to the secondary market, but the converse (as for example noted above) does hold.

As specified earlier, an art work could be seen to comprise of two mutually interdependent aspects, the 'material' aspect and the information about the art work. On occasions, the division between the two becomes problematic especially when 'information' is deemed by the artist to be an integral part of the art work. When considering supply in terms of the Components of Value and 'firms' and producers in the art market, some Components clearly relate directly to the producing artist, while others are the product of the art market and the art world. For the most part the artist produces the 'material' art work to which dealers, critics, museums, and collectors then respond and around which with time a body of information about the artist, art work and period develops. This supply of information is inseparable from the material art work and is for the most part not directly produced or supplied by the artist, but rather by the 'firm' and the art market and art world. Although, as has been mentioned, artists would generally deny producing their art in response to the demands of consumers, the information aspects 'produced' and supplied by the art world and art market are often a response to the requirements and demands of consumers. Examples of such art world and art market 'produced' Components would include the literature about the art work, artist and period, the position of these three in the art world hierarchy, attribution and authenticity issues, provenance, etc.

Table 6.1

THE COMPONENTS OF VALUE OF ART WORKS**AESTHETIC AND HISTORICAL FACTORS**

The Identity of the Creator
 Certainty of the Attribution
 Authenticity
 Aesthetic Significance of the Art Work
 Quality and Coherency of the Artist's Oeuvre
 Milieu in which the Work was Created
 'Other Works Related to the Art Work
 Position in the Art World Hierarchy
 'Tastemakers' in the Art World
 Critics
 Art Historians
 Museums
 Art Market
 Collectors

SUPPORTING DOCUMENTATION

Provenance
 Supporting Literature
 Exhibition Provenance

PHYSICAL ATTRIBUTES

Utilitarian Value
 Intrinsic Value
 Condition
 Size
 Medium
 Subject Matter
 Geographical Considerations

ECONOMIC AND FINANCIAL FACTORS

Investment Potential
 Rate of Return
 Speculation
 Holding Costs
 Price
 Market Impairments and Imperfections
 Intermediary Handling the Transaction
 Transaction Costs
 Disposable Income of Consumers
 Economic Conditions

THE COMPONENTS OF VALUE OF ART WORKS

Whatever the aesthetic merits of the dealer's wares, he must be able - all considerations of the Good, the True, and the Beautiful aside - to compute the commercial promise of an item in stock to the last square inch or dollar. Not long ago the head of an esteemed New York firm was about to purchase a landscape by the Dutch painter Jacob van Ruisdael. Since it was a 'gilt-edged Old Master,' the question of its salability did not even arise. There was, however, the delicate matter of the appropriate retail price. The dealer called in a canny picture scout and showed him a photograph of the painting. A dialogue ensued.

"Eighteen and a half by twenty-four?" said the scout. "A good size; not too horizontal, not too big; nice margins on an apartment wall. How many times cleaned?"

"Twice," said the dealer. "Once, heavily with repairs in the eighteenth century. Once about ten years ago when they took off the eighteenth-century varnish."

The scout pursed his lips. "An eighteenth-century renovation, not so good. How's the pedigree?"

The dealer brightened. "Faulkner. We can take it back without interruption to 1721. It is listed in Hofstede de Groot; it has a certificate by Bode and one by Bredius."

"Well, that's a help," said the scout. And the long pedigree is nice to have." He sharpened his gaze at the photograph. "But it's a pity there isn't more going on in the picture. There's a mill, to be sure, but there is no mill wheel. Too bad. And there isn't much water - people like water in Dutch pictures, you know. Of course, there are those people fishing, but they aren't in a boat. That's against it. And no long horizon with clouds and a church spire either. Not encouraging."

The dealer girded himself for the all-important question. "How much do you think I should ask for it?" he breathed.

The scout put on his best judicial manner: "Let's set off the good size and the fine pedigree against the disadvantages of overcleaning and the general lack of action," he said. "If you emphasize the way the trees are painted and don't get involved in the water, I'd say it should bring...."

Fortune Magazine. 'The Great International Art Markets,' 1956³

The dealer [William] Buchanan (1777-1864) studied his potential patrons with great care and pointed out to his agent that some people bought pictures because they could be used as bribes where money might be unacceptable. Others chose a particular picture because it had an impressive frame, or one that matched in dimensions a picture that they already had. All these reasons

for buying pictures could be fused with positive reactions to the particular picture's subject.

Janet Wolff and John Seed⁴

[Jean-Michel] Basquiat's career appealed to a cluster of toxic vulgarities. First, the racist idea of the black as naïf or rhythmic innocent, and of the black artist as "instinctual," outside the mainstream culture and therefore not to be judged by it: a wild pet for the recently cultivated white. Second, a fetish about the infallible freshness of youth, blooming among the clubs of the downtown scene. Third, an obsession with novelty - the husk of what used to be called the avant-garde, now serving only the need for new ephemeral models each year to stoke the market. Fourth, the slide of art criticism into promotion, and of art into fashion. Fifth, art investment mania, which abolished the time for reflection on a hot artist's actual merits - never were critics and collectors more scared of missing the bus than in the early eighties. And Sixth, the audience's goggling appetite for self-destructive talent; Pollock, Montgomery Clift. All this gunk rolled into a sticky ball around Basquiat's tiny talent and produced a reputation.

Robert Hughes⁵

THE AESTHETIC AND HISTORICAL FACTORS

The Identity of the Creator

The extent to which painting contributes to the most honourable delights of the soul and to the dignified beauty of things can clearly be seen not only from other things but especially from this: you can conceive of almost nothing so precious which is not made far richer and much more beautiful by association with painting. Ivory, gems and similar expensive things become more precious when worked by the hand of the painter. Gold worked by the art of painting outweighs an equal amount of unworked gold. If figures were made by the hand of Phidias or Praxiteles from lead itself - the lowest of metals - they would be valued more highly than silver. The painter, Zeuxis, began to give away his things because, as he said, they could not be bought. He did not think it was possible to come to a just price which would be satisfactory to the painter, for in painting animals he set himself up almost as a god.

Leon Battista Alberti⁶

...when an art work becomes in some sense unique because it has no close substitutes and cannot be reproduced by the artist's pupils or his imitators or even by the artist himself, then its price will rise above its initial supply costs, in which case its owner, who may or may not be the artist himself, may earn 'economic rents.'

J. M. Montias⁷

[Bernard Berenson] took the occasion to caution [Walter] Lippmann about the reputed Antonello da Messina which the Metropolitan had just bought. It was the painting Berenson had rejected as the "Impossible Antonello." He instructed Mary [his wife] to write on the same point to Joe Duveen, who had himself been interested in buying the painting. Mary pointed out to him that if the painting had been sold on its own artistic value, it might have been worth only five or six thousand dollars. "The extra sixty thousand is due to its being called Antonello.

Ernest Samuels⁸

The identity of the artist or the creative force behind the art work and the certainty of the authorship is paramount to establishing the value of the art work. As Svetlana Alpers in discussing 'Rembrandt's Enterprise' succinctly

notes, it is difficult to value a painting which is not the product of a particular artist's hand. The fact that a work of art is an authentic work by a certain artist is central to the marketing, study and even the definition of pictures.⁹

David [Carritt] also began the practice of inventing names of artists for pictures which were so bad that we couldn't think of an appropriate candidate. For instance, Christopher [Wood] remembered a flower painting which was attributed to "Van Essa Bell", seeming of Dutch origin, but really corruption of Vanessa Bell. "Then one day I said, 'It's an absolute bastard.' 'That's it,' said David, 'Lawrence Bastard we'll call it.' And then there was a mythical Italian, Urini, and many others, but after a time we had to stop this somewhat frivolous approach, as the pictures not only got sold but some of the names got into dealers' catalogues of their exhibitions.

John Herbert¹⁰

...the determinants of price, and the opportunities available to predict, and benefit from, price increases are extremely important investment characteristics.

Price is a function of many determinants. However, their relative importance differs from school to school and even from artist to artist. Nevertheless, certain determinants tend to be especially characteristic of particular schools....

Regressing a number of determinants against Impressionist prices revealed who painted the work "explained" some 50 per cent of the total price variation. Quality, while not directly measured, was undoubtably almost as important. Size, and whether or not the painting was dated, were also significant determinants of Impressionist masters' prices. It is clear that from an investment viewpoint...[the] selection of paintings should be made on the basis of these determinants. For example, Impressionist works should be selected principally on the basis of who painted the work and how well....

D.J. Cunneen and J.E.M. Barnes¹¹

The outer limits of values for an art work would be roughly determined by the reputation of its maker. The process of establishing the identity of the artist and placing value on this information is much hampered by the fact that the identity of the maker has not always been a primary component of value and was therefore not always considered worth recording. Not until the

second half of thirteenth century did the individual personalities of artist emerge as a matter of course. Prior to this, and in some instances after this time, artists were usually viewed as anonymous artisans and decorators. Even in the High Renaissance the signing of a work by its maker was not an accepted practice and was done only occasionally.

A crucial function of the art world is to assign with some certainty the name of the artist responsible for the production of the art work and place the painting in a context from which the other factors of value can begin to be explored. The intention of the art world is to provide information with as much certainty as possible as regards the artists they favour. At times the intermediaries with their specialist knowledge are themselves able to provide the information, but the provision of information may be 'sub-contracted' to more informed or influential parties.

[Bernard Berenson] moved towards entering a formal contract with the Duveen firm with considerable reluctance, realizing, no doubt, that a contract would limit his freedom in dealing with other firms and subject him to more tyrannous demands upon his time. Writing to John Graver Johnson, he justified his advising the Duveen firm "...I hate the sordid hypocrisy, which would pretend that one did all this for nothing. I get my ample remuneration which I earn...amply and honorably...I could never see the least reason for being ashamed of making money out of such professional knowledge of mine as it happens to command a market price."

Ernest Samuels¹²

Scholars, art historians and critics are the obvious examples of 'information providers,' at times at the request of the interested parties,¹³ but for the most it is made available to the art world as a result of their research and publications. An extension of this is that the greater the proportion of information relevant to the particular art work that is available and accompanies the art work, the narrower the potential spread for the intermediaries. If an art work by a recognised master was well known and well documented, the sourcing of further relevant information by

intermediaries which could materially affect the price is slight, meaning that their profit would instead be confined to a transaction cost.

In the art market of recent years, the value of the art work can be expected to increase as the uncertainty of the information regarding the identity of the maker is reduced, but there must come some point where the cost of obtaining additional information outweighs the value it adds to the work of art.

...connoisseurship in art, the craft of the attributionist, has inflated the 'cult of the personality.' Collectors want to own a 'genuine' Rembrandt. One by the master's own hand is worth a multiple of what is called 'a work by the school' or 'from the studio.' Thus to admire a painting of this lesser category is to betray insufficient discrimination, a damaging lack of fastidiousness. But, historically speaking, this is nonsense. Much of the art of the past was the product of teamwork under the inspiring guidance of a great master.... Admittedly it is much more difficult for the modern critic to imagine a painting to be the product of a collective. We are so wedded to the idea of every individual brush stroke being the expression of a unique personality that we have no use for second-hand creations.

E. H. Gombrich¹⁴

 The identity of the artist, as mentioned previously, is a fundamental component of value, but its influence can be even more commanding if the identity is more than simply a name, birth and death dates, and facts relating to his career. If the artist's life history was such that it attracted the attention of the wider public and not only art historians, the works of that artist will obviously benefit in terms of value from this wider interest. This interest is usually based on myths muddled with the vagaries of genius. This information can turn into a substantial 'sub-component' of value, as the market for the artist's work extends beyond the usual coterie of buyers. This is especially the case if the life of the artist and the circumstances surrounding the creation of the art work are in keeping with the romantic image of an artist as a tormented genius misunderstood by the world of his time.

Late works by van Gogh are the most sought after of all his paintings, for they embody all the passions and pathos of the artist's struggles, accomplishments, and tragic death.

T.E. Norton¹⁵

To what extent did Rothko's suicide confer a profundity on the paintings that, had he lived, they might not quite of had? But how can one dare think such things, in the presence of blue chip masterpieces?

Robert Hughes¹⁶

Certainty of the Attribution

...because the artist's position as artist depends on the production of art works which embody and express his special talents and gifts, participants of the art worlds worry about the authenticity of art works. Did the artist supposed to have done this work really do it? Has anyone else interfered with the original work, altered or edited it in some way so that what the artist intended and created is not what we now have before us? Did the artist, once the work was made, alter it in the light of subsequent experience or criticism and if so, what does that mean with respect to the artist's abilities? If we judge the artist on the basis of the work, we must know who really did the work, and therefore deserves the judgement we make of its worth and the worth of its maker.

Howard Becker¹⁷

Nationalism, personal feelings, unwillingness to acknowledge mistakes, financial considerations do play a part in the attribution of paintings, even when there is no question of conscious dishonesty. The endless fascination of the subject lies in the recognition that a straightforward answer is theoretically possible - someone did paint the picture - combined with an awareness that the most irrational, as well as most rational factors are going to obscure (or reveal) the truth.

Francis Haskell¹⁸

The reputation of an artist is dependent on the sum of the works assigned to his hand. In order not to distorting the stature the artist enjoys, the attributions to his oeuvre must therefore be accurate. The assurance with which the attribution can be made will be a crucial determinant of value.¹⁹

The older a picture is, the more difficult and important the attribution to a

single master becomes. There will be an obvious upward bias in the trade's attribution of the art work. In the words of Bernard Berenson, there is a "universal tendency to ascribe a given work to the greatest artist to whom wishful thinking and excited imagination can ascribe it."²⁰ The emergence of art historical studies focusing on the issues of attribution is a comparatively recent one considering the long history of collecting.²¹ Haskell notes how even in the last century, it was painters who were consulted as experts on attribution.²² Nevertheless it is seldom admitted that on occasions some details of the origin of a work of art simply cannot be established: a work is rarely sold without this ancillary information.

If the information aspect was not of such importance to value, a change in attribution would not influence the value of the work, as all that is being altered is information concerning the identity of the creator. The physical art work itself remains unchanged. The information alone has changed. Proof of this lies in any sales catalogue where, *ceteris paribus*, the estimated sale price is higher for a work known to be by an artist than for one attributed to him, and in turn higher for an attributed work than for a work from his studio, or from his circle, or by a follower, or in the manner of his work, or after one of his works.

Authenticity

M. Dujardin-Beaumetz had been looking thoughtfully for some time at a bronze that he was holding in his hand.

"By what signs, Master, may one distinguish a false from a true Rodin?"

"Only I can do so. It's quite simple! A true Rodin is one that has been cast with my consent; the false is done without my knowledge."

Ambroise Vollard²³

The manufacture of pictures has of late years been carried to an extraordinary extent, and is leading to very mischievous results. The demand for a certain class of pictures, as in all articles of commerce, creates supply. As Raphaels have always been in

request, so Raphaels have always been made for sale. A few years ago the Eclectic School was the fashion of the day, and enormous prices were given for works of its masters. Carraccis, Guidos, Guercinos, and Domenichinos accordingly flooded the market, and are to be found in abundance in almost every collection, small or great, in Europe. Were they all brought together, we should have to account for their number by some such miracle as that which is said to have multiplied the remains of the true cross.... The Eclectic School has now somewhat gone out of favour, and the early Italian and Flemish schools are in demand...consequently the ingenuity and skill of the Italian artist and copyist are exerted to the utmost to furnish the required supply. The fraud is effected in two ways - by the conversion of genuine pictures by one master into spurious pictures attributed to another, and by entire forgery.... Picture dealers of Rome, Florence, and other Italian cities frequented by wealthy travellers, who think that a tour of Italy cannot be conscientiously performed without the outlay of a certain sum of money in the purchase of pictures, send their agents through the length and breadth of the land to buy up every work of art, whatever may be its merits, which may be procurable. There are few Italian cities...which have not had their own school of painting, distinguished frequently by very eminent men. But as the names of these painters are little known beyond the place of their birth, and their works are consequently not talked of, their pictures, however intrinsically valuable and excellent, would meet with very little favour in the eyes of most amateurs. To render them saleable, therefore, it becomes necessary to convert them by retouching or repainting, or by imparting to them some well-known quality of colour or technical execution, into the production of a popular master...."

A Contributor to *The Quarterly Review*, 1854²⁴

The authenticity of the work, the possibility of the art work being a fake, and the ability of scholarship to detect a fake are cardinal Components of Value. The art market places a substantial premium on an authenticated original object as it is a 'non-renewable resource'. The reasons for assuming 'unauthenticity' vary, but a distinction needs to be drawn between works that are fakes and that were therefore made with the intention to deceive, and works which were made as copies for contemporary or later collectors who were well aware that the art works were not original. If for some reason an art work turns out to be something other than it was believed to be, the

altered identity of the creator would require viewing it in another historical context.

[The reassessment of the art work] may not change its appearance but it loses its value as a relic. It no longer provides a direct link with the hand of the painter of genius, and it ceases to provide either spiritual refreshment to its viewer or status to its owner. And even though the work in question remains physically unaltered, our aesthetic response to it is profoundly changed.

Mark Jones²⁵

Fakes usually only begin to be made once the worth of the original is greater than the sum of the labour and resources required to fabricate a work similar to the original.

[Fakes] delineate the evolution of taste with unrivalled precision. Where there are fakes it is clear that there was also a booming market in the things thus imitated.... Unencumbered by the individualism of a great artist or thinker they move quickly to take advantage of the high prices produced by a new fashion before the development of expertise makes their task more difficult or, worse still, their activities undermine the market all together.... If the market concerned is in antiquities, however broadly defined, the fakes produced for it will reflect its demands more accurately than the genuine works traded in it. The former mirror the perceived desires of collectors; the latter pass unchanged through their hands.

Mark Jones²⁶

The issues of authenticity, faking and over-restoration are inseparable. Jones continues:

A new concept of authenticity is emerging which encourages us to accept that objects have a continuing history, that they are damaged and repaired, cleaned and restored and that their present state records not only the moment of creation but also a whole subsequent sequence of events.

Mark Jones²⁷

Not so long ago, art works made without the artist's permission or carefully copied from a set of artist's plans would have been

called fakes. If an artist re-created a 20-year-old sculpture and sold it as an original, it would have been denounced as fraudulent. And for a museum to allow an artist to refabricate a deteriorating work and destroy the original would have been called irresponsible conservation policy. But the philosophical attitudes about art production, preservation, reproduction and display have changed in recent years, raising vexing new problems concerning the "authentic" work of art.

Mark Jones²⁸

In accordance with commonly accepted ideas, a consequential work of art needs to be original in terms of the concept of creativity and in terms of it being the unique tactile product of the maker. But in recent art movements, the emphasis on originality has shifted away from the art work as unique material object towards that of the art work as an original concept, often made of easily duplicated industrial materials. Hence, the notion of what actually is being traded - a physical object or a concept - becomes confused. If the material aspects of an art work are not deemed to be of consequence, then the later fabrication, or even refabrication of an art work becomes a possibility, and the concept of authenticity as a component of value associated with a unique physical object, untampered with by any person other than its creator, is no longer of primary importance. The final break has been made from the long entrenched notion that skill and craftsmanship are integral to the production of art works. A 'fake,' therefore, is in this context not a fake even if the work is entirely remade by another person at some later date, so long as it is assembled in accordance with the artist's original instructions and specifications.

Problems such as these, involving the transfer or refabrication of art, have already been systematically worked out by some artists who repeatedly encountered them. Artists like Sol LeWitt, Joseph Kosuth and Bruce Nauman, who have sold many works which are not unique or original objects, have specific policies for dealing with remade works. For instance, since 1968, LeWitt has been making drawings which are directly applied to the surfaces of permanent architectural walls; these drawings are accompanied by certificates as well as precise installation instructions. They are movable, since they can be created by the owner in any location

by following the directions. Giuseppe Panza owns at least 20 of these drawings; Charles Saatchi owns six of them. The execution of such drawings is generally not carried out by the artist, but by others (for payment, of course) according to the artist's plan. If someone wants to borrow a previously installed wall drawing for an exhibition, it may be installed simultaneously at a second location, but it is supposed to be destroyed at the end of the loan period.

S. Hapgood²⁹

If, as viewers of contemporary art, we are unwilling to relinquish the conception of the unique original art object, if we insist that all refabrications are fraudulent, then we misunderstand the nature of many key works of the '60s and '70s. The intentions and motivations behind these key works are crucial to their meaning within a specific historical context. If an original object can be replaced without compromising the original meaning, refabrication should raise no controversy. When artists and institutions approve the remaking of works that distort the primary intentions, however, refabrication merely reflects a nostalgic attempt to resurrect something that should only exist in the form of documentation.

S. Hapgood³⁰

Aesthetic Significance of the Art Work

Some paintings are important because they had a strong influence on later developments in the field.

Robert Anderson³¹

The aesthetic significance and artistic merits accorded the art work by art historians and critics will determine the position of the art work in the hierarchy of the art world. What is considered as a fundamental issue in assessing the art historical significance, especially in the eyes of twentieth-century collectors, is the degree of innovation and originality of the artist and the art work. Originality and innovation in the creation of art may be viewed as rudimentary to the artist's manifestation of genius - which each artist understandably desires. In Moulin's words: "*Since [Impressionism]... there has been a great temptation to take anything that causes a scandal for a work of genius.*"³²

The market is increasingly governed by a mystique of the new.
Raymonde Moulin³³

[Robert Rauschenberg] was certainly the first to incorporate stuffed birds, and a goat into a work of art. His influence on successive generations of artists can hardly be over-estimated.
Leo Castelli³⁴

The art market [has] embraced the aesthetics of Detroit: a new model with styling changes every year and radical restyling every five or so.
Robert Hughes³⁵

In economic terms, the motives for working in an original and distinctive style could be explained more directly - the desire for a different product. The more distinctive the product, the less exposed it would be to possible substitution and 'price competition'. But the motive for this 'product differentiation' may be misread if analysed in economic terms alone. Immortality is accorded to artists who have offered some new perspective in the creation of art. Those artists that take up innovations or styles from the trend-setters, even if they do so in an accomplished manner, are not accorded the same respect by art historians or the art market. Successful speculations in taste are by those able to recognise 'something different and significant' before the rest of the art world does so. Hence the market tends to be ever more receptive to innovation.

Artistic merit and wide popular appeal are seldom reconciled in art. But where the broader public are able to derive pleasure from the work of an artist, which coincides with the judgements of art historians, a further market opens up for the work of this 'accessible' artist, even if the interest of the wider public is considered to be superficial by the *cognoscenti*.

The art most likely to become fashionable [in the shorter term] is that which incorporates enough innovative tendencies to appear original but does not call into question widely accepted aesthetic and moral values.
Raymonde Moulin³⁶

The artists who are emerging successful in the SoHo market are those who are able to appeal to two audiences at once. First, they succeed in convincing a critical audience - one comprised of other artists, dealers, experienced buyers, and commentators all committed to modernism in art - that their work is significantly avant-garde and deserves to be singled out for attention. Second, they appeal to a less critically assured audience - those whose education and occupational mobility have made them aware of contemporary fine art, but whose daily immersion in popular culture has prevented the refinement of that awareness. This audience wants a certified fine art which is also exciting and accessible to them in nonesoteric terms.

Charles Simpson³⁷

The high popularity factor also played a significant role [in the successful sale of a collection of eighteen paintings by Pieter Breughel the younger]. Breughel's paintings are attractive, easily recognisable, cheerful and additionally important, they are much less expensive than works by the major impressionist artists. As a result, this has led to an extremely broad-based following, for example, the top lots in this sale were purchased by buyers from the US, Scandinavia, Japan, Belgium and other overseas countries. Overall therefore, the decision to sell such a large group of works all at the same time worked well for this artist, whereas it might have failed for many others

Sotheby's Art Market Bulletin, June 1986³⁸

Quality and Coherency of the Artist's Oeuvre

A lot of canvasses it's better not sell; they're studies, thoughts, annotations, they're rough drafts. A writer is allowed his drafts, but not a painter; it's madness.

The artist Mintchine to the dealer René Gimpel³⁹

With his light and wide-ranging fancy, his educated touch in combining the lyrical with the hermetic, [Francesco] Clemente is an artist one would wish to admire more. But an affair like this three-gallery show presents obstacles. Why so large? The painter who insists on showing everything has a fool for an agent. Clemente is an overproducer, in a spirit of gauzy fecundity; and when he is light, he is very, very light.

Robert Hughes⁴⁰

For every artist there is a wide spectrum of price between that of a modest work and that of his most successful effort. Prices within the spectrum are affected by the degree of conformity with his typical style, and the period of life in which it was painted.

Robert Anderson⁴¹

The overall quality and consistency of the artist's oeuvre will determine the position of the artist in the art world's hierarchy.

It is easy to sell a painter whose works are so much alike that they can be recognised from across the road.

Gerald Reitlinger⁴²

What would need to be considered is the extent of the artist's own hand in the art work, the quality of materials used, and the aesthetic merit of the art work, which is often dependent on when in the artist's life the work was made. With prints an overriding consideration is how soon the impression was printed or pulled after the plate or block was made. In the case of a contemporary artist who is at the outset of his career, the assessment would tend to be made on the basis of individual art works, whereas in the case of an established artist or master, judgments on the quality of a specific art work would tend to be in terms of the oeuvre.

Milieu in which the Work was Created

Although many meanings cluster the word masterpiece, it is above all the work of an artist of genius who has been absorbed by the spirit of the time in a way that has made his individual experiences universal. If he is fortunate to live in a time when many moving pictorial ideas are current, his chances of creating a masterpiece are greatly increased.

Kenneth Clark⁴³

The 'milieu' of the artist and the environment in which the art work was created will determine the position of his school or period in the art world's hierarchy. If the period and the environment the artist was working in, is regarded as historically or aesthetically significant, the chances are that this

will influence the artist's work. The possibility is very real that with time even relatively minor artists working at that time will be reevaluated by the secondary market and the art world. One wonders whether the same artist working in another 'milieu' would receive the same attention later.

The exorbitant prices paid in the 1960's for even minor works by the great Impressionists...has led to a new interest in other artists connected with the movement, Fantin-Latour...who is represented in the saleroom by attractive flower pictures...shared the boom in prices for Impressionist prices.... The same goes for Boudin's seascapes and beach scenes.... Though neither artist had the range or power of the true Impressionists, their popularity is undoubtedly closely linked to that of the Impressionist movement as a whole.

Geraldine Keen⁴⁴

In the primary market, dealers may well be aware of the appeal of being part of a milieu, and capitalise on it by selling a potential buyer not only an art work by an unknown artist, but also a place in art history as a discriminating collector.

What Castelli really sold, according to [the critic] Barbara Rose, was a sense of art history being made right then and there. [Jasper] Johns, [Robert] Rauschenberg, [Roy] Lichtenstein, [Frank] Stella, and the others were for him in the same league and the same tradition as Cézanne, Matisse, and Picasso. "He believed it," she said recently, "and he made collectors believe it, too...."

Calvin Tomkins⁴⁵

Other Works 'Related' to the Art Work

Other art works related to the art work under consideration are often cited as part of the information set. These are art works of a similar period or theme to that of the artist under consideration. An art work could be expected to benefit from having 'connections' such as from being from a series, or there being preparatory drawings relating to it in theme and style. Furthermore, if the related art work are in prominent and respected private or museum collections, it may suggest that the art work under consideration is also worthy of such collections.

Position in the Art World Hierarchy

While in a sense all the objects are alike (for example, paintings are pieces of canvas with paint or other substances spread over them), enormous differences in price exist. Value is not attributed to these objects on the basis of production costs, as in other markets, and, only to a small extent, on the basis of the costs of merchandising them. Instead, value is attributed entirely on the basis of evaluations of quality by experts, including critics, museum curators, and, to some extent, eminent collectors. However, the criteria which they use to evaluate quality change as styles change, and these evaluations are often inconsistent.

Diana Crane⁴⁶

Taste is so precarious, or rather the conditions which create taste are so complex and inscrutable, that even this, which now seems impossible, may happen in the future.

Francis Haskell⁴⁷

As the experience of the late nineteenth and early twentieth centuries abundantly proves, the market is powerless to predict changes in aesthetic judgment. Bourgeois society failed to recognize itself in modern art; the economic hierarchy established by the market does not coincide with the aesthetic hierarchy established by history. The great art turned out to be not the art for which the bourgeoisie paid dear, but the art that no one, or almost no one, bought.

Raymonde Moulin⁴⁸

The latest fad in America, he pointed out, "is the primitives... Yesterday Corots, etc., etc., the day before Bougereau, etc., etc., today primitives! Ye gods what a farce!

The dealer Eugene Glaenger to Bernard Berenson, 1906⁴⁹

The position of the art work, artist and period in the art world's overall shifting hierarchy of art will determine the art work's reception and value in the art market.

All the participants in the art world - the art market together with institutions and museums, scholars and critics, collectors, and the artists themselves - are continually competing to place the periods, artists and art works they favour in the most desirable positions in these hierarchies.⁵⁰

Since the participants in the art world have a limited capacity, for example in terms of buying power, exhibition space, storage space, the process of selection and hierarchy formation is inherent to the very functioning of the art world. The basis of the hierarchies differs from participant to participant - the art market builds its hierarchies of importance around price; scholars, museums and critics around different aspects of art historical and aesthetic importance; and collectors around their 'taste' and preferences.

[The] Duveens [in the early years of the century] were blithely ignorant of the difference between one Italian painter and another. They knew the pecking order of prices started with Leonardo and Michelangelo and descended through Giorgione, Titian and Bellini to Raphael and Botticelli. Anyone after that was, as far as they were concerned, a nonentity, but pictures had to have a name put to them and the better the name the higher the price they could sell it for, so long as they could pronounce it.

Colin Simpson⁵¹

The major hierarchy would, of course, be the ranking of the various periods, schools and geographical regions of art history. The secondary hierarchies would then comprise the ordering of the artists in each of these periods etc. Finally all the works in the oeuvre of each artist would have a position in the hierarchy of his work.

As a result of the ongoing interaction between the participants in the art world and the constant search for mutual support for their judgements from other members of the art world, there is obviously some positive correlation between price and rank in the hierarchies. As Grampp observes, taste is another name for preference,⁵² and the strength of the preferences is what translates into concrete demand and ultimately the price of exchange.

...in the history of taste, for good or ill, the current prices always crassly tell you approximately where you are at that moment.

Joseph Alsop⁵³

The overall hierarchy of the art world is of a pyramid shape with the old masters consecrated by time - and of a standing generally independent of the opinions of art historians and critics - at the pinnacle, while the ever larger lower tiers are increasingly subjected to the opinions of taste-makers. The closer an art work is to the pinnacle, and the longer it has retained its position of eminence, the smaller the prospect that it will be downgraded and party to changes in fashion.

The perpetual jostling occurs more in the lower tiers of the hierarchies which are overflowing with artists of varying reputations. For example, the position of the Masters of the Renaissance is seldom questioned, whereas a debate rages ceaselessly as regards the relative importance of contemporary artists and periods.

Some artists 'soared briefly like comets across the sky' to sink, not indeed into contempt or oblivion, but into the history books rather than into the general consciousness.

Francis Haskell⁵⁴

...the fact is, that everything in art which is excellent in itself will remain so, independent of fashion.

Francis Haskell⁵⁵

It is to be expected that the secondary market will concern itself more with the upper ranks of the hierarchy, and primary markets with the lower tiers, except for the well established living artists. For this reason critics - who are more concerned with and influential on the reputations of contemporary artists - are more involved with the primary market and the still shifting lower tiers of the hierarchy. Although the territories of art historians and critics are not mutually exclusive, art historians - collating the details of art and placing them in various perspectives - are more noticeably active in the upper reaches of the hierarchies, securing reputations, reevaluating artists, periods, or art works, and altering the rankings of the art world's hierarchies. Reevaluation is an on-going sifting process always ensuring that art works of value - whether aesthetic or economic - are fairly assessed relative to associated art works, artists or periods. Inevitably some tier or

artist will always be neglected or underpriced relative to other reevaluations in the continual process of ranking and re-ranking. The addition of new works to the oeuvre of an artist, through reattributions, or in the case of living artists, their recent work, may alter the evaluation of other works in the oeuvre.

A rediscovery consists of a campaign to call to the attention of potential buyers artists whose work is still relatively available and thus sells at a reasonable price.

Howard Becker⁵⁶

The impact price evaluations and reevaluations will have on an artist or period's work will be in relation to how universal the consensus is between all participants of the art world as to its importance. The judgments made by critics and art historians define and place some aesthetic value on art works, the museums validate work by selecting them, and the art market places an economic value on the works by trading in them.

Critics

We have learnt in modern times that there are many great contemporary figures about whom hardly anything derogatory is - or can be - said during their lifetimes. But no sooner do they disappear than revelations follow revelations until their once shiny reputations are torn to shreds. For many of the geniuses of the nineteenth century the historic process was just the opposite. Defenseless and misunderstood, they experienced public abuse to an extent difficult to imagine today, the more so as by now, and partly as a result of what happened to them, critical disparagement is no longer seen as a total disgrace; quite the contrary, there are those who consider it a confirmation of their value since it has happened to so many great men before.

John Rewald⁵⁷

Until the mid-eighteenth century there was little distinction between art criticism and general aesthetics, but during the second half of the eighteenth century reviews of contemporary artists - or rather of their work at Salon or Academy exhibitions - became increasingly common in newspapers and periodicals thus giving rise to the practice of art criticism.

The art critic was seen [in the nineteenth century] as an indispensable intermediary between artists and a public disorientated by constant change in the form and techniques of painting.

Raymonde Moulin⁵⁸

Contemporary art critics provide for the participants of the art world a perspective on the work of the artist in terms of his other work, the work of other artists, and art history in general. And their opinions, especially in the primary market where there is normally little other literature on the artist, help to determine the basis of an artist's first position in the hierarchies.

Some art looks so obscure or outrageous that it seems designed to repel collectors even as it makes a bid for critical notice.... If critics do take note of "difficult" work - if, in other words, there is an exchange between writer and artist on the level of analysis - a marketplace exchange often follows.

Carter Radcliff⁵⁹

The art market when offering contemporary art for sale takes cognisance of any critical reviews which can be used to assure buyers of their selection. And in this way the function of critics and art historians may be perverted for purposes of the art market. Ironically, as Moulin points out "by compromising the critic...the market has devalued criticism and robbed it of part of its usefulness as a sales tool."⁶⁰

Art Historians

Art history has the essential role of supplying the labels by attribution, establishing the hierarchy, and authenticating what is offered on the market.

Joseph Alsop⁶¹

Since the historian must authenticate, define economic value, date, and reach precise historical sequences, historians who were faced in general with anonymous objects, developed sophisticated keys to style and period....

Philip Fischer⁶²

Art historians research familiar and unfamiliar fields providing a body of literature defining the quality, rarity, origins, and position of the artist and art work in the broader context of art history. Because the work of art historians underpins the ranking of art works and artists, this work can have a bearing on market values, and thus their opinions potentially wield considerable financial power.

Museums

The idea of the museum is fundamental to the twentieth-century approach to art, as a place where the uninitiated can learn to indulge in the cultural pleasure of looking at works of art, where the initiated also can enjoy themselves, and where scholars can carry forward their researches.

Geraldine Keen⁶³

As buyers of art, museums have a weight and influence comparable to those exercised by pension funds in the securities field. Decisions, although made exclusively on aesthetic grounds, may have important financial consequences.

Karl Meyer⁶⁴

...just as a gold bank, the public backing of the Bank of France, is necessary in order that the circulation of capital and private speculation be organised, so the fixed reserve of the museum is necessary for the functioning of the sign exchange of paintings. Museums play the role of banks in the political economy of paintings:

- not content to act as an organic guarantee of speculation in art, the museum acts as an agency guaranteeing the universality of painting.

Jean Baudrillard⁶⁵

Museums have really only become part of the "cultural patrimony" since the French Revolution. After the defeat of Napoleon, and the return of captured masterpieces, new public galleries were formed in a host of European cities; and later in England. The dominance of the phenomenon of museums in the U.S.A., where they play such a large part in the art world, began at the turn of the twentieth century. The art market is intimately connected to the

museum for the reason that what it purchases and exhibits is generally regarded as being the best available in the hierarchy. The selection of works for the exhibitions and collections of museums could be expected to be made by those most knowledgeable and discriminating in the field. What they choose for their collections is expected to be retained for the foreseeable future, and to be representative of the best in the field or period.

A peculiar characteristic of the art museum is its bedevilling link to the marketplace; no other cultural institution is so intimately involved with price movements.... [A] museum's purchases and exhibitions can decisively influence the value of an art dealer's stock or collector's treasures. But short of ceasing to be a museum, there is no way in which a public gallery can disentangle itself from commercial considerations.

Always a source of concern to the conscientious museum professional, the art museum's entanglement in the flypaper of commerce has become a far more acute problem as a result of the postwar boom in art prices and the rise of a new middle-income clientele interested in "collectables" of every imaginable variety. Since these new buyers tend to be uncertain in their taste, they look to dealers, auction galleries, and art museums for authoritative guidance. Curatorial opinions have become a vital ingredient in the ever-changing consensus about the real worth - aesthetic and monetary - of objects or the work of individual artists.

Karl Meyer⁶⁶

It is especially in the twentieth century, and more particularly in the post-World War II period, that museums have purchased the works of living artists. Museums influence the pricing structure of contemporary art because when it purchases or shows a particular work that this work suggests it is a noteworthy part of art history. In effect, the museum therefore acts as a consecrator of aesthetic (and economic) value.

The museums lag behind the galleries in the process of validating art reputations.... They have a conservative inertia and consolidate rather than initiate reputations. Artists themselves expect this institutional conservatism. In fact, when museums take on the trendy characteristics of avant-garde galleries, established artists protest that they have turned into mere

amusement arcades.
Charles Simpson⁶⁷

The role of museums in the supply and demand dynamics of the art market is at times confusing. Museums obviously demand and purchase works of art for their collections. But their purchasing patterns are usually closely followed by other market participants, and may generate further interest and demand in what they are removing from the market. The irony of this is that the act of purchasing works they may be partly responsible for pricing out of their reach what remains in private collections. Museums may provide a limited supply of art works to the market by way of de-acquisitions, but, more importantly, museums expose the public to art and give credibility to the reputation of artists.

Art Market

Lebrun is an important figure in the history of art because he was one of the first dealer-connoisseurs to dream up the idea of the "rediscovery" of once forgotten artists. In doing so he permanently changed the artistic taste of France, not to mention the very function of the art dealer....

Lebrun's main achievement...stemmed from his realization that taste could be led.... Until Lebrun, it was the fashion, for financial reasons, for dealers and everyone else to attribute as many paintings as possible to established artists.... Lebrun was the first to realize the commercial significance of the fact that there were many artists who were unknown but just as good as the known painters, if only the public could be made to appreciate their work.

As a result of Lebrun's insight, the art dealer became more than simply an entrepreneur, a man who had access to paintings and a similar access to clients who could afford his wares. Instead, the dealer became...a real man of taste himself, someone whose eye was very important. He became an insider, who could obtain a really good painting cheaply by recognizing an artist who had merit but who at the time was simply not appreciated. After Lebrun, dealers became a sort of cross between evangelists and venture capitalists. It does not matter that Lebrun was feathering his own nest in making his breakthrough.... [He] travelled in Spain and elsewhere and helped rehabilitate many names which we now

take for granted as first-rate: Holbein, Ribera, and Louis Le Nain, among others.
Peter Watson⁶⁸

It was in the first half of the nineteenth century, as Francis Haskell points out, that the art historian-dealer took over from the artist-dealer as the arbiter of taste.⁶⁹ The dealer was no longer simply an advisor or agent, he had his own resources invested in his trade, and quite understandably wished to ensure the aesthetic and economic value of his fields of interest. He now began personally to mould and direct taste instead of taking his dictum from the tastes of his wealthy clients.

The great masters of the British school of the eighteenth century were [Lord Duveen's]...strongest point. I believe that in the end he came to understand them as well as, if not better than any other dealer or critic; what is more, no other dealer before or since has created such a demand for these paintings: it is noteworthy that after his death, the prices realised at auction for the majority of the paintings of this school were a mere shadow of those paid during his heyday.

Edward Fowles, longtime assistant to Duveen⁷⁰

It is this quest by the art market to seek and profit from some comparatively undervalued field that is partly responsible for the reevaluation that has extended the art market to almost everything that has been made in the past and that is being made today which may have some historical importance or aesthetic attributes.

The distribution system...requires materials to distribute, generating a further pressure for changes in aesthetic judgments in the form of rediscoveries of works and artists hitherto not rated very highly.

Howard Becker⁷¹

There is always a relative 'shortage' of desired and 'quality' stock. Even in the seventeenth century, the dealer Daniel Nys had difficulty in finding the works of Michelangelo and Leonardo da Vinci. Unless one is dealing in a field that is not well-trodden, acquiring stock requires either extensive financial

resources or contacts with collectors who may wish to sell, but preferably both. Apart from personal likes and dislikes, these two factors are continually responsible for forcing newer dealers to search out specialised fields that do not have 'barriers to entry'. Once auctioneers also start trading in a field, the field stabilises and the hierarchies of value develop, and with time it becomes another field difficult to enter without resources. Even those dealers who deal in esteemed fields sooner or later encounter difficulties in obtaining works of the best quality, and hence they also begin to reexamine, reevaluate and trade in the works of lesser-known artists and the minor works of artists with established reputations.

Collectors

The collectors' hierarchies...divide the things being collected into broad groups: ultra-desirable, desirable, worth having, and not worth having; and the collectors' market operates accordingly.
Joseph Alsop⁷²

If he [Charles Saatchi] loses interest in an artist, as has occasionally happened, it may be very damaging to that artist's reputation. On the other hand, a young artist chosen by Saatchi will make headway very rapidly. The multi-volume catalogue of his collection is well-known in the art world and, of course, influences public opinion.
Leo Castelli⁷³

Collectors feel safer and at less risk entering a well documented field where the 'canons of relative importance' have already been established. Realising this the art market, in conjunction with the other members of the art world, will do everything possible to create hierarchies of importance that collectors can identify with. But not all collectors wish to collect in a field where the parameters are known. In the same way that critics and dealers may become regarded as consecrators of value, collectors who repeatedly purchase the work of artists who are later regarded as important, may also feature prominently in the reputation-forming process.⁷⁴

SUPPORTING DOCUMENTATION

Provenance

The designation "ex-[James Pierpont] Morgan collection" had become a seal of quality and extreme desirability, and collectors bought "Morgan" pieces in the same sense that they purchased "Medici" paintings - the name carried a magic all of its own.
Calvin Tomkins⁷⁵

...once a painting has appeared at auction and been bought in...if it is put into another sale it is likely that the bidding will be even more timorous. Some feeling of déjà vu seems to affect the price; dealers appear to feel 'That picture again; well nobody wanted it last time.' Thus if a reserve is set too high and the painting is bought in, its value can be materially damaged. In the case of an old master especially, this effect may take several years to wear off.
Geraldine Keen⁷⁶

The provenance is an art work's history of ownership from the first owner onwards. Related to this is the circumstances surrounding its creation; how various owners have taken possession of it; and its movements within the art market.⁷⁷ If the work is of artistic consequence, the provenance can be used as an assurance of its authenticity; however, if the object is of limited artistic consequence and of limited commercial value, but had been in the possession of an important historical personage, then provenance will play an important part in determining the economic value of the work. If a previous owner was respected for his or her discernment, subsequent owners may take this provenance into account as a guarantee of quality and may envisage themselves sharing similar good taste with its previous illustrious owner. Contemporary art dealers may even play on collectors' desires to be linked with art in the making by associating the purchase of the work of an unknown artist with benevolent patronage, and suggesting the support of the buyer will thereafter become part of the history of the work.

Supporting Literature

The information provided by the body of literature on the artist and the art work is crucial to the functioning of the art world.⁷⁸ The most respected literature and research is the *catalogue raisonné* of an artist. These catalogues, produced by art historians, order, date, authenticate and detail the oeuvre of an artist. Furthermore, the existence of monographs and listings in the dictionaries produced both by art historians and the trade all contribute to the esteem in which an artist is held.

Exhibition Provenance

We need only consult the current literature on contemporary art - catalogs filled with long lists, like computer print-outs, of every exhibition and every collection that includes any work by the artist - to see how our psychology of validation functions entirely through external credentials and assertions of manic productivity.

Suzi Gablik⁷⁹

Generally speaking, the fact that a painting or artist is selected by museums to be exhibited indirectly validates the quality of the work because art historians who make the selections can be expected to be 'discriminating'. The visibility of an artist or painting may contribute to the art work being recognised as a 'classic,' simply because it is well known to viewers. The irony of supporting loan exhibitions is that while they ensure that the painting will have a noteworthy exhibition provenance, it has to be removed from the owner to acquire this provenance.

MATERIAL ATTRIBUTES

Somewhere near the top of an art work's offerings is the physical presence. Even the Conceptualist's scrap of onion skin paper wants to get bought, in the narrow sense, by a collector.

Carter Radcliff⁸⁰

In order for a market to come about in works of art, some identifiable good needs to be traded. What form the good that is traded takes, depends on the artist. This third group of Components of Value all relate to the more tangible physical and material aspects of an art work, rather than the 'information' aspects relevant to the other groups of Components of Value. These Components may not have the dramatic impact on value that the 'information' aspects can have, but their impact is more noticeable if they are not in a satisfactory state.

Utilitarian Value

In the event of the other Components of Value not being applicable to the art work, the issue of its utilitarian value may be considered. This Component of Value is more relevant in the context of the decorative and applied arts.

Intrinsic Value

The intrinsic value of the work of art or the replacement cost of the materials, if aesthetic attributes are not considered, acts as a base price for the work, and the value realised above this can be ascribed to the Components of Value. For example, the value of the frame, or bronze, etc. This Component of Value is again more pertinent to the decorative and applied arts.

Condition

One of my major collectors, Robert Scull, had offered...[Robert Rauschenberg's] stuffed goat...to The Museum of Modern Art. [Alfred] Barr rejected the gift. That goat was going to pose horrific conservation problems - it would get infested with all kinds of insects and would rot on the spot. Other people thought otherwise; Pontus Hulten bought it for the Moderna Museet in Stockholm.

Leo Castelli⁸¹

Art works, particularly paintings, with their flimsy canvas, worm-eaten stretchers, and fading pigments, are often at risk and a whole industry of conservation has been called into existence to counter this tendency by forcing these objects to exhibit the physical properties appropriate to the [durable] category in which they find themselves. These conservationists...are the conceptual equivalents of those lonely jackaroos on Australian sheep stations whose entire working life is spent in repairing the fences that keep the sheep in and the rabbits out.

Michael Thompson⁸²

At what stage does restoration - a careful repainting to recapture the original artist's intentions - become 'prettification', perhaps for commercial purposes?

Colin Simpson⁸³

The condition, state of preservation and extent of previous restoration are dynamic Components of Value. Restoration has been and still is considered a very direct way of increasing the value of an art work by 'improving' the appearance of the work and hopefully returning the painting to its original state. Often the temptation to take restoration too far and to 'over utilise' restoration's potential as a Component of Value is apparent. The presently acceptable approach of 'scientific restoration',⁸⁴ can be expensive and may not be economically justifiable if the art-historical Component of Value is not high. However, if the 'decorative' or 'intrinsic' Components of Value comprise a substantial component of the worth of the art work as opposed to the 'art historical and information' aspects, then the physical condition Component could be expected to be less important than what the case would be if the art work were a 'masterpiece'.

Size

...very large paintings are usually acceptable to museums if they are of sufficient artistic merit, but are hard to sell to the private collector, whose wall space is generally limited. Thus, paintings which are not important enough to interest museums, yet not decorative enough to attract the private collector, can fall between two stools and fetch very modest prices.

Geraldine Keen⁸⁵

The size and value of the art work, *ceterus paribus*, generally are positively correlated. But there is some point beyond which the correlation begins to taper off. If the art work is very large, its size may begin to detract from its value if it is considered to be an insignificant work. In the primary market, contracts between dealers and contemporary artists often incorporate some clause which specifies the values to be accorded to various sizes.

Medium

Some media, such as easel painting in oils, have the highest possible reputation; they are art and no doubt about it. Other media, such as weaving or glass blowing, have lower reputations as minor or decorative arts. Still others (quiltmaking or whittling) have the reputation of folk art or (soap operas or rock music) popular arts, and the media of some totally idiosyncratic productions...don't have a name, let alone a reputation. In each case, the reputation of the medium is a judgement as to the possibility of doing serious, important, or great art in it.

Howard Becker⁸⁶

[Anselm] Kiefer's work is made (to list only the main substances other than paint) of tar, paper, staples, canvas, a rough foil formed by throwing a bucket of molten lead on canvas and letting it cool there, sand, epoxy, gold leaf, copper wire, woodcuts and lumps of busted ceramic. It is highly unlikely that more than a few of these paintings will survive for another fifty, or even twenty-five, years - Kiefer carries a disregard for the permanence of his materials to such an extreme that the lead will not stay in place and the straw on some canvasses is rotting already, although this does not seem to discourage collectors.

Robert Hughes⁸⁷

...as far as [Dan] Flavin is concerned, it is still not so easy, even as highly appreciated as he is now, because his works remain difficult to install alongside of other works of art in private homes. The fluorescent tubes need their own space, as they tend to distort the colors of the paintings that surround them. The ideal situation for Flavin is a dark room lit by his work alone. That takes a lot of space!

Leo Castelli⁸⁸

In some collectors' minds, certain mediums of execution are preferred on the assumption that the medium of the art work is indicative of the stage of production, and therefore its aesthetic (and economic) value. A further reason for the preference of certain medium may be based on a consideration of the permanence of the medium and the expected costs of maintenance.

In response to the preferences of certain mediums by the art market, artists have in the twentieth century, purposely produced art works in mediums that are not favoured by the market, in an attempt to free their work from the manipulations of the market.

The large room of the [Paula Cooper] gallery [in New York], apparently "empty," contained works by Barry (a magnetic field), Weiner (pit in the wall from one shot of air-rifle), Wilson (oral communication), Kaltenbach (secret), Haacke (air currents from small fan by door), Huot (existing shadows), Artschwager (black blip inside, one visible from the window, and others in the street), and a very fragile lead cable piece by Andre.... The smaller room contained a floor sculpture of tree branches by Bollinger, a Boucher measurements, a LeWitt wall drawing, Kosuth's Investigation (from Art as Idea as Idea) on wall labels, photographs by Smithson and Kirby, a de Maria text, an uncompleted Serra lead spatter piece, a Castro wall cracking.... All of the other participants were represented by printed matter - notebooks or books on the table in the hallway-office....

Lucy Lippard⁸⁹

Subject Matter

Among still lifes, the flower paintings are usually the most decorative and consequently, as a rule, the most expensive.... At the other end of the scale, the least popular type of still life is generally the vanitas composition, designed to symbolise the vanity of human life and usually including a skull, a guttering candle, and other evocative features.... [It] is understandable that works with this type of depressing message should be unpopular.
Geraldine Keen⁹⁰

Photo realism has proven to be immensely popular with collectors as well as the general audience of art viewers.... It is jealousy of this popularity, photo realists claim, which is responsible for attacks on them by artists and critics whose reputations are already committed to conceptually more "difficult" art.... Its very accessibility to the new art-buying middle class seems to some to be that it has betrayed the modernist requirement to relentlessly innovate.... The attraction of photo realism lies in the approachability of its imagery to the most naive viewer. There, depicted with the sharp focus of a camera lens, is the familiar world of store fronts, highway fast-food restaurants, mass-produced knick-knacks, and commercial symbols that lure the public.... It is these works that sell so well that they support the careers of the largest group of the successful SoHo artists.
Charles Simpson⁹¹

The boom [in contemporary American art] even accommodated itself to Minimal Art, which had seemed at its first appearance a severe antidote to the jocular vulgarity of Pop. Those puritanical, high-tech, smoothly finished, single color minimal shapes, as it turned out, were just what the interior decorators could use.
Calvin Tomkins⁹²

The subject matter of the art work will have a marked influence on its appeal and its value. The decorative appeal of the art work is a factor "in master art collecting which is too often forgotten."⁹³ If the decorative component of value is a dominant price determining factor, then the art work will become a complementary good - a good that positively contributes to the satisfaction derived from associated goods and that is more satisfying when placed amongst them.

Geographical Considerations

Sales of routine 19th century European paintings in London continue to be dependent on largely home-based interests; clearly demand for many of the artist represented came primarily from their countries of origin.

Sotheby's Art Market Bulletin⁹⁴

Only a portion of art works traded attract interest internationally. The country of origin of the art work usually remains a major source of stock and demand - and at times the major market for it. There are art forms that have transcended national frontiers - Old Masters and African art are examples - but national and regional considerations are the norm for much of the art traded. The major market in British art remains in Britain, and Australian art, in Australia. In the case where an art work is offered for sale away from its regional market, intermediaries usually take keen interest in uniting the art work with its country of origin, provided there is a potential profit sufficient to justify the effort.

ECONOMIC AND FINANCIAL FACTORS

Investment Potential

The collector today regards a painting only as a share or stock, it is disgusting to be part of such a degenerate business.
Pissarro in a letter 10 July, 1887⁹⁵

...the irrational passion of art collecting is justified because it is a good investment, while the profits to be made from investing in art are justified because they require sound judgement.
Raymonde Moulin⁹⁶

There is a growing but virtually untapped market for bankers to help clients leverage their art assets. Traditionally, art, antiques and jewelry have not been included in a conventional portfolio of real estate, stocks, bonds, or other financial assets. Now with the assistance of Sotheby's Financial Services, banks can help their increasingly sophisticated clients manage their art assets.
Mitchell Zuckermann of Sotheby's Financial Services⁹⁷

The rapid rise in prices in the 1950s and 1960s, and the publicity afforded for 'record' prices, encouraged the purchase of art as an 'investment.' Through the centuries art has always to some degree been regarded as a store of wealth, but the motive of purchase has seldom been financial gain alone. Along with the 'art as an investment' trend has come a variety of empirical studies analysing the returns on art as an investment. These are of varying quality and come to different conclusions.⁹⁸ As has been noted in this dissertation, the market in art works does not lend itself to empirical studies of price changes or value, firstly, because of the variations in each art work's Components of Value, and secondly, because of the relative lack of information on transactions in the art market as compared with other financial markets. Hence, it is with some caution that these studies, using techniques adapted from the analysis of other markets, should be considered. Furthermore, in order to judge art as a medium of investment, the return as well as the associated risk needs to be analysed, which is not done by all of these studies.

The desire to invest in art works has been accelerated by the endless quest for diversification beyond the traditional investor's choices of financial and real assets. An 'investment' is usually taken to mean a financial outlay with a later financial return as compensation for making the investment. With financial assets, only a financial return is expected, but with real assets there may also be some other tangible benefits to the owner. For this reason, art works could only be defined as financial assets if the sole return they provided was financial. But in the context of art works, the terms 'investment' and 'return' each have wider meanings than strict economic or finance definitions accord them: with art works there are two aspects to 'return' - the financial return, and a return in the form of aesthetic pleasure or pleasure of ownership; and hence in order to realise the full potential return on an art work, an investment in 'taste' and knowledge must also be taken into consideration.

...the cost is not just the price paid for the object. It is also what we must do or have done in order to understand, apprehend, enjoy, or appreciate it; and that cost is the consequence of what we have learned, have experienced, and have worked to achieve. It is our accumulation in taste.

William Grampp⁹⁹

Although the motives for purchase are generally complex, it is customarily accepted that the ownership of an art work offers some 'intangible return' associated with physical possession. There is an awe in ownership which lies in having a direct contact with the past, or with a famous artist, era or historical event. To quote Grampp:

The satisfaction can be aesthetic in the narrowest or the widest sense; it can be moral or didactic or heuristic; it can be of the earth or the heavens, subjective or objective, calling people to action or turning them in upon themselves. Its essential feature is that it comes from the object itself and not from the money income of a claim against an object.

William Grampp¹⁰⁰

All these aspects contribute to the fact that the return on art works is not entirely quantifiable in financial terms. These 'other' aspects of 'return' that art works offer, exclude them from being regarded simply as financial assets except when the only motive for the purchase of these works is potential financial return.

If the trend in 'investing' in art were to grow to the point where financial returns became the primary criteria for purchase - in other words, if art works were always viewed by purchasers as financial assets - the entire investment potential of art works would disappear. Ironically art works will continue to exhibit some attributes of a financial asset only so long as investors are not the dominant players in the market. What astute investor would wish to possess a piece of deteriorating canvas with paint on one side of it?

Unlike an investment in real estate or a share or bond, art works produce no income for the duration of the holding period. The return on an investment in art comes in the form of a single capital gain realised at a later stage provided buyers are prepared to pay a price higher than the purchase price. Hence, investment decisions as regards the purchase of this 'unproductive asset' are based on the assumption that the demand for the ownership of art works will increase in the future. So, if every art buyer purchased only for the reason of expected financial return, art works would simply become objects of speculation and the market for art would only exist so long as another speculator could be found to purchase the art work.

Rate of Return

There are two aspects to the return a painting may offer - a tangible financial return as well as a non-monetary return. Anderson labels the non-monetary aspects as 'Consumption services,' and divides them into two broad categories:

*Decorative services, determined by the way a particular work adorns a room, depend primarily on size, condition, and subject matter. Aesthetic and prestige services are based upon the attribution, the artistic merit of the work, and the history of previous ownership.*¹⁰¹

These non-monetary returns are difficult to quantify, and are often not accounted for in the 'returns' an art work offers. But as Stein noted, an 'upper-bound estimate' of the return from viewing services' can be the rental rates in the art-rental market.¹⁰² The empirical studies that have been conducted can be separated into those taking a long term perspective over centuries using Reitlinger's data, and those that have concentrate on the post-World War II market. The latter - including Rush,¹⁰³ Keen,¹⁰⁴ Stein,¹⁰⁵ Cunneen and Barnes,¹⁰⁶ and The Economist Intelligence Unit¹⁰⁷ - have tended to conclude that art is a worthwhile alternative investment, whereas the former - Anderson,¹⁰⁸ Baumol,¹⁰⁹ and Frey and Pommerehne¹¹⁰ - tend to question the viability of art as a financial investment.

Speculation

The experience of the late nineteenth century showed that there was money to be made investing in revolutionary art. Today's rapid pace of innovation encourages short-term speculation, and speculation, in turn, enables the market to absorb new directions in art. Artistic innovation feeds speculation and vice versa.
Raymonde Moulin¹¹¹

Unlike the earlier commissions on which artists lived, the price of modern work does not directly reflect workmanship, time, labor, size, cost of materials, or skill. Rather the price is a complex speculation on the work's future as a 'past'. Price is set by imagining how essential to any future series of art this type of object will be. Its value, like that of a growth stock, involves an act of prophecy. The 'price' of a contemporary painting is a function of prediction of its future, and for this future value to be determined, criticism must move closer and closer to a historicization of the present, determining on the spot what the historical place of new objects might eventually be even as they are produced. Without this speculative, prophetic act of criticism, the object has, as a commodity, no value. The painting is priced

this way because it is not yet at its destination, the museum. For a short time the painting will be 'at large' until it is ever so slightly 'past'. Once this probation period is over, it will come to rest in sequence or will disappear. The initial price is in effect a wager that in a reasonable period of time the object will be priceless, permanent, and guaranteed by the civilization to be among the ten thousand objects to be kept as little as possible subject to time....

Philip Fisher¹¹²

Grampp proposes that "to speculators, the aesthetic yield is zero" and defines speculators as people "who buy art only to resell it at a higher price and for no other reason.... [They] have a lower yield from it than people who enjoy it."¹¹³ A speculator would, of course, have a specific risk/return trade-off, different from that of the 'regular investor' in art. Instead of being risk adverse - as is generally the case for investors - speculators who undertake investments in art are attracted by a high risk/high return trade-off, similar to the principles of Venture Capital. Speculators in art, with high risk/return requirements, must therefore speculate in changes in taste, and not simply in selecting a portfolio of art investments that could offer a respectable return in relation to the market and with a relatively limited exposure to risk. The field in which taste is most fluid, is obviously in the contemporary/avant-garde market where time has not yet passed relatively firm judgements. The other possible taste speculation would be in identifying periods of art history that are 'underrated' and ready for reevaluation.

To be in a position to speculate in taste, the speculator requires either a personal knowledge about possible changes in taste, or at a cost, can obtain information on comparatively 'undervalued' artists or periods. The speculator in art requires not only a higher return to compensate for the greater risk, but also a greater return to compensate for the zero return they presumably receive in viewing or aesthetic pleasure. To the best of my knowledge, the only study that has considered the returns speculators receive, concluded that any superior return "*derivable from paintings can be attributed entirely to the viewing pleasure they provide, not capturable by speculators.*"¹¹⁴ This

study was based on auction records for deceased artists, which does not, of course, reflect speculative returns in the first category, that is in the works of contemporary artists.¹¹⁵ But if the market in contemporary art was efficient, on average, speculators could not expect to outperform this market bearing in mind the probable higher risk and ignoring 'non-monetary' returns.

Holding Costs

Stocks and shares certificates are intrinsically worthless, being merely pieces of paper denoting ownership. However, condition is critical in determining the value of a work of art...[protection costs] can include proper storage, display conditions, perhaps climate control and restoration.

Sotheby's Art Market Bulletin¹¹⁶

Stocks and shares certificates can be replaced if lost, since other than bearer bonds, they have no intrinsic worth. This means that they do not need to be insured as there is little risk of them being stolen. This is certainly not true of works of art.... The insurer of a valuable collection will also usually demand special security precautions....

Sotheby's Art Market Bulletin¹¹⁷

The owner of a work of art can be expected to have a series of negative cash outflows, including storage, maintenance, and insurance costs. These costs are, of course, not uniform for all works of art. Insurance costs vary with the value of the art work, and maintenance expenses depend on the materials from which the work is made. If the holder of the art work is a dealer, then the dealer must also include interest costs into his/her holding cost calculations as noted above.

Price

What is the relation between economic value and aesthetic value in a society that accords such priority to the former that it is reasonable to ask whether buyers (or the public) can ever judge a work of art independent of its economic value.

Raymonde Moulin¹¹⁸

Only a few persons really cared for paintings. The rest bought them for snobbishness or to avoid taxation. People only bought what was the most expensive, having no faith in anything else. Some bought merely for investment, placing pictures in storage without even seeing them, phoning their gallery every day for the latest quotation, as though they were waiting to sell stock at the most advantageous moment.

Penny Guggenheim¹¹⁹

Joe [Duveen] promptly received a lesson from [Charles Wakefield] Mori which he never forgot. Mori told him that any alleged masterpiece at £5000 was not a masterpiece - at least, not in the eyes of an American millionaire. He told Joe to ask at least £20000 plus a 10% commission for himself [Mori] in exchange for teaching him how to deal with people like Senator ['Champ'] Clark. Joe swallowed hard and did as he was told. Clark paid £22000 on the spot.

Colin Simpson¹²⁰

Again and again, Duveen stressed the point that it was easy to get fifty-thousand-dollar pictures but very hard to get pictures that cost a quarter of a million.

Samuel Behrman¹²¹

The price of the art work in itself may be a Component of Value in price formation. In other words, for art there may exist a backward-sloping demand curve so that a rise in price may increase demand. The notion, especially with buyers not familiar with the canons of quality in this specialised field, that aesthetic value and economic value are always positively related,¹²² may result in buyers being guided to judge the quality of an art work by its price. The success of the dealer Duveen was based on this premise. His millionaire clients, often ignorant about the subtleties of aesthetics, were convinced of art works' importance provided they were expensive.

The prices realised for works in each sub-hierarchy of the market could be seen in terms of 'levels'. The sale of a work for a record price outside the previously accepted price range for that type of art work often sets a new plane, changing the whole level of possibility. Record prices usually appear

outrageous at the time, but once the prices of similar works achieve related prices and thereby reconfirm the value of the art work, the 'record' price becomes what is to be expected and not an irrational exception. Record prices have always been a feature of the art market through history and are an inevitable 'by-product' of the competition for the ever-rarer 'important' works. As Keen notes, the actual sum paid for a very important picture is determined by some kind of universal notion of what the maximum conceivable price for a picture might be.¹²³

A fair price is the highest one a collector can be induced to pay. Once it is established it shows its fairness by reforming the level of the market.

Robert Hughes¹²⁴

...the large number of multi-million pound prices that have been achieved...in some instances have led to the creation of new price benchmarks. For example, prices in the region of say £5 million, once considered to be an extremely high sum, now appear to be the going rate for the very best Impressionists.

Sotheby's Art Market Bulletin¹²⁵

Once again, the prices achieved for the very finest works inevitably encouraged unrealistically high expectations for second line material.

Sotheby's Art Market Bulletin¹²⁶

Two factors prevent dramatic fluctuations in prices in the shorter term. The first, of course, is reserve prices placed on the goods to be offered for sale by an auctioneer.

[The volume of unsold material,] known in the business as the BI (or bought-in) rate, is a particularly important measure of how efficiently the art market is functioning. In any market it is vital that the expectations of buyers should correspond to those of sellers. Any imbalance in a weak market is usually revealed by a large volume of goods remaining unsold.

Sotheby's Art Market Bulletin¹²⁷

Rather than allowing works to fetch too low prices, they are 'bought in' and in effect remain unsold, implying that when there is a fall in demand and

the expected prices are not achieved, the reserve prices effectively reduce supply by withdrawing those works from the market that appear to be overpriced. Furthermore, because of the very public nature of auction sales, the prices that are realised, provide benchmarks for the rest of the market. If they are able to do so, dealers will therefore support the market if only to support the open market value of similar stock in their own holdings.

Market Impairments and Imperfections

In the UK, the reviewing Committee for the Export of Works of Art can temporarily withhold an export licence...[and] the French government can [step] in and [exercise] its pre-emptive power to ensure that certain lots [remain] in France. Under such systems the price paid by the government is essentially the open market price. On the other hand, in Spain, the position is somewhat different. For example, the authorities' export ban on a major work by El Greco resulted in a price...which although it was approximately double the pre-sale estimate, might well have been doubled again on the open market in London or New York.
Sotheby's Art Market Bulletin¹²⁸

Structural characteristics particular to a specific market may impair or unnaturally boost the value of an art work. These could include export taxes and export restrictions to discourage the exportation of art works,¹²⁹ tax on the proceeds of a sale of an art work, taxes on auction sales,¹³⁰ and a capital gains tax all of which would obviously hamper sales, whereas tax deductions for art works donated to institutions could be expected to boost the demand for art works.

A gift of tangible property, such as a work of art, is deductible in the amount of fair market value of the property at the time of the gift, irrespective of how much the donor may have paid for the property [prior to 1987]. Moreover the donor is not taxed on any increase in value.... A gift of a Degas drawing bought before World War II for \$1000 and worth \$20000 in 1963, would have netted the 80 percent taxpayer a deduction of \$20000, and therefore a tax saving of \$160000, whereas the sale of the same drawing to another collector at a price of \$20000 would have resulted in capital gains tax of \$4750 and cash in hand of only

\$15250. (These figures reflect federal taxes only; state income taxes would also have taken their toll, thus making the charitable gift still more attractive.)

Clearly under these circumstances, it is more rewarding to give than to sell; in responding to his sense of altruism and high purpose, the astute collector has been able to benefit not only his soul but his bank account.

Jerome Rubin¹³¹

The changes in American taxation which came into effect this year [1987], increasing capital gains tax from a maximum of 20 per cent to 38 percent in 1987 (28 per cent from 1988) understandably promoted a wave of selling ahead of this major change

Sotheby's Art Market Bulletin¹³²

*Sometimes, a work of art might be so exceptional or of such a high quality, that it is sought after by public institutions.... In these circumstances, the Treasury is willing to offer an incentive to the seller, to enable the public body to acquire the work. This incentive, or "sweetener" is officially called the *douceur*, and although this incentive is not as great [in the United Kingdom] as those available in some other countries, it does offer significant advantages. The *douceur* reduces by 25 per cent, the Capital Gains Tax and other capital taxes that would have been payable, but only when the work is offered direct to the public body by a private treaty sale.*

Sotheby's Art Market Bulletin¹³³

Intermediary Handling the Transaction

There is an episode in an Italian tour which is perhaps familiar.... No sooner arrived in a city than you are dragged by your valet-de-place into the studio of a picture-dealer. He has, of course, received due notice of the visit from the sharer of his profits, your guide, who has probably been able in his rounds with you through churches and palaces, to form a pretty accurate idea of your knowledge of art, and of the extent to which you may be safely imposed on.... After you have examined a certain number of works by these inferior masters, the dealer, who is also a restorer, proposes to show you two invaluable pictures, one by Raphael, the other by Leonardo da Vinci, undoubtedly originals, so judged by all the professors of the Academy; not his own

property, but sent to him by the owner, for whose ancestors they were expressly painted, to be cleaned and slightly repaired.... The following day, as you are gazing with proper enthusiasm upon a masterpiece in a church or gallery, your valet-de-place observes casually that he is acquainted with the 'fattore,' or steward, of the marquis, the fortunate possessor of the two wonderful pictures you saw yesterday, and that he is informed by his friend that the property of the family is to be divided amongst heirs, who to avoid litigation, might be disposed to part with these treasures. The bait takes. Your guide offers to negotiate 'as a friend.' An incredible sum in scudis is asked. You are told that the 'pretensions' of the marquis are so ridiculous that it would be well not to think any more of the affair. But you think all the more of it. Negotiations ensue, such as can be alone carried on and understood in Italy. Twenty people appear who seem to have an interest in the matter, and are ready to advise and assist you. After squabbling, cajoling, losing your temper, and ordering your post-horses twenty times - the whole sum in dispute being at length probably reduced by about five shillings - you bear off your prizes in triumph, armed with an express permission from the dogana to export one Raphael and one Leonardo da Vinci, and provided with documents signed and sealed by illustrious families, and authenticated by well-known professors of the Academy to prove their genuineness. It need scarcely be added that the only two real personages in the whole affair - from the original painter of the pictures to the drawer-up of the documents - have been the dealer and the valet-de-place, who divide the spoil.

A Contributor to *The Quarterly Review*, 1854¹³⁴

The purchase of an art work from a 'marginal' dealer, auction house or intermediary who is unable to offer the complete and/or correct information, guarantees and services, could be made at a comparatively low price. But there is a risk associated with the lower price: in the event of a complication, the returning of the art work to the intermediary may be problematic. In contrast to this, leading auctioneers and dealers, in order to protect their reputations as informed and trustworthy intermediaries, usually allow the return of an art work within a certain time period if the art work was incorrectly described at the time of sale.

Auctioneers offer for sale what they are in turn offered at a price they think the market will find acceptable, whereas dealers offer for sale stock

selected from many sources. An art work from a respected dealer, either in the primary or secondary market, may cost more than it might do elsewhere. The reason for this is that there is a cost to the implicit guarantee of quality and a cost attached to selecting a work from a discriminating dealer's stock, as opposed to, for example, making a selection from auction catalogue descriptions.

The intermediary or support system handling the exchange may affect price in a more direct way - by restricting the supply of artists, the supply of art works, and influencing demand. Throughout history guilds, academies and dealers have made use of restrictions, monopolies and cartels to manipulate prices.

Transaction Costs

As for dealing costs, works of art compare unfavourably with conventional investments. Stockmarkets around the world are becoming increasingly competitive in the terms they offer investors. Thus in the UK, for example, it is usually possible to make a profit after all expenses by trading stocks on a very small increase in prices, say 4 per cent or less, and very much less on many government bonds.

The structure of art market charges makes such trading less easy. Most of the larger auction houses charge a fixed buying commission, called a premium, generally of 10 per cent, in addition to the basic buying price. There is also commission charged to vendors. For example, at Sotheby's London sales, a commission of 15 per cent is payable on all lots sold for under a £1000 (with a basic minimum in certain sectors). Above that amount, the commission falls to 10 per cent, with negotiable rates for certain outstanding works and collections.

In addition, charges may be levied for insurance while goods are on the auctioneers' premises. These costs plus the vendor's accumulated expenses of insurance and maintenance, must be offset against any eventual profit. As a result, an increase of at least twenty per cent in the underlying price of a work of art needs to be achieved before resale at auction yields a profit.

Sotheby's Art Market Bulletin¹³⁵

Williamson identifies three aspects or qualities of a transaction that bear on the level and nature of transaction costs: asset specificity, extent of uncertainty, and frequency.¹³⁶ In the case of art works, each work is unique in some way and is not produced with a specific consumer in mind, hence requiring much effort on the part of intermediaries to link the art work to a responsive consumer. Furthermore, there is much uncertainty in the primary market as to the significance and future value of the art work. In the secondary market where the importance hierarchy is more stable, the uncertainty could be expected to be less, which also lessens the transaction costs and visa-versa in the primary market. As regards the frequency of trade, in the art market transacting obviously is taking place continuously but different works of art and each transaction requires an individual assessment of the aesthetic and financial value by those party to the transaction. This results in comparatively high transaction costs in the art market as compared with other financial markets. The costs of transacting also dependent on the intermediary handling the transaction, and the manner of sale, for example, by auction, on consignment, or outright purchase.

Disposable Income of Consumers

Underlying reasons for the increase in demand can be traced in part to general economic prosperity in the leading industrialised countries and also an upshot of buoyant stock markets. The upshot of these features has been greater levels of disposable income among both individuals and corporations, some of which has been attracted to the art market.

Sotheby's Art Market Bulletin¹³⁷

Art works are not crucial to existence as is food or shelter. The interest in and purchase of art works could only be expected to become a consideration once the income of the potential buyer has gone beyond a certain level. Art is a 'superior good', that is, the demand for art is income elastic: as income increases, so does the possibility that a portion of that income will be expended on art.

Economic Conditions

Increased art market activity over the last few months has provided a good opportunity to examine the impact of wider economic issues such as exchange rate fluctuations and substantially lower oil prices. With the major auction centres located in London and in New York, there has often been a preoccupation with the performance of Sterling against the Dollar. But over the past two months this has been of reduced consequence and the major shift in emphasis for both currencies has been the continued strengthening of the Yen.... Some experts also think that the falling oil prices have had an impact on Japanese participation in the art market, given that expenditure on imported oil has been reduced, so creating more surplus funds. Both these factors have stimulated Japanese demand, although it is too early to ascertain whether or not the supply of works for sale outside Japan has been adversely affected. (A strong home currency reduces the proceeds from overseas sales.)

Sotheby's Art Market Bulletin June 1986¹³⁸

The correlation between the state of the economy and the state of the art market is difficult to ascertain, but as the sums involved in the trading of art works increases, so the art market becomes more sensitive to general economic conditions. For example, after the most recent 1987 stock market crash, the art market possibly enjoyed its greatest bull market ever for approximately another two years before turning. (This is consistent with Cunneen and Barnes findings that the art market lags behind the stock market.¹³⁹) Interestingly, where economic uncertainty is related to inflation, buyers may rather prefer to have their wealth in the form of real assets like art. A similar situation may arise with political uncertainty, when art could be regarded as a mobile asset.

Conventional thinking has always been that steep increases in art market prices tend to be associated with high rates of inflation. The assumption is that buying tangible assets, such as works of art is more likely to protect capital values than will 'paper' investments. However, the latest sharp rise in art prices has taken place against a background of low inflation in the leading economies.

Sotheby's Art Market Bulletin, January 1987¹⁴⁰

With respect to interest rate changes, their impact on the art market is threefold. From the trade point of view the costs of holding stock depend on interest rates, because stock is often financed with debt. Hence, the trade may be reluctant to carrying large stocks when interest rates are high, which in turn can have a bearing on overall demand. Secondly, from the point of view of the buyers, if interest rates are high and the return on holding cash is considerably higher than the apparent rate of return offered by investing in art, the potential buyer may prefer not to purchase art works in view of other more attractive investment options. Once again what would obviously influence the buyer would be what form of return he expects from holdings of art - financial or aesthetic - and if financial return is a dominant consideration, interest rate changes will have a greater impact on the demand for art. Thirdly, in recent years Sotheby's in particular provided debt financing to the buyer enabling leveraged purchases of art to occur. As art is an asset that does not offer the prospect of positive cashflows during the period of the buyer's ownership to offset the interest costs, a rise in interest rates could dramatically increase the buyer's holding costs and the risk of purchasing art using debt.

Notes to Chapter Six

- (1) B. Smith, The Death of the Artist as Hero, pp.43,44.
- (2) R. Moulin, The French Art Market, p.178.
- (3) E. Hodgins and P. Lesley, 'The Great International Art Market: II', p.125.
- (4) J. Wolff and J. Seed, The Culture of Capital, p.161.
- (5) R. Hughes, Nothing if not Critical, pp.310-311.
- (6) Leon Battista Alberti, On Painting, pp.63-4.
- (7) J.M. Montias, 'Cost and Value in Seventeenth-century Dutch Art', p.455.
- (8) E. Samuels, Bernard Berenson: The Making of a Legend, p.352.
- (9) S. Alpers, Rembrandt's Enterprise, p.2.
- (10) J. Herbert, Inside Christie's, p.83.
- (11) D.J. Cunneen and J.E.M. Barnes, 'Art as an Investment', pp.26-7.
- (12) Samuels, Bernard Berenson: The Making of a Legend, p.143.
- (13) The most well documented and discussed case is that of be Bernard Berenson who advised numerous dealers and collectors, including the Duveen firm, from the turn of the century until his death in 1959. See E. Samuels, Bernard Berenson - The Making of a Connoisseur, and Bernard Berenson - The Making of a Legend; and C. Simpson, The Partnership - The Secret Association of Bernard Berenson and Joseph Duveen.
- (14) See E.H. Gombrich, 'On Rembrandt', in Reflections on the History of Art, pp.134-146.
- (15) T.E. Norton, 100 years of Collecting in America, p.95.
- (16) Hughes, p.243.
- (17) H.S. Becker, Art Worlds, p.22.
- (18) F. Haskell, 'A Martyr of Attributionism: Morris Moore and the Louvre *Apollo and Marsyas*', in Past and Present in Art and Taste, pp155-174.
- (19) What may be considered as a case study in how an attribution affects attitudes to a picture and the value of the picture, see Haskell, 'A Martyr of Attributionism: Morris Moore and the Louvre *Apollo and Marsyas*', in Past and Present in Art and Taste, pp.155-174.
- (20) From an essay entitled 'Wishful Attribution' published in the Corriere della Sera in 1954, quoted by Samuels, Bernard Berenson: The

Making of a Legend, p.556.

(21)The first attempt by a scholar to combine the biography of a painter with accurate of scholarship and attention to detail in a manner previously reserved for medals and prints, was the work of Johann David Passavant, published as Rafael von Urbino und sein vater Giovanni Santi in 1839. He inaugurated the practice of including a *catalogue raisonne* of all the pictures he considered to be authentic as well as an account of copies. See Haskell, 'A Martyr of Attributionism: Morris Moore and the Louvre *Apollo and Marsyas*', in Past and Present in Art and Taste, 1987, p.158.

(22)In the mid-nineteenth century the art historian/dealer took over from the artist/dealer as an arbitor of taste. Haskell suggests that this marks a crucial moment in the history of art collecting. These new dealers receptive to art history actively involved themselves in research and reevaluation and often recommended relatively unknown Old Master artists. [Isaac Pereires' collection was formed by historian and critic Théophile Thoré; Sir John Charles Robinson, expert on Italian Renaissance drawing and sculpture, formed the Sir Francis Cook collection; Giovanni Morelli, father of scientific connoisseurship formed a collection for Sir Henry Layard; and Bernard Berenson advised Mrs Gardener.] See Haskell, Rediscoveries in Art, p.146, and F. Haskell, 'A Martyr of Attributionism: Morris Moore and the Louvre *Apollo and Marsyas*' in Past and Present in Art and Taste, p.168.

(23)A. Vollard, Recollections of a Picture Dealer, p.209.

(24)Quoted by B. Denvir, The Late Victorians, pp.121-127.

(25)M. Jones, ed., Fake? The Art of Deception, p.15.

(26)Jones, p.14.

(27)Jones, p.14.

(28)On the issue of the refabrication of Minimal and Conceptual art works, see S. Hapgood, 'Remaking Art History', pp.115-122,181.

(29)Hapgood, pp.115-122,181.

(30)Hapgood, pp.115-122,181.

(31)R.C. Anderson, 'Paintings as an Investment', pp.13-26.

(32)Moulin, p.24.

(33)Moulin, p.51.

(34)A. Hindry, ed., Claude Berri meets Leo Castelli, p.86.

(35)Hughes, p.302.

(36)Moulin, p.106.

(37)C. Simpson, Soho, pp.93-95.

- (38) Sotheby's Art Market Bulletin, 5, June 1986.
- (39) R. Gimpel, Diary of an Art Dealer 1918-1939, p.410.
- (40) Hughes, p.321.
- (41) Anderson, pp.13-26.
- (42) G. Reitlinger, The Economics of Taste, vol.1, p.295.
- (43) K. Clark, What is a Masterpiece?, p.44.
- (44) G. Keen, The Sale of Works of Art, pp.212-3.
- (45) C. Tomkins, Post- to Neo-, p.44.
- (46) D. Crane, The Transformation of the Avant-Garde, p.112.
- (47) Haskell, Rediscoveries in Art, p.123.
- (48) Moulin, p.15.
- (49) Samuels, Bernard Berenson: The Making of a Legend, p.32.
- (50) For example, with respect to the primary market, John Rewald in discussing Cézanne highlights four elements necessary for a painter to gain a wide audience:
- (1) Collectors willing to leave the beaten track.
 - (2) Devoted agents or dealers.
 - (3) Enlightened writers and critics.
 - (4) Committed fellow artists.
- See J. Rewald, Cézanne and America, p.34.
- (51) C. Simpson, The Partnership, p.106.
- (52) W.D. Grampp, Pricing the Priceless, p.20.
- (53) J. Alsop, The Rare Art Traditions, p.11.
- (54) Haskell, Rediscoveries in Art, p.22.
- (55) Haskell, Rediscoveries in Art, p.4.
- (56) Becker, p.142.
- (57) Rewald, p.107.
- (58) Moulin, p.67.
- (59) C. Radcliff, 'The Marriage of Art and Money', pp.77-85.
- (60) Moulin, p.78.
- (61) Alsop, p.139.
- (62) P. Fisher, Making and Effacing Art, p.22.

(63)Keen, p.34.

(64)K. Meyer, The Art Museum, p.165.

(65)J. Baudrillard, For a Critique of the Political Economy of the Sign, pp.121-2.

(66)Meyer, pp.163-4.

(67)Simpson, Soho, p.100.

(68)P. Watson, Wisdom and Strength, pp.230-1.

(69)See F. Haskell, 'The British as Collectors', in The Treasure Houses of Britain, ed. by G. Jackson-Stops, p.146.

(70)E. Fowles, Memories of the Duveen Brothers, p.112.

(71)Becker, p.142.

(72)Alsop, p.103.

(73)Hindry, p.124.

(74)Joseph Alsop observes that every new collecting category develops through three stages:

(1)A small group of pioneers collecting items in the new category and paying minimal prices for the 'unwanted'; (2)élite enthusiasm takes over, limited competition is generated and prices are propelled to levels that surprise onlookers; (3)interest in the new category spreads to large numbers of would-be collectors. The items cease to be a mark of élite taste and intense competition leads to the introduction of the super-price. See Alsop, p.309.

(75)C. Tomkins, Merchants and Masterpieces, p.180.

(76)Keen, p.35.

(77)If proof was ever required that the provenance of an art work is an integral part of its make-up and worth, the recent 'biography' of Paolo Veronese's painting Allegory of Wisdom and Strength, would amply provide it. The 'biography' "*shows the general reader why the provenance, the life of a work of art is very important to the pleasure of many collectors, and connoisseurs.*" The book describes the "*single life [of the art work], a life that has seen many adventures, many sharp changes of fortune. It has seen war, revolution, abdication, execution, madness, sexual scandal, religious conversion, and attempted assassination. It has had a distinguished and fantastical life, unique not least for the fact that its history already stretches over four hundred years and continues to this day.*" See Watson, pp.xi,xii.

(78)For a concise discussion on aspects of the origins of the 'art book', see F. Haskell, The Painful Birth of the Art Book.

(79)S. Gablik, Has Modernism Failed?, pp.85-6.

(80)Radcliff, pp.77-85.

(81)Hindry, p.92.

(82)M. Thompson, Rubbish Theory, p.105.

(83)C. Simpson, The Partnership, p.239.

(84)Scientific restoration makes use of scientific and technical processes to date and establish the originality of the materials and methods of the art work, with the intent of preserving the original and authentic aspects of the art work, and delineating what is uncertain.

(85)Keen, pp.39-40.

(86)Becker, p.359.

(87)Hughes, p.330.

(88)Hindry, p.115.

(89)L. Lippard, Six Years: The dematerialization of the art object from 1966 to 1972..., pp.100-101.

(90)Keen, pp.96-7.

(91)C.R. Simpson, Soho, p.91.

(92)Tomkins, Post- to Neo-, p.114.

(93)Alsop, p.422.

(94)Sotheby's Art Market Bulletin, 9, April 1987.

(95)C. Pissarro, Letters to his son Lucien, p.117.

(96)Moulin, p.84.

(97)M. Zuckerman, M. 'Marketing Art Equity Loans: A Market Opportunity for Commercial Bankers', pp.73-76.

(98)See the later footnotes in this chapter for details of each of the studies.

(99)Grampp, p.6.

(100)Grampp, p.39.

(101)Anderson, pp.13-26.

(102)The average annual rental charge is about 11 percent of appraised value, when ancillary charges are excluded. The clients of art-rental firms are generally corporations which for tax reasons save by renting rather than buying paintings. Since individuals seldom rent paintings under these circumstances, 11 percent may thus be taken as, what he terms 'an upper bound' on the returns from viewing services. See J.P.

Stein, 'The Monetary Appreciation of Paintings', p.1029.

(103) R.H. Rush, Art as an Investment.

(104) The 'Times-Sotheby Index,' developed by Geraldine Keen, was the first large scale statistical study of art price movements. It covered the post-war years from 1951 until 1967, and after being discontinued for a short period was restarted and is still updated monthly by Sotheby's. *"The aim was to deduce the extent to which prices had changed, on average, in the various different fields of the art market."* The Index covers twelve different fields including, in addition to pictures, books and other works of art. As with most studies of this nature it also has its disclaimer. Because of the subjective judgements built into the method of the Index, *"the Index cannot pretend to any degree of accuracy. It measures orders of magnitude rather than small variations."* The Index was compiled by selecting a number of artists representative of a movement as a whole, and whose paintings appeared regularly enough in the sale room to provide a basis for computation. The complete oeuvre of an artist was divided into groups of paintings of equal 'intrinsic' value determined by these characteristics. This division of the artist's work was on the basis of the judgement of an expert. *"It was assumed that a comparison of the prices paid in different years for two pictures from the same group would provide a measure of the rise in price of the artist's work between two dates of sale."* The Index formulation for the prices of an artist's work was as follows:

$$I_t = \frac{\sum_i P_{it} r_i q_{it}}{\sum_i P_{n0} q_{it}} \times 100$$

where I_t = index number in year t

P_{it} = average price of picture in group i in year t

q_{it} = number of pictures in group i in year t

r_i = ratio (1967 price of group n)/(1967 price in group i)

P_{n0} = average price of group n in 1950-52

(Unweighted mean for 1950, 1951, and 1952 of the average 'equivalent group n price' of all the pictures sold in each year)

Using this formula, an annual index of the value of the artist's work between the base year 1950-2 and 1967. Using the same method, price indices for each movement and period were computed.

The price multiplications the categories of fine art between 1951 and 1969 were: Old Master Prints - 37; Modern Pictures - 29; Old Master drawings - 22; Impressionists - 18; English pictures - 10; Old Masters - 7. See Keen; and Sotheby's Art Market Bulletin.

(105) Stein developed "price indices by assuming that... paintings at auction are randomly and independently sampled from an underlying fixed stock of auctionable paintings. Then the auction prices of individual paintings constitute observations from the underlying distribution of painting values, and price indices for the total stock can be based on observations of prices of different paintings each year." He constructed annual price indices for the United States and Britain for the years 1946-68. The fixed stock of paintings chosen for study included all paintings by artists who died before 1946. See Stein, pp.1021-1035.

(106) Cunneen and Barnes' study covered the period 1951-1974. Indices were developed for the market as a whole; Old Masters; English 18th and 19th century; Impressionists; and Moderns; by updating the Times-Sotheby/Keen Indices. The overall Art Index exhibited a long-run annual increase (or trend) of 18.5 per cent over the 1951-74 period. For each major school, the returns were: Old Masters +16.6% p.a; English School +21.5% p.a; Impressionists +16.1% p.a; Moderns +20.6% p.a. See Cunneen and Barnes, pp.24-33.

(107) The Economist Intelligence Unit study compared the returns on investments in (both fine and decorative) art within the period 1960-1979 with the earnings from ordinary industrial shares over the same time. The method of evaluation was based on the selection of sample objects from 14 art categories which had been sold more than once at auction during the period. The sample was very small (182), and although *"the method is probably sound, in the absence of any alternative... the results cannot be more than indications of what is happening overall.... The conclusions that can be drawn from this sample must be somewhat tentative in view of the relatively small number of objects that return to the auction houses over a 20 year period...."* But it can be said that 68 per cent of these transactions in art objects brought a better return than could have been earned from industrial shares; 3 per cent broke even, which is defined as showing an improvement on share earnings of 10 per cent or less; while in 29 per cent of the cases the works of art were not as financially rewarding as shares on the average might have proved. See J. Butler, Art as Investment, pp.9,1.

(108) Anderson conducted a great deal of research but with unclear and confusing objectives and results, and possibly also a limited understanding of the art market. He considers 1730 pairs of observations spanning the period 1780(?) to 1970 using data from Reitlinger and other sources. He first attempted to establish which characteristics of paintings (including the year sold; price; size; year painted; age of painter when painted; whether the artist was alive when it was sold; place of sale; and artistic repute) can be identified that contribute to price, using regression analysis, but does not come up with any startling discoveries. The study also estimates that the average nominal rate of return is 3.3% per year which is roughly half as high as the return on financial assets. Anderson concludes: *"The long term rate of return on paintings appears to be about half of what has been measured for common stocks, though recently paintings have apparently offered returns commensurate with common stocks. Although the differences in return between common stocks and paintings may be related to differences in risk and liquidity, they may also be explained by the substantial consumption value of art."* See Anderson, pp.13-26.

(109) Baumol calculated, the compounded rates of return for the period between adjacent transactions, after deflation for 640 art works that were traded twice between 1652 and 1961 [using Reitlinger's price research], *"They show that, on the average, the purchase and subsequent resale of paintings (making no allowance for sales commissions, maintenance costs, etc) brought an annual compounded rate of return of 0.55 percent in real terms. The median was somewhat higher: 0.85 percent. These returns are obviously far from princely. In comparison with government securities they imposed an opportunity loss upon the holder of the painter of close to two percentage points per year [the*

real rate of return of government securities amounts to 2.5 percent. That is, the rate of return on a median painting was about one-third as high as that on a government security, and the average return was only about one-sixth of the latter." See, W.J. Baumol, 'Unnatural Value: or Art Investment as Floating Crap Game', p.12-3.

(110)Frey and Pommerehne base their calculations on the different prices realized for the same art work over time. The minimum holding period they considered was 20 years and using Reitlinger's data and their own extension up to 1987 with auction data from France, Germany and the Netherlands, they derived a sample of 1200. They adjusted prices for inflation and transaction costs and concluded that *"the real rate of return for investment in paintings amounts to 1.5 percent per year for the period 1635 to 1987. As a comparison, an investor holding the best securities such as government securities, would have enjoyed a long-term real rate of return of a little more than 3 percent per year. Thus an investor in paintings (as opposed to financial assets) would have incurred a real opportunity cost of somewhere less than 2 percent a year."* Then considering that 'financially-motivated investment' in art began on a large scale only after World War II, they calculated the rate of return for both before and after 1950. *"The real rate of return for the period 1635 to 1949 amounts to 1.4 percent. This rate of return is clearly lower than the corresponding real rate of return on government securities, which would have been about 3.3 percent per year. A representative investor would have thus suffered a real opportunity cost of nearly 2 percentage points by not investing in public securities in the period before 1950. From the period 1950 to 1987 the real rate of return on paintings was 1.6 percent per year. An investor in real assets in this period would have reaped a real return of almost 2.5 percent per year. In this more recent period the representative investor in art would thus have incurred a real opportunity cost of little more than half a percent a year."* They ascribe the decrease in the opportunity costs of holding investments in art as opposed to financial securities not to an increase in the real return of paintings, but rather an increase in the inflation rate and a fall in the real rate of interest on long-term credits. They also note that *"if in the future inflation returned to pre-1950 levels, investors in paintings (as opposed to financial instruments) would presumably incur even higher opportunity costs than they do today."* See, B.S. Frey and W.W. Pommerehne, 'Is Art Such a Good Investment?', pp.79-86.

(111)Moulin, p.97.

(112)Fisher, p.28.

(113)Grampp, p.153.

(114)Stein, p.1035.

(115)Stein tried to *"avoid having to explain fashion swings by considering as broad a class as possible of paintings by artists whose reputations have generally matured and thus stabilized."*Stein, p.1026, footnote 4.

(116)Sotheby's Art Market Bulletin, 12, October 1987.

(117)Sotheby's Art Market Bulletin, 12, October 1987.

(118)Moulin, p.1.

(119)P. Guggenheim, Out of this Century: Confessions of an Art Addict, pp.362-3.

(120)Quoted by C. Simpson, The Partnership, p.99.

(121)S.N. Behrman, Duveen, p.72.

(122)For instance in the case of contemporary art, Grampp undertook a regression analysis of information collated by Willi Bongard of Cologne who attempted to allocate points to living artists according to the recognition afforded to them by the art world in relation to the price of a representative work. The outcome of the regression was that for a 10% increase in the number of 'recognition' points, the price of a representative work increased by 8 % [The coefficient of aesthetic value was .59 with $t=4.2$, and R^2]. Grampp offers this as evidence that aesthetic value and economic value are positively correlated, but the subjectivity in the criteria of Bongard's point allocation and the issue of what is a representative work, aside from the underlying question of whether the art world is entirely efficient in recognising contemporary artists of aesthetic importance, brings the whole effort into question. For more details see Grampp, pp.32-35.

(123)Keen, p.73.

(124)Hughes, p.398.

(125)Sotheby's Art Market Bulletin, 11, August 1987.

(126)Sotheby's Art Market Bulletin, 5, June, 1986.

(127)Sotheby's Art Market Bulletin, 2, November 1985.

(128)Sotheby's Art Market Bulletin, 9, April 1987.

(129)The first recorded attempt of imposing export restrictions to protect a Western national heritage was the edict of the Grand Duke Ferdinando I de' Medici, issued in 1601, which forbade the export from Florence of eighteen listed masters. See, Alsop, J. The Rare Art Traditions. New York, 1982, p.112.

(130)For an example of the impact of these taxes on the Parisian art market in the 1920s, see, Reitlinger, G. The Economics of Taste. Vol.II, London, 1963, pp.249-250.

(131)J.S. Rubin, 'Art and Taxes,' Horizon, 8, Winter 1966, p.12; quoted by Meyer, p.35.

(132)Sotheby's Art Market Bulletin, 8, January 1987.

(133)Sotheby's Art Market Bulletin, 4, April 1986.

(134)Quoted by Denvir, pp.121-127.

(135)Sotheby's Art Market Bulletin, 12, October 1987.

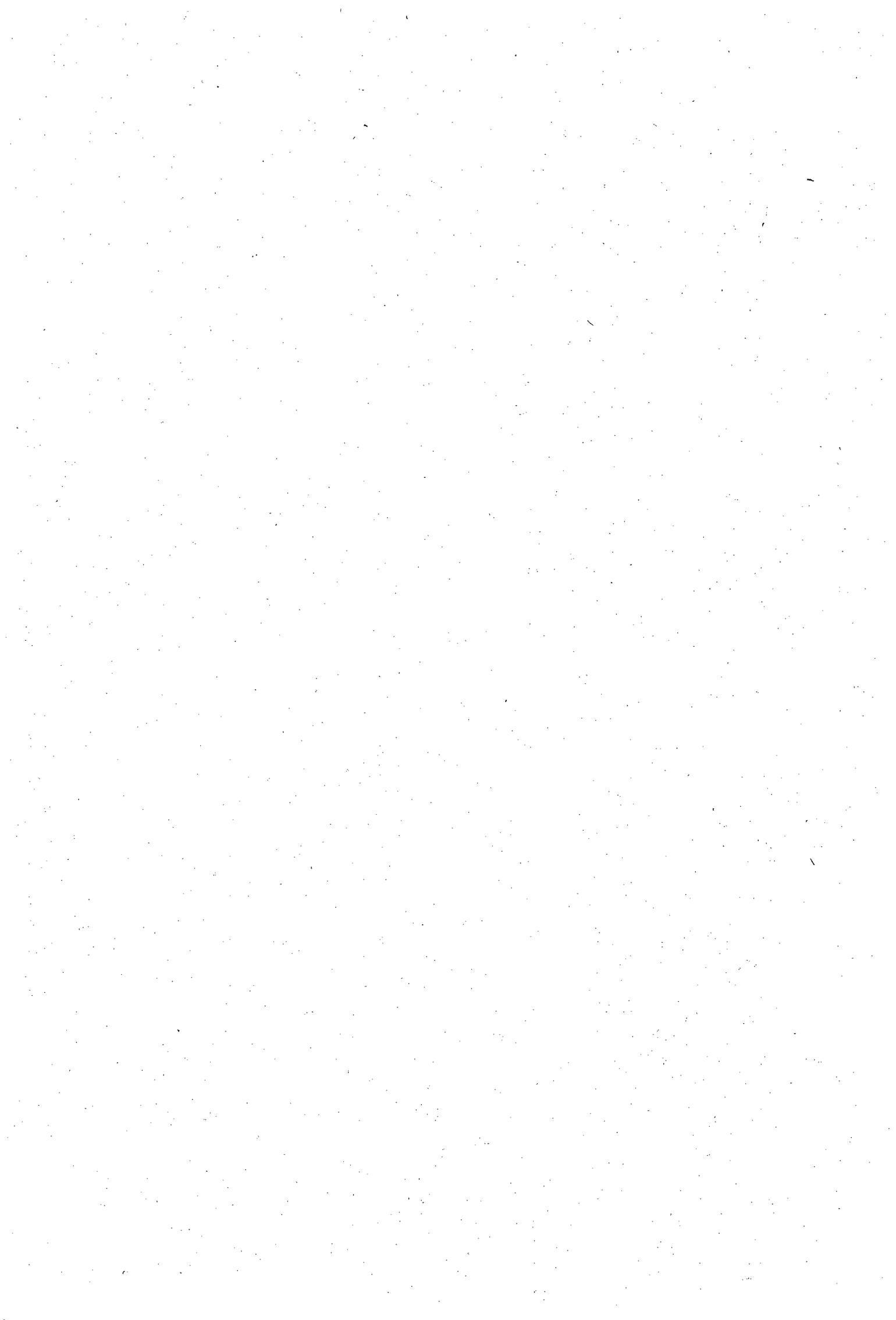
(136)O. Williamson, The Economic Institutions of Capitalism.

(137)Sotheby's Art Market Bulletin, 11, August 1987.

(138)Sotheby's Art Market Bulletin, 5, June 1986.

(139)"*Art prices tend to respond to changes in economic conditions with a lag of something like a year or so. In the early phase of a U.K. recession and/or drop in the FT 30 Index, art prices continue to rise. But within a year of either event, the art price rise has dropped below the long-run trend.*" See Cunneen and Barnes, p.31.

(140)Sotheby's Art Market Bulletin, 8, January 1987.



CHAPTER SEVEN

THE COMPONENTS OF VALUE IN RELATION TO SUPPLY, DEMAND AND INTERMEDIARIES IN THE ART MARKET OF RECENT YEARS

Introduction

The period of early humanism in which 'easel-painting' emerged in the West was a period of transition from feudalism to capitalism.... Two concepts within, and essential to, that new form of Western society - exchange and individuality - were embodied in the form of the easel painting. First, the new easel painting had the advantage over previous mural painting of being mobile, for the first time it became possible for painting to become not only an object of use...but painting now also became an object of exchange, a commodity amongst commodities in a market economy. Secondly, the value of the painting in this market became increasingly linked to the notion of individuality: the individuality of the consumer.... Even more, however...to the individuality of the producer, to the idea of authorship.... In the Renaissance, when painting first became a market commodity, the factor of difference necessary to establishing the relative value of such commodities became based on the skill of the painter.

Victor Burgin¹

Once the painting leaves the artist's studio it becomes a commodity, and the artist is exposed to the forces of the marketplace and the influence of those who control it.

Raymonde Moulin²

This chapter considers the supply and demand and the functioning of intermediaries in the art market of recent years in the context of the Components of Value of art works. The discussion is partly an extension of the principles of microeconomics and intermediation. The three main economic activities that microeconomics concerns itself with will be considered in relation to the art market, with emphasis being placed on consumption and the linkage through intermediaries of the producer or supplier and the consumer.

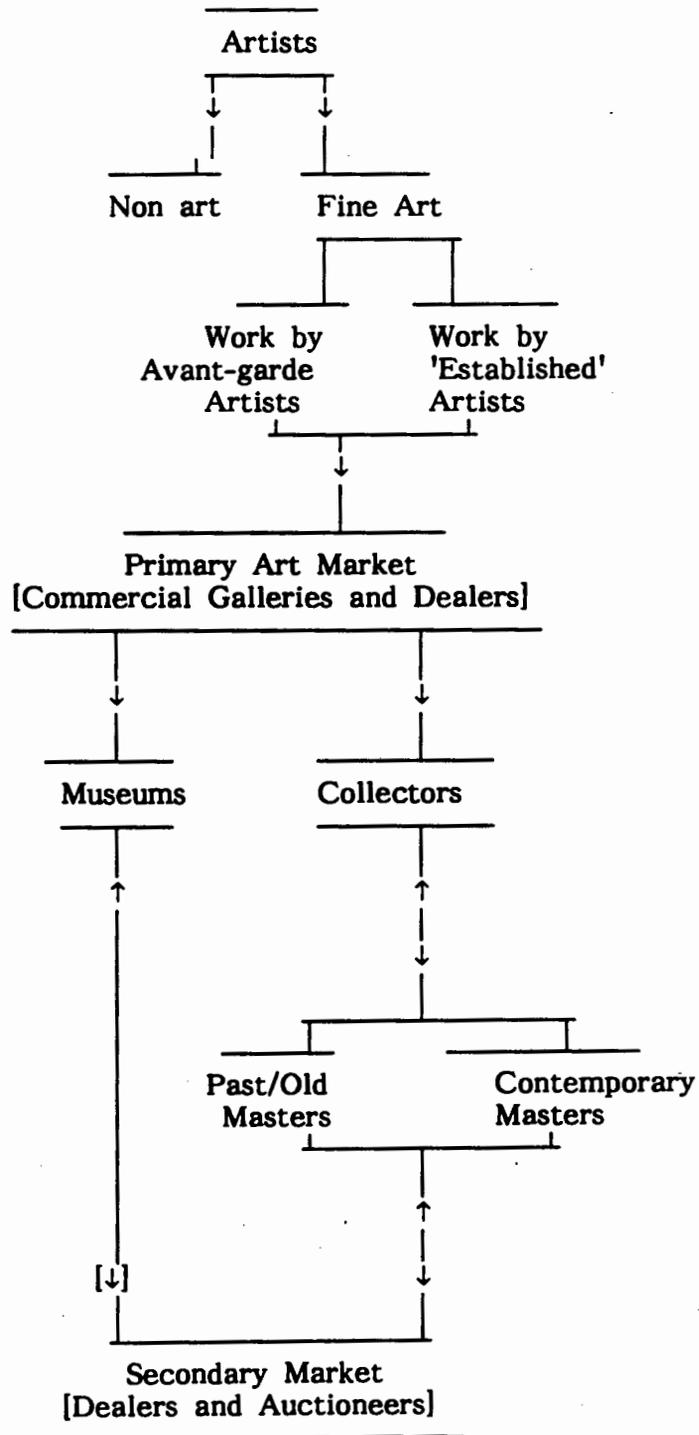
The chapter will begin with a discussion on the suppliers and 'producers' and 'firms'³ in the primary and secondary art market: the artists and art market intermediaries. Table 7.1 tabulates the supply and flow of art works in the art market and the intermediaries that link the supply with the demand. Thereafter the primary supply of art works will be examined firstly in relation to the costs of production for the artist, and secondly in relation to present day intermediaries: art dealers and commercial galleries. Following this, the issues of 'supply' and 'availability' in the secondary market will be raised and related to the intermediaries in that market: dealers and auctioneers. In conclusion, the demand side will be considered prior to discussing the linking of supply and demand by intermediaries and the formation of a value and price of exchange.

...who is the true producer of the value of the work - the painter or the dealer...? The ideology of creation which makes the author the first and last source of the value of his work conceals the fact that the cultural businessman (art dealer...) is at one and the same time the person who exploits the labour of the 'creator' by trading in the 'sacred' and the person who, by putting it on the market...consecrates a product which he has 'discovered' that would otherwise remain a mere natural resource. The art trader is not just the agent who gives the work a commercial value by bringing it into the market.

Pierre Bourdieu⁴

Table 7.1

**PARTICIPANTS AND INTERMEDIARIES, AND THE FLOW OF ART WORKS
IN THE ART MARKET**



THE SUPPLY OF ART WORKS IN THE CONTEXT OF THE ART MARKET

In orthodox economic theory, the entities known as 'firms' and 'producers' will respond to the demands of consumers by producing and supplying what is required. (In the case of the primary art market, the converse is usually believed to be true: the consumer's demand is said to respond to what the artist produces. Artists generally argue that their production is not dictated by the market. In other words the artist or producer has 'sovereignty' in contrast to other markets where the consumer has sovereignty.)

THE PRIMARY ART MARKET

Introduction

Artists, having made a work, need to distribute it, find a mechanism which will give people with the taste to appreciate it access to it and simultaneously will repay the investment of time, money, and materials in the work so that more time, materials, and cooperative activity will be available with which to make more works.

Howard Becker⁵

The primary market through history has been characterised by a range of intermediaries and support systems: guilds in the Renaissance, dealers and guilds in the Low Countries in the seventeenth century, the Academy in France from the mid-seventeenth century, and in England a century later. In both these cases dealers replaced the role of the Academy from around the mid-nineteenth century. This trend has continued in the American and International markets where dealers dominate the supply of the work of contemporary artists in the primary market.

In the short run a painter's success or failure depends not only on the intrinsic quality of his work but also on the system by which artistic products are evaluated and traded.

Raymonde Moulin⁶

...it is generally the gallery that makes the initial contacts with new artists. It is through the efforts of the gallery's staff that these new artists eventually reach a larger audience. In making a decision to give a new artist his or her first exhibition, gallery owners and staff must do so largely in the absence of other judgments. Critics rarely write about artists until their work has been exhibited. Museums are unlikely to exhibit their work unless it has already been shown in a gallery. Moreover, in the case of new talent, galleries are in the difficult situation of attempting to sell a product that is too new to have a firmly established price.

In other words, the business of selling art is a most unusual one.

Diana Crane⁷

Dealers describe their function in the market as recognizing, ahead of other art-world institutions...the exceptional work of art. They distinguish it from the more numerous pieces of inferior and repetitive work and display it prominently. The dealer sees himself as the art world's gatekeeper, or as an explorer picking through uncharted territory in advance of the critic or curator.

Charles Simpson⁸

Today the commercial gallery system is the dominant primary market intermediary. This system integrates the artist into the economy and the art world, as other support systems and intermediaries have through history. However, commercial galleries tend to use a different criterion of selection compared with preceding intermediaries: that of innovation and originality as opposed to the criteria of technical accomplishment, academic canons, and the degree to which the artist is able to promote a cause or individual. In the shorter term, the manner of distribution, as well as the time, place and intermediaries involved, have a crucial influence on the artist's reputation, which often does not correlate with the reputation afforded his or her work in the longer term.

Before examining the intermediation of the commercial galleries and dealers in the primary market, the supply by the producer, the artist, of art works to the primary market and the production costs the artist faces will be considered.

Supply in Relation to Costs of Production

*Painters are suppliers of a special kind. There is no automatic delivery schedule.*⁹

Raymonde Moulin

With respect to the primary market, the painter controls the production and supply of art works to intermediaries who in turn manage the supply to consumers.¹⁰ Because the supply of art from the artist is relatively inelastic, a change in price will probably not affect his or her output. However in the longer term, the supply of 'artists' is relatively elastic: if there is a substantial demand for the art works of contemporary artists, this will translate into prices which make a career as an artist an attractive option. In these circumstances, 'marginal' artists for whom the 'non-financial' returns were not great enough to outweigh the lack of financial returns, will begin to produce art.

The production of art goods is like any other 'industry,' transforming labour, capital, land, and material inputs into one or more types of output. If not painting, which uses chiefly labour, then architecture, and, to a lesser extent, sculpture draw on all these factors of production; but it is the labour input that is the prime determinant of costs in the arts.... If the supply of art works depends more or less exclusively on labour costs - in particular if they or their close substitutes can be reproduced at will by the artist, his pupils or his imitators - then their market price will be set, irrespective of demand conditions by these supply costs....

J.M. Montias¹¹

An artist-painter [in seventeenth-century Delft]...had only very small capital needs. His atelier occupied a room in the house he owned...or rented. An easel, some panels and canvasses, colors, and a rubbing stone or two made up the bulk of the artist's equipment and stock in trade. He carried the bulk of his capital in his head, in the form of training costs that his family had incurred. To be sure, his output was not easily marketed, and he had to accumulate some working capital in the form of pictures ready to be sold in his own house or consigned at a dealer's, but these immobilized products of his own labor did not have to be

financed with cash outlays in the same manner as purchased inputs.

Most sculptors had larger capital requirements than artist-painters, though not so large as most printers, tapestry-makers, and faïenciers.

J.M. Montias¹²

In the twentieth century the price at which supply and demand meet to facilitate the exchange of a fine art work is less related to production costs in the form of labour and the costs of materials (in terms of the Components of Value, the 'Intrinsic Value') than was the case in earlier centuries. In contrast to artisans, the artist - especially a painter - requires only a small capital outlay to facilitate production as, with few exceptions the major input is labour. Even so, distinguishing between what are fixed costs and variable costs in production is problematic. The costs incurred in living and those costs of living related to the production of art would need to be separated. The studio and equipment involved in the production, i.e. the easel, foundry etc. could be considered either as fixed costs or sunk costs.¹³ Other costs that may be substantial but difficult to classify either as fixed or variable, are the costs incurred in exhibiting, effecting sales, and establishing and maintaining a reputation. What can be classified more easily as variable costs are the materials in the form of canvas and paints, clay and bronze, brushes, stretchers, frames etc.

The capital required to begin the production of art works would be more in the form of working capital to sustain the artist until the work is salable, than in terms of an outlay of set-up and material costs. The bulk of the 'capital' is in the form of the artist's ideas and investment in education which later finds tangible expression in the production of works. An equitable return on the 'capital' of the artist would be in the form of the price his work realises, assuming that the market is both efficient and a fair judge of quality. It would therefore seem that a positive correlation between the intrinsic costs of production and price is only realised once the art work is regarded as the unique products of a highly acclaimed artist.

It must also be noted that the costs of materials and production may inhibit an artist from realising his intention if an aspect of that aim is the extensive use of costly materials or production processes. But in the context of the traditional image of an established artist in a studio painting with oils on canvas, the materials costs are to a large degree unrelated to the price of exchange.

If the artist is not established or the market is very competitive in the type of work he produces, the price the art market is prepared to pay for his work may be such that the artist will be sensitive to costs, even if these costs do not appear to be substantial to the established artist. If this is the case, the only manner in which he can increase his income is by minimising costs. In past centuries when the sale price and costs of production were more closely correlated than is now generally the case, such cost minimising measures were easier to observe. These measures included specialisation and the division of labour, and material substitution. As Montias notes, any further reduction in the per-unit costs would have to be achieved by increasing productivity. In other words, if the number of paintings a artist completed in a certain time period rose, this would have the same effect as other cost minimising techniques, for the artist would in effect be reducing the labour input per art work.¹⁴

In those days, many small portraits and subjects of devotion were wholesaled to the merchants in the provinces, who bought them by the dozen or even the gross. The painter for whom he [Watteau] had just begun to work was the one most in demand for this kind of painting, in which he maintained a considerable turnover. He had at times as many as a dozen miserable pupils whom he used like manual laborers. The only talent that he required of his apprentices was one for quick execution. Each one had his job: some did skies; other did heads; this one painted draperies; that one dabbed in the highlights. Finally the picture found itself finished after it passed through the hands of the last one.

The French eighteenth century dealer, E.F. Gersaint¹⁵

These means of minimising costs may no longer be as evident in the production of the art of the twentieth century, but the principles of specialisation are among the reasons for the rise of the dealer-gallery system in the late nineteenth century.

While our dealers are busy attracting customers, we will be able to do our painting far away...where we find subjects that inspire and please us.

Monet to Renoir¹⁶

There are still some cost-minimising divisions of labour the artist can make use of in the form of pre-prepared canvasses and pre-prepared paints. More obvious divisions of labour and specialisation are to be found in the production of multiples - sculptures, prints, etc., and in the delegation of the manufacturing of an art work to another party, especially in the case of a sculptor providing a scale model and specifications and thereafter supervising production.

INTERMEDIARIES

Cost Structure of a Commercial Gallery

Commercial galleries are intermediaries that are dependent on the sale of art work. The artists they represent must therefore be successful in order for the operation to continue. Hence, commercial galleries require consumers and the art world at large to join them in the promotion of their selection of artists and art works. The fact that a commercial gallery is a business concern and obviously must derive some financial remuneration for the intermediation service rendered is often problematic for artists. But financial remuneration is essential unless the dealer has private resources. Both the cost structure of a gallery and pricing of art works offered for sale in a gallery are complex. A large component of an art gallery's costs are fixed costs: an exhibition will cost the same to mount whether or not there are

sales. Variable costs for a commercial gallery and their exhibitions are slight in comparison with the overheads unless the cost of the remuneration to the artist for works sold is regarded as a variable cost. Because the cost structure of a commercial gallery is relatively fixed irrespective of sales, the appeal of removing some uncertainty on the side of pricing is strong: hence the desire of dealers to control the price of the artist's work across the market in a monopolistic fashion.

The reputation of commercial galleries is dependent on the reputation of the artists they exhibit. There is an obvious difference between intermediaries who deal in the work of avant-garde artists who as yet have not enjoyed market success, and those who deal in contemporary artists with established reputations for whose work there exists a demand and for which there may also exist a secondary market. But it is common for most established commercial galleries with a stable of important contemporary artists to have begun as avant-garde galleries representing artists as yet not recognised by the art world. What is largely responsible for this 'evolutionary' structure of the commercial galleries in the primary art market is the practice of using monopoly contracts to ensure the gallery's sole access to an artist's work for a number of years. On the basis of the security of the monopoly contract the gallery is usually more willing to make a 'long-term investment' in the promotion of for the artist's work. It aims to reap the returns for this investment when its artists' reputations are established and there exists a demand for the work, thus enabling the monopolist to raise prices. Although artists are often accused by dealers of 'gallery-hopping', the commercial success of many important artists can be ascribed, at least in part, to the fact that one or two dealers represented them throughout their careers. Thus unless a commercial gallery has immense financial resources to 'acquire' an instant stable of established artists, it will need to begin by exhibiting and securing relatively 'unknown' artists.

Dealers in the Avant-Garde

The entrepreneurial type of art dealer is an innovator, a dynamic market agent. He does not sell established art works for which a demand exists but aims to discover and promote new kinds of painting. Some entrepreneurs are forced by circumstance to innovate. Others like to speculate. Still others are drawn to novelty. In any case the entrepreneurial dealer plays a creative role.

Raymonde Moulin¹⁷

A good dealer must be an enlightened amateur, ready - if need be - to sacrifice his own interest to his artistic convictions, as well as someone capable of fighting against speculators rather than involving himself in their schemes.

Paul Durand-Ruel¹⁸

I adored Cézanne and I even liked Gauguin more than I do today, but I had no idea that I would ever know them, and I didn't even have the desire to know them. When I decided to become an art dealer, it would never have occurred to me to buy Cézannes, it seemed to me that the period for that was over, for me at least, and that my role was to fight for the painters of my own age.

Daniel-Henry Kahnweiler¹⁹

...I advance money to my artists whether their work sells or not. In the early days, that was an important investment. The other expenses were relatively modest then, but have increased by leaps and bounds with the constant expansion of my gallery's activities. I think no reasonable businessman would run his enterprise the way I do. But it was meant to be, and still is, a great adventure - the main purpose of which has always been to serve the cause of art and of the artists.

Leo Castelli²⁰

An intermediary in avant-garde art is attracted by the financial returns and probably also the place in history he or she may achieve by selecting successful artists. History tends to record only the few dealers that have been successful, but there are countless others whose selections literally did not 'make the grade.' Even so, the fact that only one or two dealers in each 'art movement' and geographical area may succeed in each decade does not seem to daunt the many aspirant dealers, just as way the possibility of only

relatively few artists in every generation 'succeeding,' does not seem to daunt thousands of artists from seeking success.

There is a strange mix of aesthetic conviction and financial speculation that comprise the motives for a dealer offering an unknown product with an unknown value for sale. The pioneer, of course, was Paul Durand-Ruel, the Impressionist dealer who was followed by Ambroise Vollard, the Post-Impressionist dealer; Daniel-Henry Kahnweiler, the Cubist dealer; Betty Parsons and Sidney Janis, the Abstract Expressionist dealers; Leo Castelli, the Pop and Conceptual art dealer; and Mary Boone the Post Modernist and Neo-Expressionist dealer. A commercial gallery and dealer is obviously only as good as what its artists are, hence the fundamental requirement for the success of the operation is the dealer's selection of artists for his/her gallery.

You have to have a good eye but also a good ear. Sometimes that's said scathingly, but there is no other way if you do want to make a good choice. You hear things, feel vibrations, gauge reactions. In the beginning you're unconscious of what you're doing - you just pick artists. Then you come to the point where you pick trends.... You spot movements emerging and you try to pick the best practitioners.

Leo Castelli²¹

The entrepreneurial dealer cannot be averse to taking risks. Moulin perceives three main sources of risk. Firstly, the time the public take to accept new art may be longer than the dealer can afford to wait; secondly, contemporary art is a 'speculative luxury' and thus particularly prone to unpredictable economic conditions; and finally, the major source of risk lies in the dealer's aesthetic commitment.

In the end he [the dealer] will be judged on the quality of his choices. Which painters did he champion and which did he reject? In the short term publicity may be able to create a passing fad and commercial success. A dealer who turns his paintings over quickly may, by shrewd calculation, compensate for dubious aesthetic choices. In the long term, however, the aesthetic value of the work is the only thing that counts. Even when the dealer

does not risk his fortune, he always risks his reputation.
Raymonde Moulin²²

The selection of the 'good' artists is not the only a guarantee of success for a commercial gallery. The dealer needs to create an interest which will hopefully translate into a demand for the work of the artists that he or she exhibits. This process of subtle, and on occasion, blatant, promotion requires that as many influential members of the art world as possible support his or her choice. The entrepreneurial dealer is therefore not only the intermediary with consumers, but with the art world at large - the critics and press, museums, exhibitions committees, and the rest of the art market. The sooner the art world acknowledges the aesthetic quality of the dealer's selection, the sooner he and the artists concerned will enjoy financial success. Durand-Ruel resorted to every available means in attempting to convince the art world of his choice, whereas both Kahnweiler and Vollard relied on a more subtle and slower process of recognition by waiting for interest from critics and collectors to materialise. In Kahnweiler's words, which makes the whole process of success appear laughably straightforward:

*I don't have any secrets. I know only of one way to sell paintings, which is to get hold of some and wait for people to come and buy them. No mystery about it.... It's all so simple. There's no secret you see.*²³

In the post-World War II years, the whole approach has become increasingly vigorous, as the number of artists and dealers and members of the art world have increased, each convinced of the importance of their respective selections.

Dealers in contemporary art have, since the Impressionists, become 'taste-makers' by virtue of the fact that the art world relies on them to make the preliminary selections. If a dealer's selections prove to be successful in the eyes of the wider art world, his or her judgement comes to be trusted and it may reach the stage where what he or she offers is accepted without the usual struggle that is required to ensure the success of an artist.

...the eighteenth century is...a period of transition from the situation in which many antiquarians passively 'serviced' the taste of their (mainly aristocratic) patrons towards that contemporary situation in which 'dealers' extensively create the taste of their (mainly nouveaux riches, and corporate) clients.

Victor Burgin²⁴

"Give Leo Castelli two beer cans and he could sell them," de Kooning said one night at the Cedar Tavern. Jasper Johns, hearing the remark, made a bronze sculpture of two realistic-looking cans of Ballantine Ale, and Castelli sold it for nine hundred and sixty dollars to [Robert] Scull (who sold it at auction in 1973 for ninety thousand dollars).

Calvin Tomkins²⁵

The relationship between the dealer and artist evolves as their careers advance. To begin with the artist is wholly dependent on the dealer to exhibit and expose his work to the art world. If and when the artist has secured a reputation, the dependence is reversed and the dealer is reliant on the artist to continue offering him his work to sell, as the artist is now most probably able to select which dealer he wishes to sell through. If both artist and dealer advance together, loyalty is possible, otherwise an imbalance of power is bound to emerge. In Moulin's words:

All things considered the painter-dealer relationship is a struggle for power; when the painter is little known and not highly rated, the dealer is omnipotent, but an established painter is in a position to dictate terms to his dealer.²⁶

The dealer, as gatekeeper to the art world, assumes the initial costs and risks of bringing unknown artists to the attention of those who review art and those who purchase it for public and private collections. The artist has no choice but to trust the dealer in this subtle promotional process. Once the artist becomes known he can take a more active role in self-promotion by gallery jumping. The best known artists, in whom collectors and critics have a substantial investment, can use this broadened base of support to increase their share of the profits from their career success and to drive harder bargains with both dealers and buyers.

Charles Simpson²⁷

The Use of Monopoly Contracts to Manage Supply

As a result of the uncertainty of the consumer's demand for the work of an unknown artist, the commercial gallery usually wishes to control the one determinant of price he or she is able to control: supply, by way of a monopoly contract with the artist ensuring sole representation. A monopolistic firm faces a downward sloping demand curve, in other words it controls the entire market for the commodity over which it is a monopoly, whereas a competitive firm faces a horizontal demand curve for the reason that each firm has a negligible effect on price and each firm acts as if price is independent of its own output decision. The contract between an artist and the intermediary gives the dealer the right to buy all the artist produces and offer these art works for sale. Thus, once an intermediary is 'supplied' with the art works from the artist, he is in a monopolistic position and able to control the supply of art works to consumers. A monopoly is always more effective where there are no close substitutes available i.e. when there is distinctive product differentiation. The strength of the monopoly may also be affected by the extent to which a secondary market in the works of the artists exists and the control the primary market intermediary has over that market. As Moulin explains, the commercial gallery takes a risk by raising prices as a means of limiting 'supply' to the open market:

As long as demand is increasing, a monopolist can raise prices with apparent impunity. But when demand wanes he cannot lower prices in the hope of broadening the market because non-expert buyers equate price with aesthetic value; lowering prices therefore calls the aesthetic value of an artist's work into question.... The art dealer differs from the industrial producer: he cannot lower prices.

Raymonde Moulin²⁸

Durand-Ruel was the first modern dealer to monopolise the market in the artists he exhibited in order to maximise returns for all concerned by controlling supply and at the same time stimulating demand. Durand-Ruel

went about controlling the supply of an artist's works to the market in its entirety by preempting the future supply against a guarantee of a monthly allowance as well as buying up the artist's older works. Once the dealer is in a monopoly position, his resources can either be directed into stock and he can patiently await recognition of the artist by the art world, or he can direct part of his financial resources into the promotion of the artist to speed up the process of recognition, thereby reaping a return on the outlay sooner. Durand-Ruel directed a great portion of his resources into promotion, as do most twentieth-century dealers, whereas Vollard adopted the approach of directing all his resources into purchasing all the works that were available by selected artists, scorning promotion, and realising his substantial investment instead at a slower pace dictated by the art market. The costs of supporting and launching a new artist in the present day requires extensive resources, and to justify the investment in an artist, the monopoly concept has become standard practice.

The public does not realise that in order to sell pictures at blue-chip prices, very large sums of money must be spent in developing a blue-chip market.

The dealer John Bernard Myers²⁹

My faith - my absolute certitude - that they [Minimal and Conceptual artists] were, all of them, great artists [pushed me to support them in the difficult early years]. With practically no help from collectors or museums, I spent what, at the time, seemed like crazy amounts of money to support them. I have been amply rewarded, however, for my patience. Through those lean years I accumulated a number of works by Judd and Flavin that I have been able to sell in the last four or five years, thus recover my investment.

Leo Castelli³⁰

The monopoly contract exists in various forms. The contract between artist and primary market intermediary may be an exclusive contract limiting the artist to transact with a single dealer who will represent him solely, or simply offering the intermediary first option on new work to purchase or sell on consignment. Once an artist receives some recognition, the balance of

power begins to change and contractual arrangements are likely to become more complex, with different dealers, jointly or singly, representing the artist in different geographical regions, or the different mediums in which the artist works. There are attractions to more than one dealer holding the monopoly on an artist's work: an individual dealer then does not bear all the costs and risks in promoting the artist; and the probability is that the whole process of recognition of the artist by the art world will come sooner as there are more intermediaries who have a vested interest in the success of the artist.

[A dealer network around the world] is something I started developing almost from the start of my career. It seemed essential to me to have as wide as possible a distribution of the works of the young artists I believed in, who were largely unknown at the time....[I sent] first-rate shows to galleries in Los Angeles and other cities in the U.S., and in Europe as well.... I have for many years been sharing my artists with other galleries. Recently there has been a reversal of this process. The time came for my younger colleagues to share their younger painters and sculptors with me.

Leo Castelli³¹

If an artist is in a position to afford holding back his work, he may himself limit supply and benefit from the later price rise that he expects. However, a certain amount of work needs to be released into the art world to further the recognition process and to create a market in that artist's work in order to ensure that what is retained will become of value. In the case of internationally established artists, the number released may be kept at a minimum by the careful placement of works in prominent collections and exhibitions which offer the artist maximum exposure. Furthermore the monopolist may practice price discrimination by 'segmenting' the market and charging various consumers different prices depending on the benefit the artist could expect from having his or her work in prominent museum or private collections.

THE SECONDARY MARKET

Supply in the Secondary Market

The core of the secondary market is in 'works by past masters consecrated by history': *"The passage of time clarifies the historical trends and thereby diminishes both the risk and economic consequences of errors in judgment."*³²

Thus, the intermediaries in the secondary market are particularly concerned with the Components of Value relating to attributions and authenticity, as opposed to those covering the process of establishing the art historical importance of an artist. The intermediaries in the secondary market comprise of dealers, brokers and auction houses of many sizes and specialities. This market has been in operation ever since the first collectors sought to purchase or resell works of art. In the Renaissance, 'dealers' in the secondary market were mostly agents representing collectors, but in the years thereafter dealers have increasingly become independent operators owning what they trade in. This practice may be in the process of being reversed as auctioneers increasingly dominate the secondary market and, like the earliest intermediaries in this market, are for the most part agents.

For all artists' works traded in the secondary market there exists a fixed supply determined by the total output of the artist at the time of his or her death. The primary market in his or her work would terminate once any residual works in his or her estate have been sold. For the reason that works can be deemed to be durable and storable commodities which do not perish and can be repeatedly 'reused', a secondary market in those art works is likely to come into existence. The owner of the art work according to the marginal utility the work offers him or her can decide to sell at a certain time, or not to sell at all. Thus, the supply curve of the art works is a normal upward sloping supply curve which would terminate where it intersects with vertical line denoting the total quantity in existence. This vertical line would shift inwards as the number of art works are destroyed

over time and as the number of art works enter public collections from which the chance of them reentering the market is slight. The demand curve would similarly be a downward sloping demand curve terminating where it also intersects with the vertical line representing the total stock. But in order to obtain the aggregate demand curve consider alternatively the quantity sellers would wish to hold and not sell at a particular price, this together with the quantity demanded by consumers at the price would be the total quantity demanded by both 'buyers' and 'sellers'. Applying this at all prices one would obtain the aggregate demand curve, and where this intersects with the vertical line denoting total stock, would be the equilibrium price.

Dealers in the Secondary Market

The pressures of modern finance are now considerable. Many [art dealing] firms have institutional finance and large amounts of venture capital involved. This requires an entirely new set of disciplines, a hard sense of financial calculation, a nose for currencies, sophisticated tax programmes, an array of accountants and computers, above all, an awareness of the 'bottom line', that essential credo of modern finance. The fixed overheads drain the profits of the company and the pressure to promote and sell becomes just like that of any other commodity dealer. The days are gone when an active, trading art gallery could afford to be either the elegant service organization of the rich, a sort of cultural Harrods, or relaxed places of culture and civilized living. The beloved marchand amateur of former times has been replaced by the tough marchand financier, and on top of this he is also expected to be a connoisseur of paintings, an expert in the science of restoration, a public relations officer, a financial wizard and a tireless, ceaselessly active 'truffle hound' of masterworks.

Colnaghi catalogue, 1984³³

For the most part, dealers in the secondary market, supply works of art to consumers by artists who enjoy some recognition by the art world. Their source of supply is not the creator of the works, but collectors, auctioneers and other dealers. Their selection of stock is from a body of art works that

have, to some degree, been consecrated by the art market, art historians and by time, thereby reducing the significance of risky aesthetic judgements that dealers in avant-garde art have to contend with. Thus the success of their operation is very much dependent on the quality of their information on what is available, the financial resources they have to purchase or negotiate consignment, the reliability of their information as to the demand for the work, and their ability to effect a transaction. In other words, they are largely dependent on their network of 'informers' and advisors. The supply of much sought after stock is obviously limited, and potential consumers with appropriate interest and resources are, for the most, also limited, meaning that most established dealers purchase when stock is available, accumulating a large inventory, and then wait for the most opportune time and consumer to sell the art work to. In effect, these points raised are all 'barriers to entry' and it is for these reasons that the leading international dealers have been trading for generations during which time they have accumulated information and resources, and have established a reputation.³⁴

Auctioneers

Auctioneers have always played a part in the redistribution of art works, but in recent years they have refined the auction method of sale to the point where auction houses are arguably the most visible intermediaries in the secondary art market in terms of publicity. The attractions of selling art works by auction are numerous. An art work can be disposed of and payment received in a relatively rapid manner. The art work would presumably attract bids from the major interested parties who are forced to make up their minds in a short space of time. All transactions are public and all prices are recorded.

Auction prices are for the most part considered to be achieved 'fairly and in the open'. The rest of the market therefore tends to use auction prices as guidelines and justifications for their pricing. However, because in

auctioneering secrecy is paramount, and information regarding the identity of the seller and buyer is not always divulged, the auction process is open to manipulation. It would not be the policy of auctioneers to reject bids, hence dealers and galleries are on occasions able to force prices higher than what would normally be expected and benefit from these higher 'valuations' of their stock or artists. It would be particularly tempting to do this with a contemporary artist's work, where prices at auctions may still be unpredictable. It is common practice for primary market intermediaries to support the work of their artists in the open market (to protect the value of their 'investment'), but there exists only a fine line between support prices and fabricated prices.

Since the Second World War, auction houses have come to the forefront of the secondary art market. Their reputation rests on the quality of their expertise which is manifested in their catalogues. These catalogues are pivotal to their whole operation. Their efforts at making the information in the catalogues more accessible to those outside the trade has gone a long way towards fostering the direct participation of private collectors. As a result of this the market may appear to be more efficient, but this must be offset against the risks arising from the speculation which auctions make all the easier.

DEMAND IN THE CONTEXT OF THE ART MARKET

The consumer is the central figure in microeconomic theory: his or her demands usually determine what is produced and made available, and at what price. The general law of demand is that the quantity demanded is inversely related to price. This can partly be ascribed to the substitution effect, i.e. when the price of a good falls, demand for the good rises because consumers substitute in favour of it. Demand is usually defined as being dependent on three factors: the income of the consumer, the prices of similar commodities, and the tastes and preferences of the consumers. The preferences of consumers would be represented by a utility function (i.e. the varying subjective satisfaction a consumer enjoys from various goods at differing prices). The choices consumers make are those that maximise their utility, obviously subject to a budget constraint. An assumption of this discussion is that the other two determinants of demand, income and prices, are constant. Therefore, graphically perceived, a change in the tastes and preferences (and utility) of the consumer shifts the demand curve inwards or outwards depending on whether the change in preferences goes with or against the present situation.

The process by which the preferences are formed is beyond the concern of economics. Economists assume the prior existence of this set of goals or preferences which will guide the consumer in his or her choices, and concentrates rather on examining the expected patterns of choice as dictated by these tastes and wants of the consumer, and the role of the intermediaries in directing the flow accordingly.

...some of the mental equipment a man orders his visual experience with is variable, and much of this variable equipment is culturally relative, in the sense of being determined by the society which has influenced his experience. Among these variables are categories with which he classifies his visual stimuli, the knowledge he will use to supplement what his immediate vision gives him, and the attitude he will adopt to the kind of object seen.

Michael Baxandall³⁵

...man buys intentionally as the result of a deliberate decision informed by the values of his culture; the totality of his consumption, therefore, has a certain coherence. To the extent that the goods man surrounds himself with help establish, and maintain, his relations with other men, consumption involves him in a sort of ritual activity; and even if certain kinds of consumption seem only to satisfy personal pleasure rather than make a social statement, it is nevertheless less likely that those pleasures themselves are socially conditioned.

Richard Goldthwaite³⁶

Thus we can assume that each consumer - the collector, museum, investor, decorator etc. - will have a particular set of preferences according to his or her personal experiences, associations, requirements and resources,³⁷ which translate into a set of economic and aesthetic priorities for each consumer. In terms of the Components of Value, each consumer will have certain Components to which they are sensitive and from which they derive maximum utility. This set of 'priority' Components of Value will obviously be the kernel of their preferences and tastes. It is this set as perceived by the 'suppliers' and intermediaries that will be emphasised when facilitating sale to the consumer. Prior to choices being made, the consumer will examine all conceivable options of art works and make rank-order judgements between the alternatives which form his preference function. The consumer then makes his or her choices of objects from the feasible set of art works available that match his or her preferences most closely and thus maximise his or her utility. (In other words, in graphic form the optimum for the consumer would be found at the tangency between the consumer's budget line and his or her convex indifferent curve (if such a tangency exists).)

MATCHING OF THE SUPPLY AND DEMAND BY INTERMEDIARIES IN TERMS OF THE COMPONENTS OF VALUE

Aesthetic preference has no economic meaning until it is translated into a concrete offer.

Raymonde Moulin³⁸

From the moment that a person, be they a collector, investor, museum, decorator, etc., wishes to own an art work, the demand translates into a possible market coming into existence. At any given price, some consumers plan to acquire art works, and some sellers plan to surrender art works, possibly assisted by intermediaries. As each unit of analysis is unique in some respect, it also implies that an art work at any one time is able to have only one owner, thus the owner has some monopoly power over the art work he possesses which he would only be willing to relinquish at a certain price. The value of the 'monopoly' decreases the further removed the owner and potential consumer's perceptions of its value are in relation to relatively similar art works that may serve either as substitutes or comparisons. Trade would only occur if the exchange is mutually beneficial for the reason that exchanges increase the utility for all parties involved. Rational persons would only engage in trade if they expect to gain from the reallocation of resources.

As has been noted before, intermediaries all have, to some extent, specific fields in which they trade, thus facilitating an exchange between participants. These fields and divisions would obviously include primary and secondary markets, and also for art works of a specific period, geographical region, medium, content, or clientele. The intermediaries are familiar with the range of works and prices that can be obtained in their field of interest, but in order to realise the benefit of their knowledge, they are also familiar with the demand in the field and the taste and specific interests of potential consumers. The spread between the cost to the intermediary and the price to the consumer are the costs of transacting, which to a large degree may

include the cost of locating a client and the appropriate information. This spread is often portrayed as being large in relation to financial markets: it is the cost of specialist knowledge and information which is greater in the art market.³⁹

The price system in a market is the organising force that is the register of the desires of consumers and generates resource movements and the functioning of intermediaries. The closer the market is to perfect competition, the more precisely values and prices are determined. A perfect market would be one in which neither the consumer or the seller are able to influence price (thus the elasticity facing any consumer is infinite and the elasticity facing any seller is infinite). A market is presumed to be perfect if the following four conditions are met: there is perfect knowledge of all transactions, there are a large number of consumers and sellers acting independently and enjoying freedom of entry and exit, the commodity traded is homogeneous, and the commodity is divisible. It has on numerous occasions been noted that the functioning of art market differs from this. This does not imply that competition does not exist in the art market or that analysis in terms of supply and demand is futile, but rather that the functioning of supply and demand and intermediaries in the context of the art market needs to be carefully described to ensure the validity of the discussion as regards exchange and price formation.

A valid argument could be made for the art market being an example of monopolistic competition, i.e. a market with much product differentiation in which each firm has its own unique variety of the product, thus providing the firms and producers with some limited monopoly power. Art works may each be unique in some way, but substitution is not inconceivable. Hence, even if a commercial gallery has a sales monopoly over the production of an artist, there is usually similar work by other artists, or if the artist has been producing for some length of time, his or her work is bound also to be offered for sale in the secondary market. A case could also be made for

arguing that aspects of the secondary market in particular exhibit oligopolistic traits. This would apply where there is competition between a few 'firms'. How close this would be to perfect competition or a monopoly would depend on the degree to which the firms act as rivals or cooperators. For example in the secondary market there are two major auction houses, Sotheby's and Christie's, but they function as very competitive rivals, whereas dealers often work closely together buying art works and exhibiting artists jointly.

There is no reason that the total amount of art works that artists, owners and consumers plan to sell or buy should be the same; if this is not the case, the price must adjust in order that an exchange occurs. In other words, either the consumer's and/or the seller's perceptions of the Components of Value of the art work must change and converge for an the exchange to occur. The value of the painting is determined once the Components of Value have been examined and then compared to the Components of Value of similar art works that have passed through the market. The price is determined by the extent to which the consumer demands and appreciates the Components of Value: the closer the match between the set of Components of Value of the art work that the seller is aware of, and the set of Components of Value that the consumer demands, the higher the price. Intermediaries, buyers and sellers are at times able to manipulate prices to some extent by concealing or misrepresenting their preferences. Only in a perfect market would there be no such distortions.

In some instances the consumer may also enjoy some leverage for negotiation in that he may be one of a very limited circle of potential consumers, thus to some degree the consumer may be a monopsonist: a price maker. Others may share his aesthetic preferences or have equal or greater economic resources, but the group of potential consumer at a certain price is in most cases very limited, meaning that if he or she is not the purchaser, the intermediary may well have to accept a much lower price.

The vase belonged to a Dutch nobleman, and Henri Hangjas [Duveen] learned it was for sale. He telegraphed Barney [Barnett] and Joel [Duveen], and between them they bought it for £470, payable in gold.

Barney was initially against the purchase, arguing that they had no customers willing to pay that sort of money, but Joel insisted that he could sell it in London. He was right, and the then leading collector, James Orrock, paid £1200 without a murmur.

Joel had to pay a number of commissions to other dealers just to obtain an interview with Orrock....

Colin Simpson⁴⁰

The rarer the type of art work, the more difficult an estimation of value will be because ultimately art market intermediaries are involved in an unceasing process of making comparisons with regard to price, artistic merit and so forth, and the accuracy of the estimation of value will be wholly dependent on how close the comparisons that can be made actually are. Rarity, apart from any other consideration, can be expected to create value as long as the rare object is recognised as rare and is desired by a sufficient number of people.

CONCLUSION

The reader of this dissertation will by now be aware that an understanding of the economic issues of art and the art market benefit from being placed in their historical perspective. The Components of Value Model proposed to facilitate an analysis of the economic aspects of the art market purposefully incorporated a large number of variables (termed 'Components') to provide a insight into the process by which works of art 'acquire' value in the context of the art market and art world.

What is often overlooked are the reasons for the distinctive characteristics of the art market of the late twentieth century. Two characteristics in particular have been covered in this dissertation: the artist support systems like guilds, patronage, academies, agents and dealers; and the changing nature of the product traded. It has been noted repeatedly that the Components of Value of art works can be divided into three broad groups: material attributes of art works, the information aspects, and market related issues. Ever since art works were first produced in the West they obviously had 'material' aspects and a system to facilitate their exchange between the producer and user. What however has altered with time, and correspondingly led to changes in the art market, is the information aspects of the art work. One may wonder how this trend will continue? More than likely, to serve the avant-garde another support system will emerge with attributes of those systems that have preceded it, but also taking characteristics from the increasingly important information-related 'Components'. There will always remain a trade in art works in both the primary and secondary markets but the primary market, where so much change has occurred through the centuries, is unlikely to stop changing as new art emerges, and could develop into an even more enigmatic and multifarious market, with even more complex Components of Value in the future.

Notes to Chapter 7

- (1)V. Burgin, The End of Art Theory, p.35.
- (2)R. Moulin, The French Art Market, p.133.
- (3)A firm is an organisation or entity that brings together different factors of production, such as labour, land, and capital, to produce a product or service which it is hoped can be sold for a profit.
- (4)P. Bourdieu, 'The production of belief', p.263.
- (5)H.S. Becker, Art Worlds, p.93.
- (6)Moulin, p.126.
- (7)D. Crane, The Transformation of the Avant-Garde, pp.110-111.
- (8)C.R. Simpson, Soho, p.33.
- (9)Moulin, p.54.
- (10)For an economic 'model' of the supply of art in the primary market, see L.P. Singer, 'Supply Decisions of the Professional Artist', pp. 341-346.
- (11)J.M. Montias, 'Cost and Value in Seventeenth-century Dutch Art', p.455.
- (12)J.M. Montias, Artists and Artisans in Delft, p.273.
- (13)Sunk costs are costs that have already been incurred. For this reason, they cannot be recovered.
- (14)Montias, 'Cost and Value in Seventeenth-century Dutch Art', p.460.
- (15)Quoted by T.E. Crow, Painters and Public Life, p.45.
- (16)J. Renoir, Renoir My Father, p.177-78.
- (17)Moulin, p.50.
- (18)L. Venturi, ed., Les archives de l'impressionnisme, vol. I, pp.17-18.
- (19)D.H. Kahnweiler, My Galleries and Painters, p.27.
- (20)A. Hindry, ed., Claude Berri meets Leo Castelli, p.126.
- (21)C. Tomkins, Post- to Neo-, p.12.
- (22)Moulin, p.57.
- (23)Quoted by Moulin, p.45.

(24) Burgin, p.152.

(25) Tomkins, p.37; see also, T.E. Norton, 100 Years of Collecting in America, p.202.

(26) Moulin, p.56.

(27) Simpson, Soho, p.84.

(28) Moulin, p.170.

(29) J.B. Myers, Tracking the Marvelous, p.231.

(30) Hindry, p.115.

(31) Hindry, pp.125-126; and Tomkins, pp.46-8.

(32) Moulin, p.26.

(33) Colnaghi, Art, Commerce, Scholarship, p.9.

(34) For example, Wildenstein, see Moulin, p.41.

(35) M. Baxandall, Painting and Experience in Fifteenth Century Italy, p.40.

(36) R. Goldthwaite, 'The Empire of Things: Consumer Demand in Renaissance Italy', pp.156-7.

(37) Moulin establishes a topology of collectors providing an analysis of the different motives of buyers. Her classifications are: Prestige Purchasers and Ostentatious Consumers; "Proper" Bourgeois Collectors; Prestige Buyers; Scholarly Collectors; Discoverers and Avant-Garde Collectors; Snobs; and Speculators. See Moulin, pp.85-106.

(38) Moulin, p.79.

(39) As Montias notes, "*The illiquidity of works of art in today's world is a reflection of the wide disparity of tastes even among individuals in a given income group, and of the difficulty of locating the rare customer willing to pay the highest price.*" Montias, Artists and Artisans in Delft, p.206.

(40) C. Simpson, The Partnership, p.13.

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