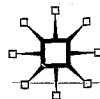


**THE \$12
MILLION
STUFFED
SHARK**

THE CURIOUS
ECONOMICS OF
CONTEMPORARY ART

Don Thompson

palgrave
macmillan



THE \$12 MILLION STUFFED SHARK
Copyright © Don Thompson, 2008.
All rights reserved.

First published 2008 by Aurum Press Ltd, London, UK
First Published in the United States in 2008 by
PALGRAVE MACMILLAN®—a division of St. Martin's Press LLC, 175 Fifth Avenue,
New York, NY 10010.

Palgrave Macmillan is the global academic imprint of the above companies and has
companies and representatives throughout the world.

Palgrave® and Macmillan® are registered trademarks in the United States, the United
Kingdom, Europe and other countries.

ISBN-13: 978-0-230-61022-4
ISBN-10: 0-230-61022-6

Library of Congress Cataloging-in-Publication Data
Thompson, Donald N.

The \$12 million stuffed shark : the curious economics of contemporary art /
Donald N. Thompson.

p. cm.

Includes bibliographical references and index.

ISBN 0-230-61022-6

1. Art, Modern—20th century—Economic aspects. 2. Art, Modern—21st
century—Economic aspects. 3. Art—Marketing—History—20th century.
4. Art—Marketing—History—21st century. 5. Art—Collectors and collecting—
Psychological aspects. I. Title: Twelve million dollar stuffed shark. II. Title.
N6490.T525 2008
709'.04'9—dc22

2008017980

A catalogue record of the book is available from the British Library.

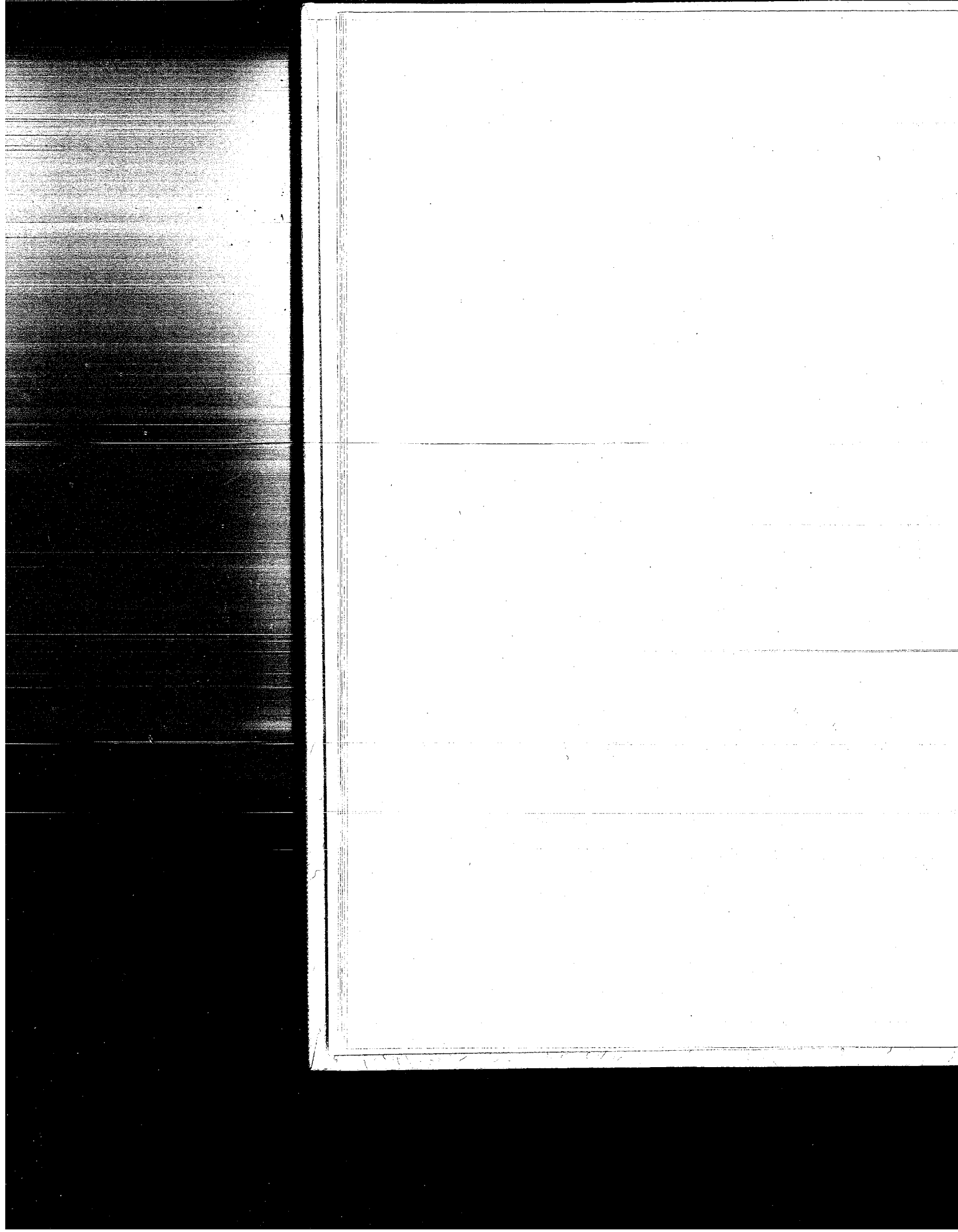
Design by Letra Libre, Inc.

10 9 8 7 6 5 4 3

Printed in the United States of America.

CONTENTS

The \$12 Million Stuffed Shark	/ 1
Branding and Insecurity	/ 9
Branded Auctions	/ 19
Branded Dealers	/ 27
The Art of the Dealer	/ 41
Art and Artists	/ 53
Damien Hirst and the Shark	/ 61
Warhol, Koons, and Emin	/ 73
Charles Saatchi: Branded Collector	/ 85
Christie's and Sotheby's	/ 95
Choosing an Auction Hammer	/ 103
Auction Psychology	/ 117
The Secret World of Auctions	/ 131
Francis Bacon's Perfect Portrait	/ 145
Auction Houses vs. Dealers	/ 157
Art Fairs: The Dealer's Final Frontier	/ 169
Art and Money	/ 177
Pricing Contemporary Art	/ 189
Fakes	/ 201
Art Critics	/ 209
Museums	/ 215
End Game	/ 227



BRANDING AND INSECURITY

What is Christie's? "A brand of painting!"

Answer by Jacobe, age seven,
quoted in Judith Benhamou-Huet,
The Worth of Art

*Modern art is merely the means by which
we terrorize ourselves.*

Tracey Emin, artist

The first great insight from my art world meetings came from Howard Rutkowski, formerly a specialist at Sotheby's, now a director of Bonhams auctioneers in London. "Never underestimate how insecure buyers are about contemporary art, and how much they always need reassurance." This is a truth that everyone in the art trade seems to understand, but no one talks about. The insecurity does not mean art buyers lack ability. It simply means that for the wealthy, time is their scarcest resource. They are not willing to spend the time required to educate themselves to the point of overcoming insecurity. So, very often, the way the purchase decision for contemporary art is made is not just about art, but about minimizing that insecurity.

The insecurity is understandable; it is a world where even the most basic concepts can be slippery. Whenever I discussed the idea of this book, one of the first



questions was always, "Tell me what defines contemporary art." There are really two questions there; what is contemporary, and what is art. The first question is much simpler, but even that lacks general agreement.

One of the best books in the field, Brandon Taylor's *Contemporary Art*, is subtitled *Art Since 1970*. That is also the definition used by Christie's, who place earlier work of the 1950s and '60s in a "20th Century Sale." Sotheby's defines as "early contemporary" art produced between 1945 and 1970, and post-1970 art as "late contemporary." "Old Masters" is art of the nineteenth century and earlier. "Modern art" encompasses the twentieth century up to 1970, and includes Abstract Expressionism and Pop Art. Impressionist art overlaps the nineteenth and twentieth centuries and is auctioned as a separate category, or as "Impressionist and Modern."

Another definition of contemporary art is "art by artists who are still living," but that excludes many deceased artists whose work is sold as contemporary: Andy Warhol, Joseph Beuys, Martin Kippenberger, Roy Lichtenstein, Donald Judd, Yves Klein, Jean-Michel Basquiat. Yet another definition includes artists born after the Second World War, but that eliminates everyone above except Kippenberger and Basquiat.

The easiest definition is that contemporary art is what is sold by major auction houses in contemporary art sales. Even this is tricky: Sotheby's calls its sales "Contemporary Art," while Christie's uses the broader title "Post-War and Contemporary Art," without indicating which work is in each category. Christie's does this because its categorization depends on the work rather than the date. Gerhard Richter's more abstract work is contemporary and his later photorealist pieces are Modern and Impressionist. This mirrors the idea that contemporary art is more cutting-edge than that produced by traditional artists.

My working definition is that contemporary art is non-traditional and was created after 1970, or that a major auction house has offered it or a similar work by the same artist as "contemporary." The descriptions and illustrations in the book provide a sense of what is included.

I only discuss two-dimensional works on canvas or paper, and sculpture. I do not include video installations, performance art, film or photography, industrial art (clocks, fans, bus shelters), or the draping of buildings. If you can smell it or taste it, or it is still moving or breathing, it may be art—but it is not included here. Such works are excluded because I don't understand them, and because with the exception of the photography of Cindy Sherman and a couple of others, major auction houses do not sell them under the heading of contemporary art.

Even saying that much contemporary art is two-dimensional work called painting is not straightforward. Painting should be easy to define; it is the product of paint-like materials being applied to a flat surface. But what about a painting produced as a video, or a painting that is a collage, a cartoon, or graffiti? Cy Twombly has done a painting with a pencil; Andy Warhol has done paintings with urine, Robert Rauschenberg with dirt, and Chris Ofili with elephant dung. Ellsworth Kelly does paintings where the image is a color, and Damien Hirst pours paint onto a spinning wheel and produces spin paintings.

Christopher Wool's letter paintings contain a word; in the case of one auctioned at Christie's, New York in November 2005 for \$1.24 million, the fifteen stenciled alkyd and enamel letters on aluminum spelled *Rundogrundogrun* (illustrated).

Some of the stories and illustrations in this book refer to a period of art earlier than contemporary, usually modern or Impressionist. They are included as examples of economics and process, with auction houses and dealers.

The themes of contemporary art and design often overlap. Is a Louis Vuitton handbag a work of design or art? There are a great many connections. François Pinault, owner of luxury goods group PPR (which includes Gucci and Balenciaga), is also the owner of Christie's auction house. Luxury goods firm LVMH has an art gallery in its flagship store on the Champs Elysées in Paris. One of the first exhibits in the "Espace Culturel Louis Vuitton" involved large photographs of naked black and white women forming the LV of Louis Vuitton. Another exhibit was a video of women posing as handbags on the shelves of the shop. The idea was to "use art to rejuvenate Vuitton designs and to relate the LV brand to art." Both the Victoria and Albert Museum in London and the Guggenheim Museum in New York have shown Vuitton handbags—the V&A as design, the Guggenheim as art.

Contemporary art overlaps with everyday objects, particularly when the ability to draw or sculpt is replaced by conceptual art. In 2003 a 25-year-old student named Clinton Boisvert at the School of Visual Arts in New York was asked to produce a sculpture project showing how the emotion elicited by art could impact on life. Boisvert created three dozen black boxes each stenciled with the word "Fear." He had just finished hiding the last of these in New York City subway stations when he was arrested. A dozen stations were shut down for several hours while police squads retrieved the sculptures. Boisvert was convicted of reckless endangerment, but received an "A" for the project. *New York Times* art critic Michael Kimmelman commented, "Art this bad should be a crime." When art schools and critics can't



agree on the merit of a work, it is not surprising that collectors might lack confidence in their own judgment.

Collectors' insecurities are reinforced by the way that contemporary art is described. Art professionals talk about Impressionist art in terms of boldness, depth, use of light, transparency, and color. They talk about contemporary art like Damien Hirst's shark or Terence Koh's *CRACKHEAD* in terms of innovation, investment value, and the artist being "hot," meaning a relative unknown where word-of-mouth reports make them suddenly sought-after. Since art collectors cannot always fathom the value code, they understandably do not trust their own judgment. Their recourse is often to rely on branding. Collectors patronize branded dealers, bid at branded auction houses, visit branded art fairs, and seek out branded artists. You are nobody in contemporary art until you have been branded.

The concept of branding is usually thought of in relation to consumer products like Coke or Nike. Branding adds personality, distinctiveness, and value to a product or service. It also offers risk avoidance and trust. A Mercedes car offers the reassurance of prestige. Prada offers the reassurance of elegant contemporary fashion. Branded art operates the same way. Friends may go bug-eyed when you say "I paid five point six million dollars for that ceramic statue." No one is dismissive when you say "I bought this at Sotheby's," or "I found this at Gagosian," or "This is my new Jeff Koons." Branding is the end result of the experiences a company creates with its customers and the media over a long period of time—and of the clever marketing and public relations that go into creating and reinforcing those experiences.

Successful branding produces brand equity, the price premium you are willing to pay for a branded item over a similar generic product. Brand equity is obvious when you purchase Coca-Cola rather than a supermarket house brand cola. Brand equity also has a huge effect on art pricing.

The high return made on successful brands exists in all creative industries. As this book was being researched, two of the highest-grossing movies were Dan Brown's *The Da Vinci Code*, and *Mission: Impossible III*. What those movies had in common were reviews that ridiculed both story lines and the actors Tom Hanks and Tom Cruise. A year earlier, Mel Gibson's *The Passion of the Christ* received "don't go" reviews, then went on to break box-office records. The reason moviegoers ignored these reviews was the involvement in each movie of at least one brand name: Brown, Hanks, da Vinci, Cruise, *Mission: Impossible*, or Christ. All are brands that audiences respond to.

In contemporary art, the greatest value-adding component comes from the branded auction houses, Christie's and Sotheby's. They connote status, quality, and celebrity bidders with impressive wealth. Their branded identities distinguish these auction houses, and the art they sell, from their competitors. What do you hope to acquire when you bid at a prestigious evening auction at Sotheby's? A bundle of things: a painting of course, but hopefully also a new dimension to how people see you. As Robert Lacey described it in his book about Sotheby's, you are bidding for class, for a validation of your taste.

The Museum of Modern Art, the Guggenheim, and the Tate are museum brands. These have very different status from museums in Portsmouth or Cincinnati. When MoMA displays an artist's work, it conveys a shared branding, adding to the work of the artist a luster that the art world calls provenance. The MoMA brand offers buyer reassurance. A work of art that was once shown at MoMA, or was part of the MoMA collection, commands a higher price because of its provenance.

Contemporary art dealerships like Gagosian or Jay Jopling's White Cube in London are respected brands, which differentiate their art and artists from hundreds of other galleries, as *Da Vinci* or *Mission: Impossible* are differentiated from other movies. A few collectors, such as Charles Saatchi, and artists such as Damien Hirst, Jeff Koons, and Andy Warhol have also achieved the status of recognized and respected brands.

The motivation that drives the consumer to bid at a branded auction house, or to purchase from a branded dealer, or to prefer art that has been certified by having a show at a branded museum, is the same motivation that drives the purchase of other luxury consumer goods. Women purchase a Louis Vuitton handbag for all the things it may say about them. The handbag is easily recognized by others, distinguished by its brown color, gold leather trim, and snowflake design. A woman uncertain as to whether her friends will recognize this symbolism can choose a bag with "Louis Vuitton" spelled out in block capital letters. Men buy an Audemars Piguet watch with its four inset dials and lizard-skin band even though their friends may not recognize the brand name, and will not ask. But experience and intuition tells them it is an expensive brand, and they see the wearer as a person of wealth and independent taste. The same message is delivered by a Warhol silkscreen on the wall or a Brancusi sculpture in the entrance hall.

Art world practices change when a branded player is involved. The price a dealer charges for work by a new artist is based on the reputation of the gallery and the size of the work rather than any measure of its quality. No artist is actually ever



referred to as new; they are called “emerging,” which describes where the artist is coming from, not where she is going. Emerging is an art world term that means unknown, and in a relative sense, not expensive.

An emerging artist’s work that sells for £4000 at one gallery might be offered at £12,000 at a branded gallery. Strange as it may seem, it is the dealer branding, and substitution of the dealer’s choice and judgment for the collector’s, that add value. Larry Gagosian’s clients can simply substitute his judgment or that of his gallery for their own, and purchase whatever is being shown—to the point of purchasing over the phone or via the Internet, without first seeing the actual painting. The dealer brand often becomes a substitute for, and certainly is a reinforcement of, aesthetic judgment.

When an artist becomes branded, the market tends to accept as legitimate whatever the artist submits. Consider the attraction of a work by Japanese conceptual artist On Kawara, whose *Today* series involves painting a date on canvas. Thus the work *Nov. 8, 1989* (just those letters and numerals, in block white against a black background), in liquitex on canvas, 26 × 36 in (66 × 91 cm), sold for £310,000 in February 2006 at Christie’s auction house in London. Kawara paints freehand, and limits himself to the hours of one day to complete a work. A painting unfinished by midnight is discarded as it would no longer be a day painting. The paintings are all made on Sundays. If Kawara is in the United States, the date begins with the name of the month in English, followed by the day and year. If he is painting in Europe, the day precedes the month. If he is in a country that does not use Roman script, he writes the month in Esperanto. Each sale includes the front page of a newspaper from that date. Christie’s catalogue described the Kawara work as “an existential statement, a proof of life.”

There is no rarity factor; Kawara has been making these paintings since 1966. There are two thousand Kawara day paintings in existence. But Kawara is a brand, and his branding stands as a beacon for every contemporary dealer and every aspiring conceptual artist. One dealer told me that so long as collectors will pay high auction prices for Kawara’s day paintings, there is hope for everyone.

Even art lovers prepared to accept as legitimate whatever an artist might submit were bemused by a 1991 work by Felix Gonzalez-Torres, offered at a Sotheby’s auction in New York in November 2000. Gonzalez-Torres is on several lists of great artists of the 1980s and ’90s; he is very branded. He died of AIDS in 1996 at the age of thirty-eight. Untitled but referred to as *Lover Boys*, the work consists of 355 lbs. of individually wrapped blue and white candies. Intended to

be piled in a triangular shape in one corner of a room to be eaten by guests, the candy represents his lover's body wasting away from AIDS. The work was listed as a sculpture, described in the catalogue entry as "dimensions variable." The estimate was \$300,000–\$400,000; it sold for \$456,000.

In May 2003 Christie's followed up with *Untitled (Fortune Cookie Corner)* by the same artist. This consisted of 10,000 fortune cookies, described as an endless supply, also intended to be piled in a corner and with variable dimensions, but approximately 36 in × 100 in × 60 in. The estimate was \$600,000–\$800,000, double the value of the blue and white candies. It went unsold, but received a high bid of \$520,000.

There was concern about how easily a collector might fake a 355 pound Gonzalez-Torres sculpture with a visit to the local store. To deal with this problem, a note in the auction sales catalogue read: "It is the artist's intention that a new certificate of authenticity and ownership is issued stating the new owner's name, in addition to the current certificate of authenticity which accompanies this work."

Sotheby's full-page, three-column explanation of the significance of the sculpture invoked its legitimacy by citing Nancy Spector, who had said in a Guggenheim catalogue on Gonzales-Torres: "The simple elegance of the work invites contemplation, even reverie. The work's provocation lies in its seeming open-endedness, its refusal to assert a closure of meaning." It is this reverie and provocation that the buyer hopes will prevent his friends from staring open-mouthed and gasping: "You paid what for the candy?"

Spector, who is curator of contemporary art at the Guggenheim in New York, controversially nominated Gonzales-Torres to represent the United States at the 2007 Venice Biennale exhibition of contemporary art, but escaped with less criticism than had she nominated an unbranded artist. One of several Gonzales-Torres pieces shown at the Biennale was *Untitled (America)*, a large, flat, room-filling sculpture composed of pieces of licorice.

A work offered in a prestigious evening auction at Christie's or Sotheby's will bring on average 20 percent more than the same work auctioned the following day in a less prestigious day sale. It is "Evening Sale" that adds value. Branding of the artist is also important, in that a branded artist such as Jeff Koons seems able to sell almost anything, and his collectors can have almost any work accepted for resale at an evening auction.

Contract terms change when a branded player is involved. Normally a dealer or auction house offers a standard contract to the artist or consignor, with most



terms favoring the institution. Consignment is a term that refers to the legal transfer of a property to the auction house for sale on the owner's behalf. Consignors at auction normally pay a percentage of the selling price as commission, and are also asked to cover the costs of insurance or photography. A consignor of a valuable Picasso can negotiate the seller's commission—sometimes to zero; the promotional package; even the identity of the auctioneer. Artists who have achieved branded status, such as Damien Hirst or Jeff Koons, can negotiate lower commissions, the frequency of shows, advances, even payment of a "signing-on bonus" with the dealer.

Money itself has little meaning in the upper echelons of the art world—everyone has it. What impresses is ownership of a rare and treasured work such as Jasper Johns' 1958 *White Flag*. The person who owns it (currently Michael Ovitz in Los Angeles) is above the art crowd, untouchable. What the rich seem to want to acquire is what economists call positional goods; things that prove to the rest of the world that they really are rich.

Even if you are only moderately rich, there is almost nothing you can buy for £1 million that will generate as much status and recognition as a branded work of contemporary art—at that price maybe a medium-sized Hirst work. Flaunting a Lamborghini might be viewed as vulgar. A country house in the south of France is better, but it had better have a small vineyard and a sea view. A great many people can afford a small yacht. But art distinguishes you. A large and recognizable Damien Hirst dot painting on the living room wall produces: "Wow, isn't that a Hirst?"

New York and London are the two nerve centers of the world market for high end contemporary art—and they are where branding is most evident and most important. New York is more important than London for most categories of art, but in contemporary art, London has been gaining for a decade and deserves to be considered as equal. The most important artists work in or around these centers, or visit frequently. Which is the third most important art market by value? It is not Paris, but rather Beijing. If you just count auction results for contemporary art, it is Hong Kong.

New York and London are where the major dealers are, and where the art magazines are published. Every major collector tries to visit one or both of these cities once or twice a year to attend auctions and art fairs, talk to others in the trade, and see new work. New York and London are themselves brands. Having a painting on your wall acquired in New York has a lot more cachet than having one purchased in Milwaukee.

One of the ultimate forms of branding in the art world, and certainly the most newsworthy, comes in the form of the prestigious evening auctions at the great auction houses, Christie's and Sotheby's. The world of art auctions, from an economist's point of view, is a fascinating and complex one, and is discussed at length later in the book. But first we visit an evening auction to look at what this adds to the branding process.



be important twenty-five years from now?" but "Will this art double in value in ten years as would a moderate-risk bond portfolio?" For almost all art, the answer is no. Of the thousand artists who had serious gallery shows in New York and London during the 1980s, no more than twenty were offered in evening auctions at Christie's or Sotheby's in 2007. Eight of ten works purchased directly from an artist and half the works purchased at auction will never again resell at their purchase price.

In the end, the question "what is judged to be valuable contemporary art" is determined first by major dealers, later by branded auction houses, a bit by museum curators who stage special shows, very little by art critics, and hardly at all by buyers. High prices are created by branded dealers promoting particular artists, by a few artists successfully promoting themselves, and by brilliant marketing on the part of branded auction houses.

The chapters that follow tell the story of how great marketing and successful branding by artists, dealers, and auction houses produce huge prices for the stuffed shark and other contemporary work. The journey includes the story of Christie's sale of a portrait triptych by branded postwar British artist Francis Bacon that was expected to produce a world record auction price for the artist. We explore the world of branded artist Damien Hirst and branded collector Charles Saatchi. We look at other players who influence ever-rising art prices: branded artists Andy Warhol and Jeff Koons, auction houses, dealers, art fairs, critics, and museums.

BRANDED DEALERS

*I had reservations about making art a business,
but I got over it.*

Mary Boone, New York dealer

Art dealers are like surfboard riders.

You can't make a wave.

If there aren't waves out there, you're dead.

*But the good surfboard rider can sense which of
the waves coming in will be the good one,
the one that will last. Successful art dealers
have a feeling for hitting the right wave.*

Andre Emmerich, New York dealer

If Christie's and Sotheby's are where the theater of branding has the biggest stage, the branded art dealerships are where artist brands are born and incubated.

The branded art gallery is interesting. It is often designed to be a not-very-friendly place for those who are "just looking," and visitors are not comfortable. Part of the psychology of the contemporary gallery is its décor. It is often windowless, and composed of rooms with flat-white walls. The architecture is referred to as "white cube." This featureless environment is meant to reinforce the idea that what is being viewed is "art," and that galleries are elitist. One example of white cube design is Larry Gagosian's gallery in London, a renovated vehicle repair garage. The space is so modernistic that when Gagosian opened, critics said he faced little financial risk; should the gallery location fail, the space would make a fine nightclub.



Observe people looking at art through a gallery window; frequently they pause before pushing the buzzer, then walk away. The quick escape has nothing to do with the art being shown. It is that the elitist gallery imposes a psychological threshold as well as a physical one. The best description comes from W. M. Hunt of the Hasted Hunt Gallery in New York, who describes the typical gallery (not his) as looking like the sort of place where "You could be set on fire and no one would give you a glass of water."

If you do enter and avoid immolation, there is still the fear that the dealer will treat you as an unwelcome intruder or worse, as an idiot, and will patronize you. It is the experience one collector described as "Ringing the doorbell of a windowless gallery just to have an aloof dealer talking down to me in a barely decipherable language."

Another fear is that if you look somewhat affluent and interested, the dealer may follow you around, speaking a form of dealer-code where cutting-edge means radical, challenging means don't even try to understand it, and museum quality means if you have to ask, you can't afford it. The dealer may tell you what you should like and why. "Isn't it great? You can see how talented this artist is." Or they volunteer, "Charles Saatchi liked this." Did he like it enough to take it home? Few collectors think they have the self-confidence to respond, "Actually, your artist does disturbing work and I, like Mr. Saatchi, would never want that painting anywhere near me."

The psychological barrier is more common to the branded, superstar gallery, of the kind described in this chapter. Mainstream galleries and others lower on the dealer pyramid tend to be less psychologically daunting. Those galleries are described in the chapter that follows.

A fascinating part of my journey of discovery was the chance to spend time with dealers in the very top echelon. Some—Tim Marlow of White Cube, Harry Blain of Haunch of Venison, and Ileana Sonnabend of the Sonnabend Gallery—were fun to talk to, smart, customer-aware, and marketing-savvy. Others, such as Larry Gagosian, are unquestionably great marketers, but had a whole lot less interest in spending time with a non-customer like me.

The world of dealers includes men and women of the highest integrity, many of whom are experts on the work of the artists they sell, on the same level as museum curators or university professors. Examples include Julian Agnew and Anthony d'Offay with the Camden Town Group; Zurich dealer Thomas Ammann and New York dealer Ron Feldman on the work of Andy Warhol; Otto and Jane

Kallir on Egon Schiele; and Tim Marlow and Harry Blain, mentioned above. Many dealers are, along with art patrons, the heroes of the art world, who discover new genius and support struggling artists.

When it comes to marketing the work of their artists, some dealers described their programs in a way that reminded me of how fashion houses like Hermès, Chanel, or Prada stimulate customer needs and then satisfy demand. Some mainstream dealers are more like mass market brands like Ralph Lauren or Tommy Hilfiger. A few others, at the mainstream level and below, evoke images of a used car dealer.

Use of the term “dealer” elicits complaints from—well, from dealers. Some dealers insist on being called a gallerist, because “dealer” implies they practice a form of trade, or are in the business for money. New York’s Marian Goodman calls herself a gallerist and explains, “I’ve never been a dealer. A gallerist represents artists, and a dealer represents a work.” Others, like Harry Blain, say, “Of course I’m a dealer, what else would I call myself?” I have throughout the book referred to those who run galleries, or operate privately, as dealers. No offense to gallerists is intended.

The art trade is the least transparent and least regulated major commercial activity in the world. Anyone can purchase a business license and become a dealer. There is no required background, no test, no certification. Superstar art dealers achieve that status by coming to the table not with graduate business or art degrees, although some have them. Rather they have lots of operating capital, sometimes good contacts, judgment in choosing marketable artists, aggression in approaching collectors, and savvy in promoting their brand. And they have charm, although charm takes many forms. In many cases, luck plays a role. The most important of these requirements is money; next is good contacts. Long-term clout in the art-dealing world is measured by the names on your speed-dial, and whether major collectors, dealers, and artists return your calls. Below the top level, dealers have less money, fewer phone numbers, less charm, and probably less luck.

One veteran art dealer suggested to me that there might be another characteristic. She said the most motivated and successful dealers she knew came from émigré communities or grew up as ethnic or religious minorities, and not quite accepted by their peers in their new society. Art dealing became a way of proving, over and over, that they bring a superior aesthetic and better negotiation skills than their clients who made millions as merchants or from a profession.



Dealers have different operating models. Some, such as PaceWildenstein in New York, carry a huge inventory of art works, while L&M, another New York dealer, holds little inventory but assembles work for artist shows. Gagosian represents a stable of branded artists, while Mitchell-Innes & Nash specializes in representing artists' estates.

Dealers support and encourage nonconventional art, in part because it offers the art-world equivalent of the business-world concept called "disruptive innovation." For example, Canadian technology company Research In Motion could not compete head-on with Nokia in mobile phones or with Microsoft in web-browsing, so it defined a new product, the Blackberry, and created a new market that decided it wanted a combination of a mobile phone with e-mail, video, music, and web-browsing. Research In Motion redefined what a mobile communications product was, then dominated the market they had redefined. That is disruptive innovation. In an art market where well-known artists gravitate to superstar dealers, other dealers offer sculptures made of frozen blood or paintings made with dung or featuring graffiti to redefine what contemporary art can be, in the hope of achieving a dominant position in that newly defined segment.

If a collector wants to purchase serious contemporary art, the best strategy may be to buy directly from the dealer who represents that artist in the primary market, rather than in the secondary market or at auction. The primary art market is art directly from the artist, offered for sale for the first time. The secondary market is resale: buying, selling, and trading among collectors, dealers, and museums. Work purchased directly from the dealer will usually be cheaper than that bought at auction because the dealer tries to keep primary-market art prices below auction prices. The collector also gets access to fresh art. But buying from the primary dealer is harder than it may seem. He may refuse to sell to you, or he may put you at the end of a long waiting list—more about that later.

It is the branded dealer who manages the long-term career of a mature artist, placing work with collectors, taking it to art fairs, placing it with dealers in other countries, and working with museums. These dealers are the gatekeepers who permit artists' access to serious collectors. They represent the established artist whose work brings newsworthy prices at auction. Being with a branded dealer allows the artist to hang out with other artists at the top of the food chain. Like other professionals, artists are very status conscious. Until artists get such representation, they don't often get to hang out.

The branded dealer undertakes a range of marketing activities that include public relations, advertising, exhibitions, and loans. Most marketing is not intended to produce immediate sales, but rather to build the dealer brand and obtain coverage for the artist in art publications. Marketing starts with public relations: private dinners to introduce customers and art critics to new artists; brunches and cocktail parties at the opening of shows. That dealers sell art is implied in these roles, but never openly. The higher the dealer's status, the less the gallery acts like a commercial enterprise, and the less it looks like a commercial space. The superstar, branded dealer's space resembles a museum, and never displays prices.

One or two dealers define each era in art. The prototype for today's branded dealer was the legendary Joseph Henry Duveen, born in Hull, England in 1869. Duveen dominated the trade in selling Old Master paintings to early twentieth-century American industrialists. He targeted John D. Rockefeller, J. P. Morgan, Henry Clay Frick, and Andrew Mellon. These gentlemen had great wealth but little art background. Duveen charged high prices, and defended them by saying: "When you pay high for the priceless, you acquire it cheaply." Duveen shipped hundreds of art works to his wealthy clients unsolicited, so they could get used to how these works looked in their homes. Several clients wrote to Duveen asking him to identify the art in their homes that they did not own.

On occasion Duveen sold extravagantly priced paintings that he did not own. He sold Thomas Gainsborough's 1770 painting *Blue Boy* to American railroad fortune heirs Henry and Arabella Huntington for £182,000 (\$750,000 at the time, about £2.2 million or \$4.2 million in 2007 currency). The painting was then owned by the Duke of Westminster, whom Duveen had never met. No problem. Duveen negotiated a purchase about two months after he had sold the work.

Distinguished trustees from the Metropolitan Museum of Art or the National Gallery accompanied Duveen on many of his client visits. They came on his promise that as a condition of being allowed to buy the art, the client would agree to later contribute it to their institution. Duveen introduced preferred clients to museum trustees and to nobility, arranged invitations to great country homes, and, in at least two cases, selected brides.

Duveen understood the desire of his clients, whom he referred to as pupils, for social acceptance. He was the first to sell social status in the guise of selling art. His motto was "Europe has plenty of art while America has plenty of money and large empty mansions, and I bring them together." Today's superstar dealer might say



"Russia and China have plenty of money and desire the reassurance of western status symbols, and I can provide it." Modern dealers emulate Duveen in choosing narrow, upscale target market and selling status as art—although no modern dealer offers sale-without-ownership, or mate selection.

Ambroise Vollard was a French law student who carried the Duveen tradition into Impressionist art. In 1894, Vollard gave up law to concentrate on dealing. He bought a collection of drawings from Edouard Manet's widow, and swapped them to Edgar Degas, Paul Gauguin, Pierre-Auguste Renoir, and Camille Pissarro for their own work. He sold two Degas works and a few months later attended the Hotel Drouot auction of Parisian merchant Julien Tanguy's pictures. With 83 francs from the two Degas and little competition from a disinterested audience, he purchased four Paul Cézannes, one Gauguin, a van Gogh, and a Pissarro.

Vollard gave Picasso, Cézanne, Gauguin and, posthumously, van Gogh their first one-man shows, accepting paintings in lieu of commission. He sought out foreign collectors, providing most of the work acquired by Russians Sergei Shukin and Ivan Morosov—art that was confiscated after the Russian Revolution and today forms the basis of the Pushkin Museum's collection in Moscow. During his career, Vollard originated many of today's dealer practices. He purchased multiple paintings from unknown artists, branded the work he offered as "The Vollard Collection," sent exhibitions to the United States, Russia, and Japan, and published catalogues on his artists' work.

In 1939, Vollard died in rather mysterious circumstances. According to the official, romantic version, he was struck on the head by a Maillol bronze that tumbled from the ledge behind the passenger seat when his car braked suddenly. Another version holds that his driver clubbed him to death with the bronze at the behest of a rival Corsican dealer. Whichever is true, at his death his estate was worth \$15 million, much of it the result of the single best art purchase in history. Finding Paul Cézanne depressed over the extent of his debts, Vollard agreed to purchase 250 canvases for 50 francs each. Some were later sold at 40,000 francs. Today those 250 works would be worth between three and four billion dollars.

The mid-twentieth century heir to Duveen and Vollard was Leo Castelli, an Italian banker who opened a New York gallery in 1957. Castelli tried to predict art movements and to pick the best practitioner within each. He chose artists on his gut feeling, based on personality—if there was not much personality, there would not be much depth to the art. Two of his early discoveries were Jasper Johns and Robert Rauschenberg. These were followed by Cy Twombly, Cla

Oldenburg, and Jim Dine. Castelli's early choice of artists, notably of Johns, established the gallery brand.

Castelli was one of the first dealers to pay his artists a stipend so they would not have the insecurity of waiting for sales. In 1960, Frank Stella was working as a house painter in Brooklyn, creating paintings in the evening using colors left over from work. Castelli admired a chartreuse painting and offered Stella \$300 a month for three years to devote all his time to painting. He supported his artists through periods when they were not painting, and he was willing to show "unsaleable" work.

Early in the life of his gallery, Castelli invited Alfred Barr, then director of the Museum of Modern Art, to a private viewing of Jasper Johns' work. Barr bought several of Johns's works for MoMA, and showed them simultaneously with a Johns show at Castelli's gallery. Barr wanted to buy the acknowledged best work in the show, a picture called *Target with Plaster Casts*. The work included nine wooden boxes on top of the canvas, in one of which was a green plaster cast of a penis. Thinking his museum board might be troubled by that part of the work, Barr called Johns to ask: "Could we keep this box closed?"

"All the time or part of the time?"

"I'm afraid, Mr. Johns, all of the time."

To which Johns replied, "I'm afraid, Mr. Barr, that would be unacceptable."

Barr purchased his second choice, and Leo Castelli agreed to purchase *Target with Plaster Casts* himself, for \$1,200. In 1993 Castelli sold *Target* to American film and theatrical producer David Geffen for \$13 million. Today it is worth eight times that amount.

Johns was in awe of Castelli's ability to market art. In 1960 Willem de Kooning said of Castelli, "That son of a bitch, you could give him two beer cans and he could sell them." Johns laughed and created a sculpture of two Ballantine Ale empties. Castelli immediately sold the work to collectors Robert and Ethel Scull. The cans are now in a German museum.

In 1959, Castelli had the first showing of British artist Francis Bacon in the United States, selling out at prices from \$900 to \$1,300—about one-fortieth of 1 percent of what the pictures would sell for forty-five years later. Castelli did not keep any of the Bacon work for his own collection—he later called this his major mistake in a lifetime of art dealing.



Early on Castelli had rejected Andy Warhol's work. Later he agreed to represent him, but Warhol thought Castelli ignored him in favor of his major artists Johns and Roy Lichtenstein. Warhol took a little revenge by bypassing Castelli and selling work directly from his studio, through his business manager Fred Hughes. On one occasion he swapped one of his paintings for one by Lichtenstein and then had Hughes sell the Lichtenstein work.

Castelli reasoned that artists' work had to be seen, not stored, so he set about franchising his artists. When he wasn't showing Warhol, Stella, or Lichtenstein in New York, he had Irving Blum show them in Los Angeles, or Joseph Helman in St. Louis. He extended the artist franchise overseas, first to western Europe and then to Japan. By the 1970s, Leo Castelli was the most influential contemporary art dealer in the world. Collectors talked about acquiring "a Castelli," rather than a Johns or one of his other gallery artists.

Though early success may come from knowledge, charm, contacts, and luck, later success comes because the dealer is branded and trusted. The key to the success of both Duveen and Castelli was the implicit trust that accompanied their brand. The brand gave clients the confidence that neither the artwork nor its price need ever be questioned. Only a few art dealers in each generation ever manage to build a brand that adds both trust and value to what they sell.

The twenty-first century heir to Duveen and Castelli in modern and contemporary art is Larry Gagosian, agent for Charles Saatchi in the sale of Damien Hirst's shark. Born in Los Angeles and seemingly known to everyone in the art world either as "Larry Gaga" or, due to his endless energy, as "Go-Go," he is to art dealing what George Steinbrenner was to baseball-team owning. He is famous for his silver hair, beautiful companions, and a very large home in East Hampton, New York called Toad Hall. He is one of the few dealers to get away with breaking the unwritten rule that you should not be seen to live better than your artists.

Gagosian achieved his current status in contemporary and modern art through determination and audacity. He began his career as a poster and print dealer in the Westwood Village area of Los Angeles, and opened his first New York gallery with Annina Nosei in 1979—in a first floor location across the street from Leo Castelli. He gave American contemporary artist David Salle his first show. He opened his own gallery in 1985, in a West 23rd Street building owned by artist Sandro Chia. His first show there involved work he had secured for resale from the famed American contemporary art collectors Burton and Emily Tremaine.

Gagosian obtained the Tremaines' number from directory inquiries in Connecticut, called, and made an offer for a painting by Brice Marden—essentially asking Emily Tremaine to bypass her dealer, Leo Castelli. He was turned down, but kept calling Mrs. Tremaine, making her feel important—which he said Castelli had not done. She decided she liked him, and let Gagosian have the Marden and two other paintings. His first major client was S. I. Newhouse, owner of Condé Nast, to whom he sold Piet Mondrian's *Victory Boogie Woogie* for \$10 million. He then convinced Newhouse to attend auctions—which he had rarely done before—and to bid publicly through Gagosian. The art world was impressed, and other clients followed.

Gagosian deals in both primary and secondary markets. Where does he make the most money? On paper, from secondary art, because there are few overhead or staff costs involved in reselling. What does he prefer? Most dealers prefer the secondary market, because it comes without any need to reassure and appease insecure artists. But it is not quite that simple, because one of the inducements offered to consignors and secondary market collectors is the opportunity to purchase over-subscribed work from primary artists. Selling work from those primary artists produces many of the collector contacts that result in secondary market sales.

Gagosian has an A-list roster of clients that includes Newhouse, Geffen, and Saatchi. He represents a long list of branded artists: in the United States Richard Serra, Chris Burden, Jeff Koons, Ed Ruscha, Mike Kelley, and the estates of Andy Warhol, Roy Lichtenstein, and Willem de Kooning. He also represents British artists Rachel Whiteread, Jenny Saville, and, for the U.S. market, Damien Hirst.

Gagosian manages more gallery space than any other dealer in the world. He has two galleries in New York, one in Beverly Hills, two in London, and one just off the via Veneto in Rome. Three of these were designed by famous architects: Britannia Street, London by Caruso St. John; Beverly Hills by Richard Meier; and Chelsea, New York by Richard Gluckman. In 2008 Gagosian will open a gallery in China. His move to London confirmed that city's status as the center of Europe's contemporary art market. When Gagosian chose to participate in the prestigious Maastricht art fair for the first time in 2006, it was seen as confirmation that the fair had become the most important in the world.

The Gagosian galleries do a lot of advertising in art magazines, not so much to attract customers as to reinforce the Gagosian brand, keep gallery artists in the public eye, and reassure previous buyers that "their" artist is being promoted.



Gagosian's major London gallery opened in May 2004 with a show of paintings by Cy Twombly. The show was a stunning example of the power of dealer branding. Gagosian and his staff called collectors and pre-sold the show on the basis of transparencies and computer images, at prices from £300,000 to £1 million.

Equally impressive, Gagosian pre-sold a Tom Friedman show in January 2007 with no phone calls at all, by placing digital images of Friedman's work on a section of the Gagosian gallery website that could be accessed only by password. Gagosian e-mailed the password to his select clients. The show sold in less than a day, based only on the online images. Friedman's work is conceptual, for example, a large Excedrin (a popular pain reliever) box constructed from dozens of cut-up real Excedrin boxes, or papier-mâché balloons, with strings held together by a pair of men's underpants suspended in mid-air. The list prices were as high as \$500,000.

Gagosian also pre-sold £4 million of a Damien Hirst show that opened in London in June 2006, in conjunction with a showing of works by Francis Bacon. Gagosian does not represent the Bacon estate; Faggionato Fine Arts does. But his extensive network of contacts allowed him to assemble an amazing collection of Bacon's work.

Other shows at Gagosian sell out because a gallery employee phones clients and says "Larry said you need this for your collection." One former Gagosian employee claims that in about a quarter of the cases, clients say "I'll take it" without ever asking "What does it look like?" or "How much?" These are not cold-calls; they are made to existing clients only. Gagosian says he avoids what he calls "impatient money," that which chases art only as a short-term investment.

What kind of collector pays \$100,000 or more (sometimes a lot more) for a work of art they may only have seen as an image on a computer screen, or heard of on the phone, or know is from an artist with a limited reputation? The answer is, collectors who trust their dealer in the same way they trust their investment advisor. It's the idea of buying art with the ears rather than the eyes, of buying the artist's expected future value. Selling this way is one of the defining characteristics of the superstar dealer.

With the exception of the late Jean-Michel Basquiat, the Brooklyn-born son of Haitian and Puerto Rican parents, a high school dropout with no formal art training, Gagosian has neither nurtured nor represented new artists. Basquiat made himself that exception, going to Los Angeles in 1983 where he talked his way into living and working for six months in one room of Gagosian's beach house in

Venice. The great trivia aspect of that story is the identity of Basquiat's girlfriend, who lived with them; the then unknown singer Madonna.

Gagosian never followed Castelli's practice of searching out new artists and new "isms." His artists came to him from other dealers because he offered more money, association with other branded artists, and better access to collectors. John Currin moved to Gagosian from his first dealer, Andrea Rosen, after Gagosian brokered the sale of his *Fishermen* to S. I. Newhouse for \$1.4 million, three times Currin's auction record at the time. The work was consigned by New York hedge fund manager Adam Sender, who had paid \$100,000 for it eighteen months earlier.

A very different dealer model is represented by White Cube in London, a gallery synonymous with its owner Jay Jopling. Jopling is an Old Etonian and son of Michael Jopling, Baron of Ainderby Quernhow, who was Chief Whip and Minister of Agriculture in Margaret Thatcher's government. In 1991 Jopling began a friendship with Damien Hirst. Hirst has a classic working-class background, but the two became neighbors in the Brixton area of London, and both were avid supporters of Leeds United. Hirst was trying to finance production of new work, and Jopling offered the money. It was Jopling who came up with the idea of telephoning post offices in Australia asking them to put up a sign saying "Wanted, 15-foot tiger shark."

Jopling opened the first White Cube in May 1993, on Duke Street, St. James's, a traditional and expensive gallery area, in a tiny space that he persuaded Christie's to loan him rent-free. The name comes from a series of essays by Brian O'Doherty, "Inside the White Cube: The Ideology of the Gallery Space." Jopling gave solo shows to many of the young British artists, including Tracey Emin, and the gallery became associated with the young British artists (yBas).

Emin appeared on a BBC television show in 1999, doodling pencil sketches of herself masturbating. On one she wrote "it can just be one big massive cum" in mirror writing. Jopling jumped on camera to announce "One can buy a unique drawing of Tracey's [at my gallery] for £1,500 to £3,000; she has just had a hugely successful show in New York with her work selling up to £30,000." The incident was widely reported, and Jopling produced as much publicity for himself and White Cube as for Emin.

In April 2000, Jopling moved White Cube to the gallery's present location in Hoxton Square, an area far from West End London galleries but popular with yBas. The building had housed a publishing company and before that a piano factory. In



2002 two extra floors were added by hoisting a prefabricated unit to the top of the existing structure. Neighbors thought the new addition was a Damien Hirst installation. In 2006 Jopling opened a second five-thousand square foot gallery in a former electricity station in London's West End.

White Cube's approach differs from that of Gagosian or most major galleries. While Jopling represents about twenty artists, including Hirst and Emin, Lucian Freud, Jake and Dinos Chapman, Mona Hatoum, Jeff Wall, and Ellsworth Kelly, he does not show them at regular intervals, nor does he have a contract with any artist. Each is a free agent for whom White Cube is accepted as their principal UK dealer. Jopling helps arrange exhibitions for his artists worldwide.

Seventy percent of White Cube's shows are for overseas artists who are being considered for representation, the art-world version of a football trial, with collectors as talent evaluators. Other galleries give artists trial shows, but usually these only represent between 5 and 10 percent of gallery presentations. For most of the White Cube trials, they will be one-off shows. Because White Cube shows are so unique, each attracts extensive press coverage. Jopling says he does not choose artists from any standard profile but responds to work that is brought to him. He looks for art that will be relevant in forty years. His openings feature fashion models, designers, and celebrities as well as artists and collectors; some of the openings have been reported in the British press as society events.

For a hot artist, the dealer's waiting list for their work is never first come, first to purchase. Gagosian or White Cube do not sell a painting by a really hot artist; they "place" it. They then circulate information on which museum or collector has demonstrated faith in the artist by acquiring. Both formal and informal agreements between dealers and artists allow the dealer to discount "where it is worthwhile to place the art in an important collection." Museums demand and get even larger discounts, arguing, "You can ask even higher prices for this artist's work once it is represented in the museum's collection."

First in line for placement are museums, then branded private collectors such as Steve Cohen or Charles Saatchi. Next in line are collectors with whom the dealer has a long-standing relationship, where part of the quid pro quo is future business, or "young collectors" who are being encouraged. A new buyer with no track record at the dealer has little chance of being high on the list to purchase a hot artist. Actually this new buyer has little chance of even seeing the hot paintings, which will be kept in a small private room. What is hung in public areas is available for purchase but of lesser significance.

When an artist is hot, the economist's concept of supply and demand does not apply. If the artist can create enough work to show simultaneously at several galleries and art fairs, the greater buzz produces higher prices. Each show, each fair, each mention in an art magazine, each critical appraisal produces more talk, more visitors, and more jumping on the bandwagon. The reassurance given by the dealer's brand is reinforced by the behavior of the crowd. As critic Robert Hughes says of New York collectors: "Most of the time they buy what other people buy. They move in great schools, like bluefish, all identical. There is safety in numbers. If one wants Schnabel, they all want Schnabel, if one buys a Keith Haring, two hundred Keith Harings will be sold."

White Cube has not expanded to other cities and has no plans to do so. Its reasoning is that branded artists do not want the same gallery representing them in several countries, because that gallery loses some of the incentive to promote their work. Better to have galleries in different countries competing for the artist's work, each bringing the work to art fairs, and each wanting to show the work through foreign partner galleries.

Gagosian exemplifies the opposite approach—dealers who open galleries in many cities and spend part of each week in first-class airline seats. Opening galleries internationally used to be limited to a very few dealers with large financial resources and branded artists. Now both new and established galleries want an international presence, which offers the ability to make better use of their investment in art and artists across markets. Most expansion is by European galleries wanting to get closer to American collectors, curators, and artists; for example, FA Projects (London and Los Angeles) and Yvon Lambert (Paris and New York). Other galleries, such as Lothar Albrecht (Frankfurt and Beijing) or Patrick Painter (Los Angeles and Hong Kong), want to take their artists to locations where new fortunes are chasing contemporary art. Some expansion, such as Gagosian's to Los Angeles and London, is undertaken to avoid the problems inherent in sharing an artist with foreign galleries—the timing of a show, and who gets the best work. For a branded dealer in a strong market, there is little financial risk in opening additional galleries. When paintings sell for \$50,000 to \$100,000, three sold-out shows pay for leasing and renovating the new gallery.

Opening a foreign gallery allows the dealer to approach new artists. In September 2007, Harry Blain opened a branch of Haunch of Venison in Berlin. His intention was not particularly to sell art—many cities offer a much larger collector community than Berlin. However, the city has a vibrant art scene and Blain wanted



some of these artists to be represented in his galleries in London and Zurich. Steve Sacks opened his gallery Bitforms in Seoul, South Korea to attract new Asian artists. New galleries also offer a place to preview art and artists before presenting them in New York or London.

The disadvantage of expansion is that the dealer spends so little time at the home gallery that important artists and collectors become annoyed. For most superstar galleries, the director is the gallery. Marc Glimcher, president of PaceWildenstein in New York, opened galleries in Los Angeles and London in the mid-1990s and closed both a few years later because they languished without his presence. He says that the foreign gallery model works for Gagosian only because "Larry has a special talent; clients don't expect to see him, they are happy just getting the aura of Larry." That may be the ultimate defining characteristic of the branded dealer.

Other than Gagosian and White Cube, who are today's superstar dealers? The table that follows is a consensus top ten list of contemporary art dealers in London and New York, with sample artists for each. What about all those dealers below the branded few? That is the subject of the next chapter.

THE SUPERSTAR DEALERS

LONDON

Larry Gagosian
(Jeff Koons, John Currin)
Haunch of Venison
(Bill Viola, Wim Wenders)
White Cube
(Damien Hirst, Tracey Emin)
Lisson Gallery
(Anish Kapoor, John Baldessari)
Sadie Coles
(Sarah Lucas, Richard Prince)
Victoria Miro
(Peter Doig, Chris Ofili)
Hauser and Wirth
(David Hammons, Tony Smith)
Maureen Paley
(Wolfgang Tillmans, Gillian Wearing)
The Approach
(John Stezaker, Gary Webb)
Stephen Friedman Gallery
(Tom Friedman, David Shrigley)

NEW YORK

Larry Gagosian
(Damien Hirst, Takashi Murakami)
PaceWildenstein
(Robert Rauschenberg, Chuck Close)
Marian Goodman
(Gerhard Richter, Jeff Wall)
Paula Cooper
(Carl Andre, Robert Wilson)
Gladstone
(Matthew Barney, Richard Prince)
David Zwirner
(Luc Tuymans, Lisa Yuskavage)
Matthew Marks
(Andreas Gursky, Ellsworth Kelly)
Sonnabend
(Jeff Koons, Clifford Ross)
Luhring Augustine
(Christopher Wool, Janine Antonini)
Gavin Brown
(Peter Doig, Franz Ackermann)

THE ART OF THE DEALER

Bernard Berenson [the critic] said to Bauer the antique dealer:

*"A man as scholarly as yourself shouldn't be a dealer,
it's horrible to be a dealer." To which Bauer replied,*

*"Between you and me there's no difference; I'm an
intellectual dealer and you're a dealing intellectual."*

Berenson never forgave him that.

Rene Gimpel, Diary of an Art Dealer

*We act as a sort of midwife trying to represent the
desires of our artists and the needs
of private collectors and museums.*

Brent Sikkema, New York dealer

Gagosian and White Cube and maybe twenty others are the branded galleries at the peak of the dealer pyramid. They represent artists who have achieved great success—but these are far less than 1 percent of all contemporary artists. The majority of artists seek and settle for representation with less well-branded dealers.

There are a traditional series of steps that new artists typically follow in trying to gain gallery representation. An artist's first show is usually held at the studio where the art was made, or in a small artist-run space visited by collectors and dealers. There the artist waits to be discovered by a mainstream dealer whose



instinct is that the work will be well received. The mainstream dealer is one level below the branded dealer, and serves as gatekeeper to the world of contemporary art, determining who will be shown and who will not. Each mainstream dealer typically represents between fifteen and twenty-five artists, who might each get a one- or two-person gallery show every eighteen months. The dealer organizes the show and promotes the artist with collectors, art writers, and museum curators.

The first show with a mainstream dealer is the artist's springboard to joining the serious art community. It is at the mainstream gallery that the art is first seen and purchased by most serious collectors. The gallery expects to lose money on the first two or three shows of the artist's work, but is prepared to absorb a loss in return for the promise of profit on later shows and on resales in the secondary market.

If the art is successful at the gallery level it will be shown at minor art fairs and later, by mainstream galleries in other cities. The work will then be described and discussed in art magazines. Artists who do not find mainstream gallery representation within a year or two of graduation are unlikely ever to achieve high prices, and see their work appear at fairs or auctions or in art magazines.

The high cost of opening a mainstream gallery, and the extended period of negative cash flow that follows the opening, usually means a wealthy backer is required. The financier is sometimes simply buying first place in line to acquire new artwork, without paying the dealer's markup. When Castelli's manager Ivan Karp left the gallery to set up his own, he claimed to have received a dozen calls the first day, offering financial support. Every caller wanted first right of refusal on new work. This sort of financing creates an obvious conflict of interest between client, the artist, and the gallery.

Without a wealthy patron, a new gallery has a precarious future. Conventional wisdom in the art world is that four out of five new contemporary art galleries will fail within five years. Ten percent of galleries established for more than five years also close each year.

Few dealers survive the first few years on primary market sales alone. The dealer may have previously made a living on secondary market sales and will continue to do so. Harry Blain spent five years dealing in the secondary market as Blair Fine Arts before venturing into primary artist representation as Haunch of Venison. Even then, he entered the business with a group of first-rate artists inherited from the Anthony d'Offay Gallery when D'Offay retired.

Mainstream dealers are found in the same cities as branded dealers, especially New York and London. These cities offer a concentration of wealth, high salaries, artists, and galleries to shape tastes, and convenience for collectors who want to gallery-shop. Can you establish a strong mainstream gallery in a secondary location? Some exist in Zurich, Frankfurt, Chicago, Toronto, and other large cities, but it is more difficult. A dealer and his artists are better off as the fiftieth gallery in New York or London than as the first in Baltimore or Bristol.

The need to be represented by a mainstream gallery explains why so many successful contemporary artists choose to work in New York, London, Los Angeles, or Berlin, or at the margin, in Paris, Rome, or Zurich. Artists living anywhere else need to be represented by a gallery that takes their work to international art fairs, leading to exchange representation with a mainstream gallery in one of these cities.

Below the mainstream dealers are the "High Street" galleries, which represents artists rejected by or not yet ready for a mainstream gallery, and the artists' cooperatives, where artists share display space and share costs. At the bottom are the vanity galleries, where artists pay a fee to have their work shown. High Street galleries, artists' cooperatives, and vanity galleries attract no reviews and sell very little. What they do sell will generally have very little resale value. The combination of artists seeking dealers and money seeking art provides an umbrella under which these dealers can open. Some will evolve to handling better art; most will survive a few years and disappear.

The profit model for a mainstream dealer entails the dealer taking most work on consignment. The dealer tries to lose as little money as possible on new artists, making money by selling the new work of established gallery artists and achieving profitable secondary market sales. New artists are inherently unprofitable: gallery maintenance expenses will be the same as for any show and promotion costs are high, but selling prices will be stuck in the low to middle four-figure zone—and worse, the work may not sell.

Two out of five new artists will no longer be showing in a mainstream gallery five years after their first show, two will have been marginally successful, and one will be quite profitable for the gallery. If the fifth, profitable artist becomes very successful, she may try to move to a branded gallery or may be lured away with a signing bonus and monthly stipends. Only one artist in two hundred—and that is two hundred established artists—will reach a point where her work is ever offered at Christie's or Sotheby's auctions.



The mainstream galleries that survive this culling are the ones that have placement artists available—or are able to attract them. When gallerist Ma Boone lost Julian Schnabel to Pace, she was able to promote David Salle and E Fischl. When Salle moved to Gagosian, Boone featured Ross Bleckner.

Sometimes the dealer has a long, formal contract with artists to cover their mutual obligations. Galleries such as New York's Luring Augustine use a letter of understanding, setting out what each side has undertaken to do. But very often, with White Cube, there is no written document; the two parties operate on a handshake.

Formal contract or not, all but the most established artists have very little input in the agreement with the dealer. Artists are eager to have their work shown and may be insecure about their own talent, and are excited that a mainstream gallery might show their work. They have little bargaining power and no experience with commercial negotiation. Some contracts even require the artist to share the dealer's costs of promotional outlays like announcements and catalogues. There have been cases where the artist ends up owing the dealer money after a show where only a couple of pieces sold.

Dealer markups in the primary art market are pretty straightforward; the dealer takes 50 percent of the selling price as a commission. That is an industry standard for both branded and mainstream galleries, and dealers try to stick to it. If the dealer shows an artist who is under contract to another dealer, at least 10 percent of each sale is returned to the primary dealer. The figure can be as high as 20 percent if the artist is hot.

The exception to the standard 50 percent commission is a branded artist showing with a superstar dealer; for these shows, rules and commission rates are often dictated by the artist. By the end of their relationship, Jasper Johns' split with Leo Castelli gave 90 percent to Johns, 10 percent to Castelli. Gagosian and White Cube take a 30 percent commission on Damien Hirst's sales. For many branded artists the rule is 50 percent to the dealer on sales at a show or to new collectors and 30 percent for sales between shows or to established collectors of the artist's work. Markups in the secondary market can be as low as 5 percent on an expensive work acquired specifically for a favored client, and up to 300 percent on works purchased for inventory.

The markup is the most common area of disagreement between dealer and artist. To the artist 50 percent seems outrageously high: "After all, I created the work." Even Picasso in 1918 said of his dealer Leonce Rosenberg, "*Le marchand-*

voilà l'ennemi!" Dealers are seen as undervaluing the artist's training and creative input, and artists are viewed as undervaluing the contribution of the dealer's brand, customer base, and promotional activity.

Beyond markups, relationships between dealer and artist are always being reassessed because they involve so many roles: financier, agent, advisor, and friend. Often the gallery is developing at the same time as the artist. The gallery may feel the need to upgrade its artists, the artist to upgrade his dealer.

The other major source of mistrust arises when a dealer encourages the artist to channel his creativity into what the market wants, "more of what sold last month" or "work that can be featured at a coming art fair." The artist naturally wants the dealer to find collectors willing to buy what the artist wants to create.

Mainstream dealers do not add as much value to art as the branded dealer, but they add some by helping overcome the uncertainty of the contemporary buyer. This was wonderfully illustrated in 2005 at a show held by New York dealer Jack Tilton, owner of Jack Tilton Gallery in New York. Tilton is well respected; the gallery ranks in the upper third of "mainstream."

In December 2005 Tilton and his gallery director Janine Cirincione toured the studios of students in Master of Fine Arts (MFA) programs at Hunter College, Yale, and Columbia. They chose thirty works by nineteen student artists for an exhibition called, appropriately, *School Days*. The work included paintings (one entitled *Yale, Bad Idea*), sculpture, and video works.

The show was mounted at the gallery on East 76th Street in New York, a historic townhouse where Franklin and Eleanor Roosevelt were married. The opening was attended by Tilton's collectors, *New York Times* reporter Carol Vogel, and every hungry and thirsty art student who could wangle an invitation or stride in posing as a real collector (and thus not be asked to produce an invitation). Vogel's article the next day quoted Tobias Meyer of Sotheby's as saying that searching for student work had become the art world version of *American Idol*. She also quoted a warning from Robert Storr, dean of Yale's art school: "These anointed stars are much less likely to mature . . . they get sidetracked and confused and are not giving themselves time to grow and develop."

Tilton priced each student's work at about five times the cost if purchased directly from the artist or at the school thesis show a few months later. He sold out the show. Ashley Hope, an MFA student at Hunter College, sold a painting for \$6,000, an amazing price for a first-time exhibitor. Columbia student Natalie Frank, who had previously exhibited in Chelsea with work at a third the price, sold



one for \$16,000. Yale student Logan Grider, whose previous sales record was \$800, sold the painting *My New Home* for \$5,000 to Los Angeles collector Michael Ovitza. Tilton's sales, and the prices achieved, reinforce Howard Rutkowski's wisdom: "Never underestimate how insecure buyers are about contemporary art, and how much they always need reassurance."

Like most branded galleries, a few mainstream galleries will advance money to the artist against future sales, or pay a monthly stipend. Both types of galleries offer emergency loans, legal and accounting services, help with book publishing, and, as one dealer added, "alcohol rehab and nanny services." Neither dealer nor artist really likes the system of advances and loans—the dealer ends up with a mortgage on the artist's future work and the artist feels indebted and resentful.

The advances paid to a successful artist can be substantial. When Peter Halley switched galleries in New York in 2002, a lawsuit resulted and the legal documents stated that he had been receiving a stipend of \$40,000 a month. Several dealers told me that they believe White Cube pays £1.1 million per month in artist stipends, and Gagosian considerably more.

Stipends have another disadvantage. Dealers who offer a high signing fee or a monthly stipend to a young artist demand that the artist produce. Artist David Hammonds put this nicely: "What happens in that situation is that you are tempted by the devil. You are shown everything you could have. All you have to do is part with your soul. I found myself in agony." Gallerist Mary Boone said, only partly in jest, that her strategy with non-productive artists was to pay large advances to encourage them to develop expensive tastes. "Get the artist to buy expensive houses and have expensive girlfriends and expensive wives. That is what drives them."

Superstar dealers and a few mainstream dealers may also publish a catalogue of the artist's work to accompany an exhibition. This contains high-quality reproductions and commissioned essays by respected critics. The catalogue is intended to document the artist's progress, and has become so important that artists have switched dealers to protest at the failure to produce a catalogue (or in one case to protest that the catalogue produced was not lavish enough).

At some point in the relationship, the developing artist will want to know why his work is not being discussed in the *New York Times* or *ARTnews*, or being shown at the Frieze Art Fair, like that of artists represented by branded galleries. All developing artists want three things apart from money: write-ups in art magazines; placement of their work in art museums; and a retrospective in a highly branded

museum. The mainstream dealer has a different concern; heavy promotion may bring sales but may also result in abandonment, if the artist moves up to a superstar gallery. And most artists are uncomfortable discussing relationships with their dealers, even when talking with other artists. This is sometimes explained as embarrassment; if only they were more successful, their clout with their dealer would be greater.

With or without a contract, the artist almost always has an exclusive relationship with a single dealer in each country. Artists may think there is an incentive to sell through multiple dealers, because competition would improve the terms offered by each. They quickly realize that, without exclusive representation, a dealer's promotional efforts would also benefit any other dealers handling the same artist—and so no dealer would do any promotion.

Dealers can affect an artist's prices through their activities in the secondary market. When a work appears at auction, some dealers bid up to what it would sell for at the dealership, to protect the gallery market. Some buy back the work to protect the artist from going unsold. Opinion differs as to whether such price support is necessary. Some claim that it is an absolute obligation for dealers; others, such as Matthew Panter of Panter and Hall in London, say they have no obligation and won't do it.

Dealers offer discounts in order to move work. It is a common misconception that dealer prices are not negotiable. They are almost always negotiable, even for a hot artist, because dealers need to maintain a sense of gratitude in their collectors. Even with sold-out shows comes the dealer's whispered, "For you, my valued customer, a 10 percent discount." And the valued customer responds, "Might 20 percent be possible, my friend?" The discount is justified as the equivalent of an art advisor's commission. For art displayed between an artist's shows, a standard ploy among collectors is to say to the dealer, "I like the work a lot, make me an offer I can't refuse." It works, sometimes even at Gagosian and White Cube.

A painting can be sold with or without reproduction and exhibition rights—these can be retained by the artist, or by a subsequent buyer. When a branded dealer sells a work, rights are usually retained for the artist. A mainstream or High Street dealer who sells a work may pass all rights to reproduce or exhibit to the buyer. This is risky, because subsidiary rights can be worth far more than the painting itself.

In the mid-1990s an investor paid \$8 million for American realist painter Andrew Wyeth's paintings of model Helga Testorf, together with the associated



subsidiary rights. The existence of the Helga paintings was unknown for many years; their discovery made the covers of both *Newsweek* and *Time* magazines because of a rumored relationship between artist and model. The investor received \$1.2 million for three subsequent museum shows, \$2.8 million in royalties for a book-length museum catalogue that sold 400,000 copies, and \$40 million on reselling the paintings to a private Japanese collector. He retained reproduction rights for posters and lithographs, valued at \$9–12 million.

An artist who has achieved success in one country would like to gain representation in others. Sometimes this comes with a gallery such as Gagosian showing the work in other cities, or with White Cube arranging for a show through partner galleries. Sometimes the artist just signs different contracts in different cities. When an artist has different representations a problem is created. Each gallery wants enough work to present a solo show every two to three years, and still more to show at each art fair they attend. Creativity and quality can both suffer. The artist may end up being shown on four different stands at, say, Art Basel, with different price levels and discounting policies. Four different galleries will then contact collectors and museum curators, saying, "Come and see this artist at my stand." Buyers may play galleries against each other, claiming they receive a 20 percent discount on the artist from one gallery and demanding the same from others.

There is one more type of dealer. Usually also located in a major city, a private dealer or art advisor is just that. She typically works from an apartment, as an agent in the secondary market or as an advisor to a collector. Most private dealers were once public dealers or auction house specialists, curators, or academics. The agent will contact anyone she knows who has purchased a significant painting at auction, saying, "You paid \$20 million, would you flip [a quick resale] it right now for \$30?" She then adds the work to her "sell" list, offering it at \$35–40 million, hoping to negotiate no lower than \$33 million to provide a good commission. She e-mails or calls dealers attending a major art fair, asking for descriptions and images of the work to be shown, so at the opening she and her client can sprint directly to works of interest and try to reserve them.

On a more routine level, advisors scout sales rooms, attend Maastricht, Art Basel, and a raft of lesser art fairs, and review student shows for clients who do not have the time or interest. They try to stay current on insider information and art trends so they can advise on what Charles Saatchi is buying, and what show might be pending at the Guggenheim.

Private dealing developed in the nineteenth and early twentieth centuries when the new class of industrialists and merchants thought they had inadequate art background to commission work directly from artists, and chose instead to go through informed intermediaries. Some dealers became very wealthy. In 1879, at the age of thirty-one, Paul Gauguin earned 30,000 francs a year (about \$125,000 today) as a stockbroker, and as much again from selling the art of his teacher, Camille Pissarro, to other brokers. After the stock market crash of 1882 Gauguin lost his job as a stockbroker and the art market collapsed. He was forced to become a full-time artist.

Advisors have been described as “part broker, part tastemaker, part tour guide and part shrink.” They are also described as weasels, parasites, and worse. They are tolerated by most dealers because they occasionally deliver new collectors, but in private, dealers have as little good to say about advisors as they do about auction houses.

Their advantage is a wide network of connections, expertise, and focus; their disadvantage an almost total lack of visibility. They are not offered much art, and their lack of financing means that they cannot afford to buy. Many private dealers simply rely on public dealers or private collectors to find pictures to offer on a commission basis.

Private dealers sell their services as consultants, using the argument that collectors need to be wary. Dealers and auction houses, like real estate agents, represent sellers, not buyers. Their business interest is in securing the highest price and commission, not in looking after the buyer. Nowhere on an estate agent’s listing do you find information about the local crime rate, or the incinerator located a mile upwind. Nowhere on a dealer’s wall or in an auction catalogue does the collector find information on the painting’s condition, or the validity of the price estimate, or whether it has recently been bought-in (retained by the auction house), or any concern about authenticity.

Advisors are useful in gaining access for a collector to primary-market art from artists with a long waiting list. Along with extolling the virtues of the artist to the collector, they sell the merits of the collector to the gallery—and are listened to if the dealer wants to cultivate their future business. Advisors also serve on the selling side, aggregating market information, trying to predict when an artist’s price curve has leveled or started to decline, and recommending when to divest.

As an advisor, the private dealer is neither dealer nor agent, but receives an annual retainer, or a commission of between 2 and 10 percent of the value of the art

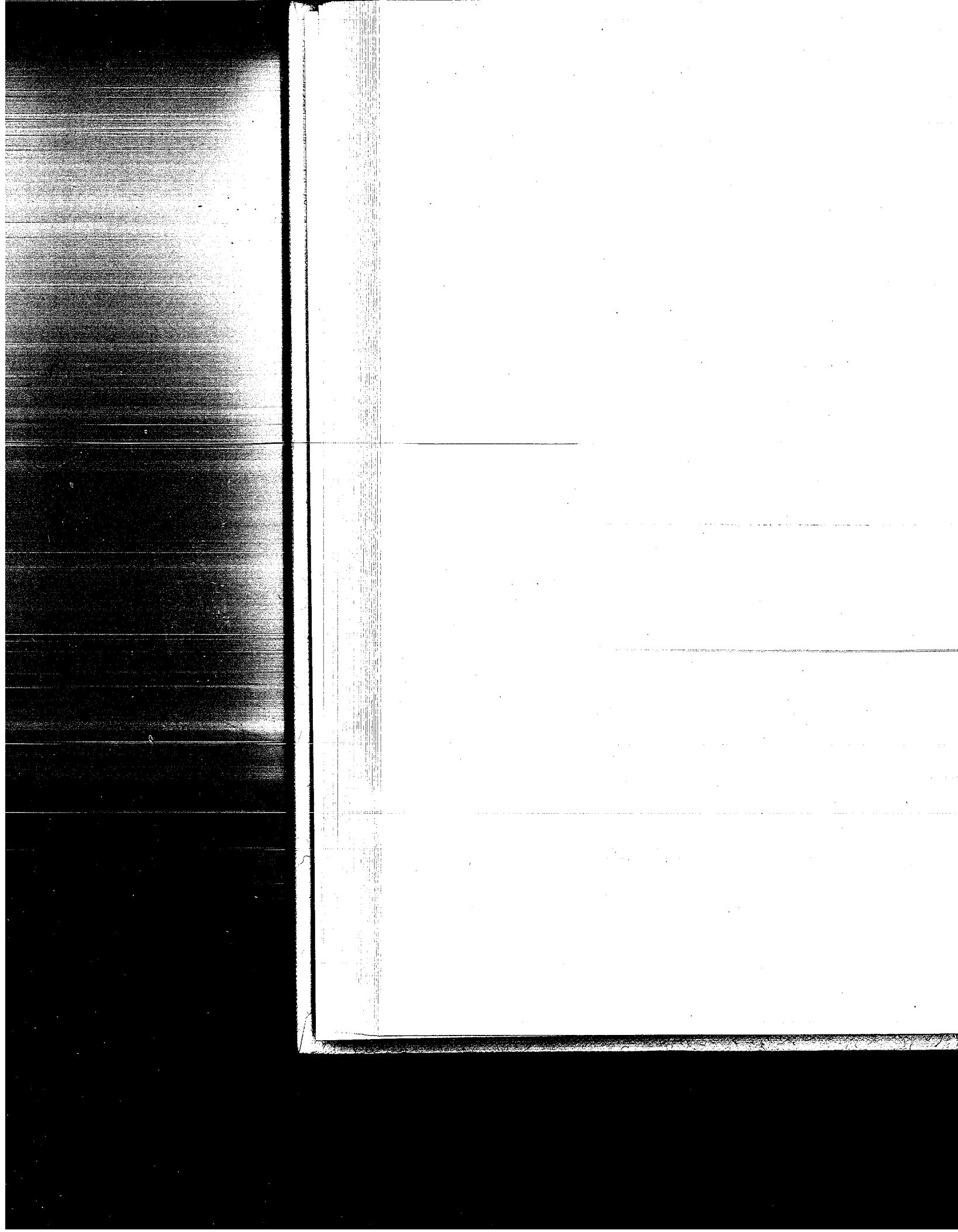


involved, or some combination of these. The advisor may simultaneously ask for 1 or 2 percent "finders" or "consignors" fee from an auction house or dealer. Taking money from both sides is not considered unethical so long as the client knows and agrees.

The dealer-client relationship can deteriorate, leading to distrust and expensive litigation. Lawsuits involving collectors, consignors, artists, and dealers are not uncommon. Manhattan attorney Peter Stern, whose practice involves the art market, describes four cases. In the first, a collector who consigned work to a gallery discovered the picture had been sold only when a family member saw it hanging in a museum. The gallery had neither notified nor paid the consignor. In the second case the consignor saw his painting at a friend's cocktail party and asked the sale price. This turned out to be 50 percent higher than the gallery had declared. A third case involved a gallery assistant creating invoices with two different prices and accidentally switching them when posted, thus revealing the true selling price to the consignor. A fourth case involved a gallery that had pledged or sold rights to almost twice as many of an artist's paintings as it had access to.

If you just want some background on the art in a branded or mainstream gallery without being patronized or pressured, never start by talking to the carefully turned-out young lady behind the reception desk, known in the art world as a gallerina or gallery girl. She is last spring's art history graduate from the local university who got the job through her father's clout. Unlike her counterpart working at an auction house, she is allowed hennaed hair and body piercing or whatever fashion style the owner thinks will build a bridge from the gallery brand to the style of art on display. She spends her day reading *The Art Newspaper*, answering the phone, and saying "Can I help you?" in a tone of voice intended to cause window shoppers to flee. One reason she is defensive is to fend off the rhetorical questions from browsers: "Who buys this stuff?" She has been instructed as to which classes of people to be explicitly rude to: artists wanting to have their slides reviewed, student groups, and women with large hats, cheap handbags, or who arrive in groups larger than two. She is told not to say anything meaningful to anyone who carries an authentic designer handbag or might be an actual collector, but to call the manager immediately. If you insist, she will offer you a guest book to sign, but the gallery will never mail anything to you. Snub her as she snubs you. She is not the charming and welcoming Charlotte York character played by Kristin Davis in *Sex and the City*, who worked in an upscale gallery and actually was allowed to talk to customers and solicit new artists.

Instead look for a gallery guard, usually positioned in the room furthest from the entrance. Talk to the guard. No one else does, so he has never been told not to talk. Ask him what he likes. The guard swaps gossip with the receptionist, knows what has sold, what is overpriced, and what the gallery owner and artist fight about—he overhears everything, but at work he is invisible.



ART AND ARTISTS

*Art tells you things you don't know you
need to know until you know them.*

Peter Schjeldahl, art critic

*Art is sexy! Art is money-sexy!
Art is money-sexy-social-climbing-fantastic!*

Thomas Hoving, former Director,
Metropolitan Museum of Art

Contemporary art has achieved its current importance in resale markets in part because the best examples of other schools of art are disappearing from the market, and are never again likely to appear for sale. For centuries, the best of the work of the past appeared regularly at private sales or at auction. Today, when an important non-contemporary work appears at auction there is a price explosion. A 1918 Modigliani portrait, *Le Fils du Concierge*, which sold at auction for \$5.5 million in 1997, resold in 2006 for \$31 million. A wonderful Cezanne watercolor, *Nature morte au melon vert* (1902–6), was sold at Sotheby's London for £2.5 million in 1989 and resold at Sotheby's New York in May 2007 for \$25.6 million. A minor Gauguin, *Cavalier devant la case* (1902), which sold at Christie's London in June 1998 for £969,000, was resold at Sotheby's New York in May 2007 for \$4.9 million. Examples of modern and Impressionist art that would



never have been included in prestigious evening auctions a decade ago, appear and bring seven-figure prices.

Two things contribute to the shrinking supply of traditional art. The first is the worldwide expansion of museums as donors seek immortality and cities seek respectability and increased tourism. Art is donated to museums, and while these works will someday be deaccessioned, most—and the best—will be stored, never to return to the market. The past twenty-five years have seen a hundred new museums around the world, each intent on acquiring, on average, a thousand works of art.

Second is the parallel expansion of private collections. Over the past twenty years the number of wealthy collectors has multiplied twenty times—and most of those collections will end up in museums rather than resold. There will always be a few Impressionist and twentieth-century works offered, but the quality declines. More of the best art resides in museums and long-term collections.

As awareness of scarcity grows, both museums and private collectors face a “last chance” situation every time a major work comes up for sale. Fearing they may never have another opportunity to add a certain artist or period to their collection, they purchase without consideration of past prices. Logically the price of earlier work should not influence the price level for contemporary art by the same artists, as there is always more being produced. But it does. Contemporary art has evolved to be the hottest segment of the art market.

Another result of scarcity of branded work is that the role of aesthetic judgment decreases. Paintings are described in terms of the mystique of the artist who else collects the work, and recent prices achieved by the artist at auction. Mark Rothko, who died in 1962 at the age of thirty-four, painted a series of eleven monochromatic works that were probably intended for meditation. At Christie's London in June 2006, a Klein work called *IKB 234*, a canvas painted a unique solid blue, sold for £994,000, or \$1.8 million. “IKB” stands for International Klein Blue. Klein's work is as far as one can go from the requirement that the artist be able to draw and balance color.

What did Christie's catalogue say about this solid blue canvas? “These works allowed the viewers to bathe in the infinite, in the luminous spiritual realm of International Klein Blue. Influenced by his experiences of Judo, his interest in Rosicrucianism, his fascination with the age of the atomic, Klein had created paintings that have no frames and therefore no edges, and are thus windows into the eternal and endless.”

spiritual realm." Imagine being offered a window to the eternal for just \$1.8 million. That is an example of creative catalogue marketing, and the strange facts that art marketers think collectors find persuasive.

Sometimes a dealer or auction house will claim that a work of contemporary art has meaning, that an artist such as Andy Warhol is a social commentator. Critics and curators may debate what a work means; most collectors just want to hang a work that touches their soul. Experienced collectors do not spend much time worrying about meaning. If the work is expensive enough that the dealer or collector is asked, they will probably just invent an elaborate legend.

So who are the great contemporary artists? Again, it depends whom you ask. Philippe Segalot, a New York art consultant and former manager of Christie's contemporary art department, says there are no more than ten great artists in any one generation. These ten will see their prices grow, while other artists disappear.

Segalot's twelve artists of the 1980s and '90s (he had trouble narrowing it to ten) are Jeff Koons, Jean-Michel Basquiat (creator of *Untitled*), Cindy Sherman (a photographer), Richard Prince, Felix Gonzalez-Torres (of candy-sculpture fame), Charles Ray, Mike Kelley, Martin Kippenberger, David Hammons, Andreas Gursky, Damien Hirst, and Maurizio Cattelan. For the first half-decade of the twenty-first century, Segalot chose Takashi Murakami, Luc Tuymans, Matthew Barney, and Robert Gober. Segalot claims that you can pick great artists early; there is no longer a van Gogh syndrome, in which it takes years to recognize a genius. Today there are so many dealers, curators, advisors, and critics checking new art that artists whose work merits attention are quickly recognized.

I asked this "Who are the great contemporary artists?" question of dealers, auction specialists, and other experts. No two offered the same list. What follows is a consensus ranking of twenty-five major contemporary artists—and this list excludes five who are on Segalot's list! Inclusion is partly based on the opinion of experts, partly on auction records, but also on Walter Sickert's oft-quoted 1910 comment that the importance to be attached to an artist is found in the question: "Have they so wrought that it will be impossible henceforth, for those who follow, ever again to act as if they had not existed?" The reader might notice that there are no women on the list, nor were there any on those of the experts except for Segalot's inclusion of photographer Cindy Sherman. Almost every survey ranks Sherman as the most popular woman artist of the twentieth century, well above Georgia O'Keeffe or Frida Kahlo.



TWENTY-FIVE MAJOR CONTEMPORARY ARTISTS

1. Jasper Johns (American, 1930–)
2. Andy Warhol (American, 1928–87)
3. Gerhard Richter (German, 1932–)
4. Bruce Nauman (American, 1941–)
5. Roy Lichtenstein (American, 1923–97)
6. Robert Rauschenberg (American, 1925–2008)
7. Joseph Beuys (German, 1921–86)
8. Ed Ruscha (American, 1937–)
9. Francis Bacon (Irish/English, 1909–92)
10. Lucian Freud (English, 1922–)
11. Cy Twombly (American, 1928–)
12. Damien Hirst (English, 1965–)
13. Jeff Koons (American, 1955–)
14. Martin Kippenberger (German, 1953–97)
15. Donald Judd (American, 1928–94)
16. Willem de Kooning (American, 1904–97)
17. Takashi Murakami (Japan, 1963–)
18. Peter Fischli/David Weiss (Swiss, 1952/54–)
19. Richard Serra (American, 1939–)
20. Antoni Tàpies (Spanish, 1923–)
21. Maurizio Cattelan (Italian, 1960–)
22. Andreas Gursky (German, 1955–)
23. David Hockney (English, 1937–)
24. Richard Diebenkorn (American, 1922–93)
25. Jean-Michel Basquiat (American, 1960–88)

There is no close relationship between the ranking of artists and the prices their works bring. A great work by a contemporary artist can be valued six times as highly as an ordinary work by the same artist. A painting with previous celebrated owners, or one that comes from a major museum, may be worth considerably more than one without that history. Price records are created by divergent evaluations, together with the mixture of ego, competitiveness, and greed in the auction room. Many records come at auction, and a great many were set in 2006 and 2007.

Most records are set by modern and Impressionist artists, but contemporary records are closing in. The contemporary artists on the list of record prices that follows are Andy Warhol, David Smith, Willem de Kooning, and Jasper Johns. By the time you read this, new records will undoubtedly have been added.

The highest price paid for a modern work went for Jackson Pollock's *No. 5, 1948*, a 4 ft × 8 ft drip painting. It sold in 2006 for \$140 million in a private transaction negotiated by Tobias Meyer of Sotheby's. Pollock, who died at the age of forty-four, was not a prolific artist, and his best work seldom comes up for sale. The second most expensive work was a 2006 private purchase, by Steve Cohen, of Willem de Kooning's 1952–3 *Women III*, for \$137.5 million. Third on the list is Gustav Klimt's *Portrait of Adele Bloch-Bauer I*, negotiated by Mark Porter of Christie's New York but sold privately. At a reported \$135 million, the price was four and a half times the previous high for a Klimt. Until this sale, most art critics and historians would have ranked Klimt as a second-tier modern painter, and that is what his previous auction records suggested. The price illustrates the ease with which art history is now rewritten with a checkbook.

What would be the most valuable art work in the world if it were to come up for sale? Dealers and auction specialists agree that it would be Leonardo da Vinci's sixteenth-century portrait of *Mona Lisa* (La Gioconda), currently hanging in the Louvre and valued for its iconic status as much as its artistic worth. What would it bring? From a private collector, estimates range from \$500 million to \$1.5 billion. From a state-funded, status-seeking museum such as those being built in Abu Dhabi and Dubai, estimates go as high as \$10 billion.

For all the publicity it receives, particularly about the high prices reported, the world of contemporary art is not that big. There are about ten thousand museums, art institutions, and public collections worldwide, fifteen hundred auction houses and about two hundred fifty annual art fairs and shows. There are seventeen thousand commercial galleries worldwide, 70 percent of which are in North America and western Europe. Average turnover per gallery is about \$650,000, implying gross sales for the primary market and part of the secondary market of about \$11 billion—of which \$7 billion could be considered contemporary art.

The major auction houses sell contemporary art to a value of about \$6.5 billion; private and institutional trading (including private sales by auction houses) and sales through art fairs might amount to another \$6.5 billion. So the estimated value of world contemporary art sales is around \$20 billion per year. That sounds like a lot, but it is only equal to the worldwide sales of Nike or Apple Computer,

**ART PRICE RECORD****THE MOST EXPENSIVE PAINTINGS SOLD AT AUCTION**

Garçon à la Pipe (1905), Pablo Picasso, \$104 million, Sotheby's New York, 2004

Dora Maar au Chat (1941), Pablo Picasso, \$95.2 million, Sotheby's New York, 2006

Portrait of Dr. Gachet (1890), Vincent van Gogh, \$82.5 million, Christie's New York, 1997
(resold privately through a Sotheby's private placement in August 1997 for \$90 million)

Portrait of Adele Bloch-Bauer II (1907), Gustav Klimt, \$87.9 million, Christie's New York, 2006

THE MOST EXPENSIVE POST-WAR WORK SOLD AT AUCTION

White Center (Yellow, Pink and Lavender on Rose) (1950), Mark Rothko, \$72.8 million, Sotheby's New York, 2007

Green Car Crash (Burning Car I) (1964), Andy Warhol, \$72.7 million, Christie's New York, 2007

THE MOST EXPENSIVE BRITISH PAINTING SOLD AT AUCTION

Giudecca, La Donna della Salute and San Giorgio (1840), J. M. W. Turner, \$35.8 million, Christie's New York, 2006

THE MOST EXPENSIVE SCULPTURES SOLD AT AUCTION

Bird in Space (1923), Constantin Brancusi, \$27.5 million, Christie's New York, 2005

Cubi XXVIII (1965), David Smith, \$23.8 million, Sotheby's New York, 2005

Hanging Heart (Magenta/Gold), Jeff Koons, \$23.5 million, Sotheby's New York 2007

THE MOST EXPENSIVE PAINTINGS SOLD PRIVATELY

No. 5, 1948 (1948), Jackson Pollock, \$140 million, negotiated sale by Sotheby's New York, 2006 to Mexican financier David Martinez

Women III (1952-3), Willem de Kooning, private sale in 2006 to Steve Cohen

Portrait of Adele Bloch-Bauer I (1907), Gustav Klimt, \$135 million, negotiated sale by Christie's New York in 2006, to New York cosmetics heir Ron Lauder's Neue Galerie

False Start (1959), Jasper Johns, \$80 million, private sale in 2006, David Geffen to Anne and Kenneth Griffin

Peasant Woman Against a Backdrop of Wheat (1890), Vincent van Gogh, \$80 million, private sale by Steve Wynn, 2005

Turquoise Marilyn (1962), Andy Warhol, \$80 million, private sale by Stefan Edlis to Steve A. Cohen, 2007

THE MOST EXPENSIVE SCULPTURE SOLD PRIVATELY

Bird in Space (1923), Constantin Brancusi, \$38.5 million, private sale brokered by New York dealer Vivian Horan to a Seattle collector, 2000 (this is a different version [of 1 in total] from the Bird in Space listed under "sculptures sold at auction" above)

THE MOST EXPENSIVE PAINTING PER SQUARE INCH

Madonna of the Pinks (1506-1507 and 11 in x 14 in), Raphael, sold by Ralph Percy, 12th Duke of Northumberland to the National Gallery for tax-free equivalent of a taxable £35 million offer made by the Getty Museum

and half the annual worldwide sales of the Walt Disney Corporation. It equals the gross national product of Iceland.



Contemporary art shows present a good illustration of economists' concept of a negative price. Everyone who visits commercial galleries has played some version of the following game. Walk around the gallery with your partner and ask, "If we won the raffle and could take home any piece to hang, which would it be?" It is a great way to find out whether you share the same taste in art!

So then, how much would you pay *not* to have to take the raffle prize home and hang it? That is the idea of the negative price—it is like saying, "How much would you pay to have your teenage son not get that dragon tattoo on his forehead?"

The same "What would I pay not to have to look at that every day?" observation might be made for work in the *USA Today* exhibition, or for some of the work at any Christie's or Sotheby's evening auction, or at any high-end gallery. Most people only respond to about one in a hundred contemporary works, and seriously dislike a lot of the rest. But taste and lust are subjective, and rejection should never be construed as disrespectful of art or artist. The work on which you have placed the highest negative price will be purchased by someone, who will then confidently exhibit it to their closest friends.

The art market looks pretty healthy from the standpoint of a branded artist represented by a branded dealer, and OK from that of an artist represented by a mainstream gallery. What does the market look like from the standpoint of all the non-represented artists, or those selling through local or suburban galleries? Most of those artists see the high-priced art market only through art magazines or gallery openings, and in auction catalogues. There are approximately forty thousand artists resident in London, and about the same number in New York. Of the total of eighty thousand, seventy-five are superstar artists with seven-figure incomes. Below those are three hundred mature, successful artists who show with major galleries and earn six-figure incomes from art. On the next level down are about five thousand artists who have some representation, most in a mainstream gallery, and who supplement their income through teaching, writing, or supportive partners.

There are thought to be fifteen thousand artists walking the streets of London at any one time looking for gallery representation, and the same number in New



York. This number actually increases each year as publicity given to the high paid for contemporary art attracts more young artists to the profession, and already seeking gallery representation spend longer before dropping out. Overperceived demand for art results in greater supply of art producers. Whatever number looking for representation, the superstar gallery ignores them all and artists away from other galleries. Mainstream dealers generally pay little attention to those who knock on their doors. Instead they search for new artists by visiting artists' studios and art school graduate shows, or by following recommendations from current gallery artists, collectors, or friends. From these sources, and cold calls, a gallery may see slides or completed work from a dozen new artists a week, but take on only one or two a year.

Dealers say they pay attention to tips from their own artists and from museum curators, but pay little attention to critics. London dealer Victoria Noxon says she follows up recommendations from her artists because she respects their opinions—but seldom takes on a new artist this way. Another dealer said she takes a thousand slides a year, visits fifty studios, includes five to ten new artists in group shows, and from that group adds one each year to the list of regular artists represented by the gallery. This is incredibly disheartening for the artists involved, virtually all of whom, dealers say, believe themselves to be above-average and certainly better than many artists being shown by the dealer reviewing their work. Dealer humor relates that all artists come from Lake Wobegon, America, a town writer Garrison Keillor's fictitious midwestern town where all the children are above average.

The net result of this process is that there are about forty-five thousand artists in London and New York who are trying to sell privately or through artist cooperatives or suburban galleries, or who have given up. Many will leave the professional art world by the age of thirty, to be replaced by that year's cohort of art school graduates.

What such artists aspire to is the status and recognition of the branded artists—those few associated with the world of high-end contemporary art. What combination of talent, luck, and particularly, marketing and branding, gets an artist to the very top? The following chapters tell the stories of Damien Hirst, creator of the stuffed shark; Andy Warhol; Jeff Koons; and Tracey Emin. None provides an easy template for the aspiring artist.

DAMIEN HIRST AND THE SHARK

Becoming a brand name is an important part of life.

It's the world we live in.

Damien Hirst, artist

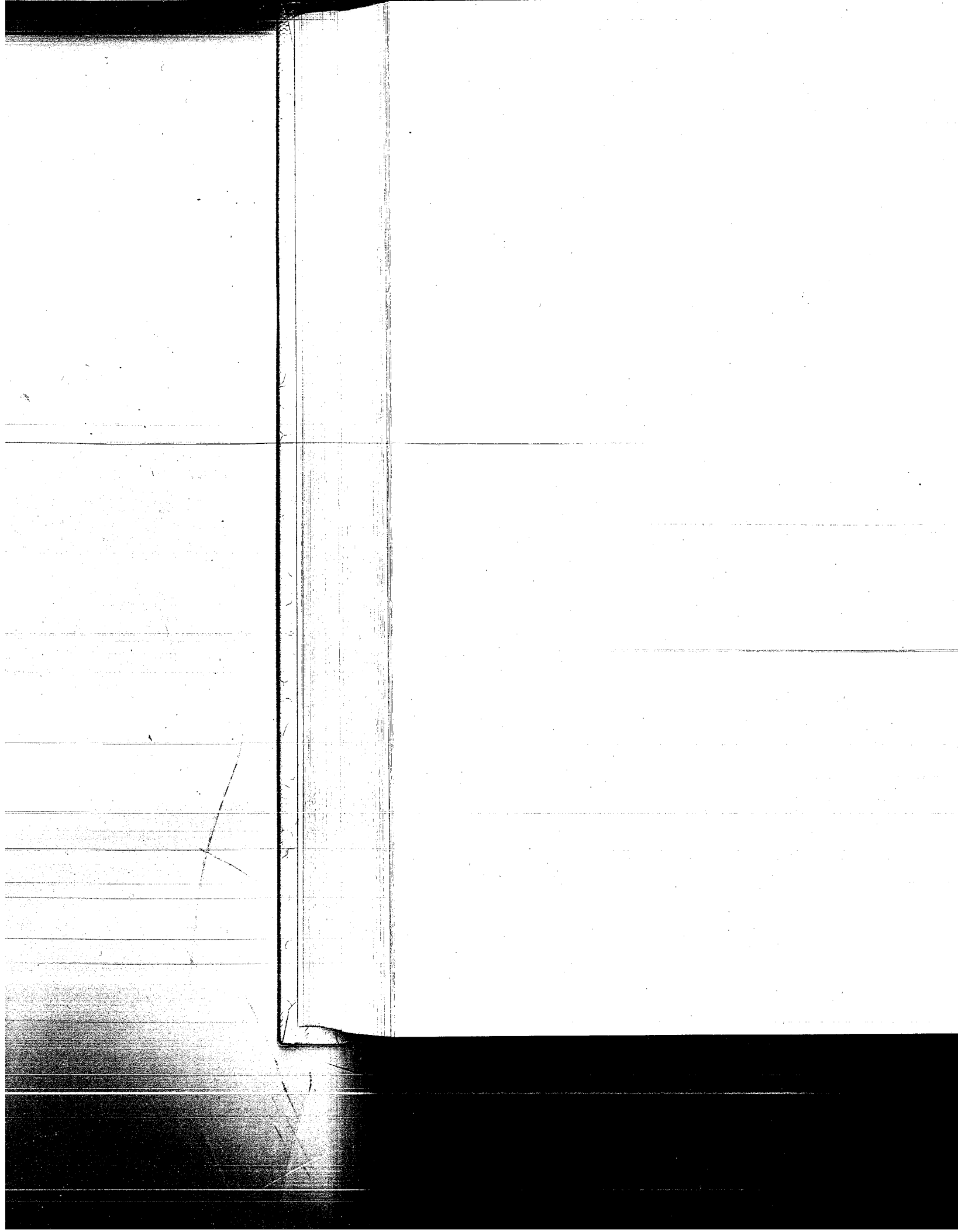
It takes a certain amount of nerve to act as though one knows what is good or, more important, what will be deemed good in the future. It's an article of faith in the art world that some people have an eye for it and some people don't; the disagreement arises over which do or don't.

Nick Paumgarten,

"Days and Nights in Leo Koenig's Gallery,"

The New Yorker

British artist Damien Hirst, creator of the \$12 million stuffed shark, is one of a very few artists who can claim to have altered our concept of what art and an art career can be. Britain's *Sunday Times Rich List* claimed Hirst as worth £130 million at the age of forty-two. This means that he was worth more than Picasso, Andy Warhol, and Salvador Dali combined at the same age—and these three are at the top of any list of artists who measured their success in money.



ART FAIRS

THE DEALER'S FINAL FRONTIER

Art fairs have surpassed auctions as the premier events for buyers in the market's upper tiers.

Souren Melikian, art journalist

In reality art fairs are adrenaline-addled spectacles for a kind of buying and selling where intimacy, conviction, patience and focused looking, not to mention looking again, are essentially nonexistent.

Jerry Saltz, art critic

In the excitement of the first ten minutes of opening night at the 2006 Art Basel art fair, a wealthy home improvement retailer from Manchester named Frank Cohen got into a bidding war with Charles Saatchi and Bernard Arnault for a sculpture by Terence Koh. Koh's work had attracted attention when Saatchi promised to feature it in *USA Today*. The Koh installation consisted of glass boxes containing bronze casts of human excrement, covered in 24-carat gold. Arnault said he wanted it, Saatchi raised his bid, then Cohen upped his bid to £68,000 and won. Javier Peres, the American dealer who sold it, said the sculpture represented an anti-consumerist statement.

Fairs such as Art Basel are industry trade shows where dealers come together for several days to offer specialized works. The work offered at the best contemporary



fairs equals in quality and quantity that offered by auction houses in an entire selling season. In their ongoing battle against Christie's and Sotheby's branding money, and private dealing, art dealers needed a slingshot to combat Goliath. They needed some relative competitive advantage. The weapon they found was not mergers or blockbuster gallery shows but branded and heavily marketed art fairs. The start of the twenty-first century was also the beginning of the decade of the art fair. In 2008 there were 205 relatively major art fairs scheduled around the world compared to 55 in 2001.

Commercial art fairs have existed for a long time. The earliest may have been the Fair of Saint-Pand in Antwerp, in the mid-fifteenth century. This took place in the cloisters of the cathedral for six weeks at a time. There were stalls for picture-sellers, framemakers, and color-grinders. Three hundred years later, at the end of the nineteenth century, Paris had grand expositions and the Royal Academy in London held a fair where artists exhibited. The first twentieth-century art fair was the 1913 Armory exhibition in New York City, open to "progressive painters usually neglected," which included Braque, Duchamp, and Kandinsky. Various art biennales served as covert art fairs; the Venice Biennale only discontinued selling the art it exhibited in 1968. (In 2007 a collector could still "reserve" a work shown at Venice, but the word "purchase" was never to be uttered.)

Today there are four international fairs whose branding is such that they add provenance and value to contemporary art. They are to art what Cannes is to movie festivals. One is TEFAF, the European Fine Art Foundation fair, held each March in Maastricht and known as "Maastricht." Another is Art Basel, which every June draws collectors, curators, and dealers to the Swiss city. A third is Art Basel's spin-off, Art Basel Miami Beach, which is held each December and has achieved fame for its blend of art, money, and fashion. A fourth, the most recent addition, is London's Frieze, held each October. The art fair season actually runs year round. There are a hundred lesser international fairs; mixed in are art biennales and hotel fairs. In February 2007 there were eight art fairs running concurrently in New York. This epidemic of fairs has created the art world malady of "fair fatigue"; Munichis Michaela Neumeister, a partner in Phillips de Pury, says: "Whenever I hear about a new art fair starting, it is almost physically painful to me. The art world has become a gypsy circus."

Maastricht, the two Basel fairs, and Frieze are the "must-see" fairs, where dealers match auction houses in quality and speed of sale and payment. These attract consignments that might have gone to evening sales at Christie's or Sotheby's. They feature the superstar dealers who come because the best fairs draw the best collec-

tors. The collectors visit because superstar dealers are showing. It is what economists call a virtuous circle or network effect; it leads to a self-perpetuating oligopoly among a few top fairs. Each of the four fairs attracts the same collection of dealers, art advisors, curators, museum directors, and artists, along with the accompanying public relations people and journalists, all asking each other which artist and work is hot.

Below these four are twenty "nice-to-see" fairs, which substitute for mainstream dealers; the others are even more minor. The nice-to-see fairs understand the distinction. One Chicago fair official said they must "stop chasing jet-setters and concentrate on the pool of collectors closer to home, those who spend \$5,000 to \$50,000 at a time . . . every fair needs to know what its niche is."

Collectors love fairs because they are convenient. Ultra High Net Worth individuals are time-poor. They like to consolidate research, search, and purchase in a single location. Comparison shopping at fairs is easy; a single dealer might with difficulty assemble three Gerhard Richters to show a client. Dealers at Art Basel 2007 offered a total of twelve.

Fairs represent a culture change in art buying. They replace quiet discussions held in the gallery with an experience akin to the shopping mall, blending art, fashion, and parties in one place. Collectors become shoppers who acquire impulsively, usually purchasing only one work by an artist. They may never visit the gallery of the dealer from whom they buy at a fair. With each fair, collectors become more accustomed to purchasing art in a shopping mall setting.

Fairs offer collectors a high level of comfort. Just as the presence of underbidders reassures an auction bidder that he is not bidding foolishly, the sheer number of people and "sold" stickers at a fair alleviates the collector's uncertainty. The psychology at a fair is referred to as herding: when a buyer does not have sufficient information to make a reasoned decision, reassurance comes from mimicking the behavior of the herd.

Dealers reap great publicity if they handle their appearance at a fair properly. A gallery may bring one or two good works that have already been sold—or have been borrowed for the occasion—in order to impress collectors and gain media coverage saying that the works sprouted "sold" stickers within five minutes of the fair opening. These featured works are placed at the front of the booth, drawing collectors to see the lesser works that are really on offer.

Fairs allow a dealer with limited capital to compete for top-quality consignments, because the work is expected to resell quickly. A collector who wants to sell



a painting might have the promise of a guarantee and advance from an auction house, but confirmation is slow if the agreement has to be approved by a committee of the auction house's board. A dealer can offer the consignor immediate payment, financing this through bank credit against the expectation of reselling at a fair within weeks.

The downside for the dealer is that attending fairs is time-consuming and expensive. A dealer who goes to five fairs a year—the top four plus one in her home city—will spend seven or eight weeks away from the gallery, including travel, set-up, and take-down time. The month before a major fair consists of a phone- and Internet-based pre-fair, during which dealers contact collectors and collectors check in with dealers. Five fairs cost the dealer £200 to £300,000, sometimes more—often more than the rent on her home gallery. Booths at Maastricht range up to €50,000; the total cost of mounting an average 80 square meter booth, including shipping, accommodation, food, and entertainment, reaches €80,000. But dealers line up to take part, because other dealers do. One dealer described his thinking: “If I don't go, people will think the fair would not accept me.” To ensure that collectors perceive a gallery as important, attendance at the most prestigious fairs is a necessity. It is also necessary in order to keep happy those gallery artists who insist on being featured at the best fairs.

Fairs present a terrible environment in which to view art; they have been described as “the best example of seeing art in the worst way.” The setting and crowds are not conducive to contemplating work. The work is random and juxtaposed, with no sense of curatorial involvement. The lighting is always excessively bright, designed for crowd safety rather than art viewing. But every gallery lives with the same conditions and collectors accept them because at least once every fair, one rounds a corner and spots a powerful work by a heretofore unknown artist.

The Maastricht fair is held in southern Holland on the river Meuse. In 2008, 610 dealers applied to show and 220 from 15 countries were accepted, 40 of those dealing in modern and contemporary art. No important art dealer, collector, or curator wants to miss Maastricht. In 2006 the Wildenstein gallery and its contemporary art joint-venture PaceWildenstein attended—the first time in five generations that Wildenstein had taken part in any fair.

In 2007, sales arranged at Maastricht had a value of about €790 million. Many dealers say that 40 percent of their annual sales are made in the eleven days of Maastricht; some claim 70 percent. Because of high Dutch taxes, including a 17.5 percent value added tax (VAT) and *droit de suite* (a European Union levy on art

sales, paid to a living artist or estate), few sales are actually finalized at Maastricht. The fair is a venue where collectors and dealers agree to later transactions. The dealer returns to a more friendly tax environment—usually the United States, Canada, or Switzerland—to formalize the sale and ship to a location of the buyer's choice.

Contemporary art is a relatively new offering at Maastricht. The fair first specialized in Dutch and Flemish art, and evolved to sell modern art, Asian and African fine arts, silver, and porcelain. Maastricht is important not for its role in contemporary art—although that increases each year—but as the best strategic location of how dealers can band together to compete with auction houses. One and a quarter million euros are spent advertising Maastricht; it attracts eighty thousand visitors.

In 2007 Maastricht increased its admission price from €25 to €35, the intention being to signal to serious collectors (who got in free) that it wanted to attract casual attendees. It worked; 2007 drew 71,000 paid admissions, down from 84,000 a year earlier.

At the best fairs, and particularly at Maastricht, both dealers and the work to be shown are vetted in advance and again at the opening of the fair. Two days before the opening, dealers leave their stands as the vetters inspect each object. An important factor in assessing contemporary art is "show worthiness," which involves the status and quality of the artist and the gallery rather than the weight and acceptance by an auction house.

Vetters at Maastricht can be staff, dealers, auction house specialists, or academics. There are concerns over the use of dealers, that competitors might to a rival's good pieces being "vetted off," or that friends might be favored. The process is as messy as it is competitive. Lesser quality being accepted. Three out of four members of the jury must agree before a work is removed. The process is more like a committee vote, but it gives a collector the confidence to purchase, as if the jury were a committee. At Maastricht, as he might say "at Christie's" or "at Sotheby's," the vetters must agree before a work is removed. The process is as messy as it is competitive.

Opening night at fairs is by invitation only, to members of the jury and buyers and agents. The atmosphere is more like a party than a business meeting. Which may explain the bidding between Arnauld and Koh's sculpture. Half the most important works are sold in the first fifteen minutes. Buyers race to purchase or asking for a "hold"—and the dealer



a painting might have the promise of a guarantee and advance from an auction house, but confirmation is slow if the agreement has to be approved by a committee of the auction house's board. A dealer can offer the consignor immediate payment, financing this through bank credit against the expectation of reselling the work fair within weeks.

The downside for the dealer is that attending fairs is time-consuming and expensive. A dealer who goes to five fairs a year—the top four plus one in her home city—will spend seven or eight weeks away from the gallery, including travel, set-up, and take-down time. The month before a major fair consists of a phone- and Internet-based pre-fair, during which dealers contact collectors and collectors check in with dealers. Five fairs cost the dealer £200 to £300,000, sometimes more—often more than the rent on her home gallery. Booths at Maastricht range up to €50,000; the total cost of mounting an average 80 square meter booth, including shipping, accommodation, food, and entertainment, reaches €80,000. Dealers line up to take part, because other dealers do. One dealer described the thinking: “If I don't go, people will think the fair would not accept me.” To ensure that collectors perceive a gallery as important, attendance at the most prestigious fairs is a necessity. It is also necessary in order to keep happy those gallery artists who insist on being featured at the best fairs.

Fairs present a terrible environment in which to view art; they have been described as “the best example of seeing art in the worst way.” The setting and crowd are not conducive to contemplating work. The work is random and juxtaposed with no sense of curatorial involvement. The lighting is always excessively bright, designed for crowd safety rather than art viewing. But every gallery lives with the same conditions and collectors accept them because at least once every fair, crowds around a corner and spots a powerful work by a heretofore unknown artist.

The Maastricht fair is held in southern Holland on the river Meuse. In 2006, 610 dealers applied to show and 220 from 15 countries were accepted, 40 of them dealing in modern and contemporary art. No important art dealer, collector, or curator wants to miss Maastricht. In 2006 the Wildenstein gallery and its contemporary art joint-venture PaceWildenstein attended—the first time in five generations that Wildenstein had taken part in any fair.

In 2007, sales arranged at Maastricht had a value of about €790 million. Most dealers say that 40 percent of their annual sales are made in the eleven days of Maastricht; some claim 70 percent. Because of high Dutch taxes, including a 12 percent value added tax (VAT) and *droit de suite* (a European Union levy on

sales, paid to a living artist or estate), few sales are actually finalized at Maastricht. The fair is a venue where collectors and dealers agree to later transactions. The dealer returns to a more friendly tax environment—usually the United States, Canada, or Switzerland—to formalize the sale and ship to a location of the buyer's choice.

Contemporary art is a relatively new offering at Maastricht. The fair first specialized in Dutch and Flemish art, and evolved to sell modern art, Asian and Russian fine arts, silver, and porcelain. Maastricht is important not for its role in contemporary art—although that increases each year—but as the best strategic example of how dealers can band together to compete with auction houses. One and a quarter million euros are spent advertising Maastricht; it attracts eighty thousand visitors.

In 2007 Maastricht increased its admission price from €25 to €55, the intention being to signal to serious collectors (who got in free) that it wanted to deter casual attendees. It worked; 2007 drew 71,000 paid admissions, down from 84,000 a year earlier.

At the best fairs, and particularly at Maastricht, both dealers and the work to be shown are vetted in advance and again at the opening of the fair. Two days before the opening, dealers leave their stands as the vettors inspect each object. The important factor in assessing contemporary art is “show worthiness,” which involves the status and quality of the artist and the gallery rather than the work itself. Vetting adds value in the same way as expert appraisal and acceptance by a major auction house.

Vettors at Maastricht can be staff, dealers, auction house specialists, or academics. There are concerns over the use of dealers, that competitiveness may lead to a rival's good pieces being “vetted off,” or that friendships may result in items of lesser quality being accepted. Three out of four members of the vetting committee must agree before a work is removed. The process is time consuming and rigorous, but it gives a collector the confidence to purchase, and later to boast, “I bought this at Maastricht,” as he might say “at Christie's” or “at Gagosian.”

Opening night at fairs is by invitation only, to dealers, press, and selected major buyers and agents. The atmosphere is more like that at an auction than a gallery, which may explain the bidding between Arnault, Saatchi, and Cohen for Terence Koh's sculpture. Half the most important works will sell in the first hour, half of those in the first fifteen minutes. Buyers race from booth to booth, committing to a purchase or asking for a “hold”—and the dealer may say, “Ten minutes only, and



give me your mobile number." There is none of the gallery approach of: "I will come back and look on the weekend," or "Can I hang it in my home for thirty days?"

The opening period is so critical that most fairs exploit it with tiered-ticket pricing. The Armory Show in New York is the most extreme: tickets to enter the show at 5 p.m. cost \$1,000, entry at 5:30 p.m. costs \$500, and 7 p.m. entry \$250. You get less than you might think for \$1,000, because dealers can invite their own clients in at noon; the best works are sold or on reserve long before the holders of \$1,000 tickets arrive. On opening day at London's Frieze Art Fair, VIPs are allowed in at 2 p.m. and VOPs at 5 p.m., but the VVIPs specially invited by sponsor Deutsche Bank gain entry at 11 a.m. to check out the best work.

Maastricht, the two Basel fairs, and Frieze have a different impact on the collector than an auction showroom or a gallery. When an auction specialist talks to collectors before an evening auction, she emphasizes the uniqueness and rarity of what is on offer. A gallery does this too, though the absence of other collectors removes the element of now-or-never found with the auction process. In contrast, walking through Maastricht with hundreds of dealers and thousands of artworks offers the perception of abundance, but crowds and frenzied buying also produce a "last chance" atmosphere. One dealer says, "With crowds like this, I can present work to a collector with the unspoken admonition that if they don't grab it, that guy over there, the one looking this way, will beat him out."

The prices achieved at these fairs are remarkable; it is not uncommon to see a work offered at 50 percent more than what the dealer paid at public auction a few months earlier—and have it sell in the first half hour.

Art Basel is held each June in the medieval city on the Rhine. Nine hundred galleries apply for 290 spaces, \$2 million is spent on advertising, and 50,000 people attend. NetJets, a shared-ownership jet aircraft company, provided 198 flights to Basel for the 2007 fair. Dealer fees for the smallest stand start at €17,000, and total costs are about €40,000. The selection committee is made up of six art dealers. Galleries that are rejected go to an appeal process with a different jury. Those accepted keep their best work for the fair, as they do for Maastricht. Five to 10 percent of galleries are dropped each year, usually for not showing their best work.

By way of comparison with the works at a major auction, in 2007 New York's Tony Shafrazi Gallery offered five paintings with a total asking price of just under \$100 million: two Francis Bacons at \$25 million each; two Jean-Michel Basquiats at \$20 million and \$15 million; and an Ed Ruscha at \$13 million. All sold.

Only exhibitors can enter Art Basel's exhibition area before the fair's opening at 11 a.m. on the first day. An exception seems to exist for super-collectors like Eli Broad and Charles Saatchi, who are permitted to wander around earlier, but not to purchase until opening. It is commonly believed that other collectors sneak in, disguised as workers. In 2005, a French dealer was caught doing this and banned from the 2006 fair. Apparently he found a new disguise and attended anyway.

Art Basel Miami Beach, known as Basel Miami, began in 2002 and by 2005 was the largest contemporary art fair in the world, a five-day carnival each December of partying, sports and entertainment celebrities, and conspicuous consumption, with art viewing almost secondary. Columnists call this the "all singing, all dancing art fair." It accepts 200 exhibitors from 620 applicants, galleries from 30 countries, Moscow to Los Angeles. The all-in cost of mounting an 80-square-meter booth is about \$110,000. The media campaign only mentions the names of star artists being shown, not the galleries exhibiting them. Miami Basel promises its exhibitors that it will attract "two thousand Very High Net Worth individuals"—and it does. Indeed it might be hard not to; one estimate is that a quarter of the United States's five thousand wealthiest people winter in Florida. Basel Miami provides a snapshot of the future of fairs, and perhaps of the marketing of contemporary art.

Miami Basel was created to provide access to North and South American wealth, money not being tapped by other fairs. The principal sponsor is the Swiss bank UBS, which ranks the fair equal in importance for sponsorship as the 2007 America's Cup yacht race. It is the only sponsorship event UBS undertakes that is so obviously beneficial that it does not have to be approved at board-committee level. UBS has been so successful in using contemporary art to lure rich clients that one of its competitors, HSBC, now hosts a huge refreshment tent behind a Miami hotel. Deutsche Bank has responded by sponsoring the Frieze and Cologne fairs, and ING Bank by sponsoring Art Brussels. The other sponsors of Miami Basel are luxury goods purveyors Swarovski crystal; BMW, which offers chauffeured 7-Series cars to VIPs; and NetJets, which sent 216 flights to Miami for the 2006 fair. That number exceeds what the company provides for American football's Super Bowl, and is second only to the 240 flights it sent to the 2006 Academy Awards. Curators moan about how much sponsorship money is being spent by UBS and others, and fantasize about what their museum could accomplish, given the same amount.

To accommodate some of the hundreds of galleries unable to gain entry to Miami Basel, there are ten satellite fairs in warehouses and boutique hotels, with



exhibitions named Pulse, Flow, Aqua, Nada, and Scope. These feature young artists, digital and video art, prints, and photography. Many dealers come to these satellite fairs not just to sell, but to be able to return home and tell their collectors, "We showed at Miami Basel." In December 2005, ninety museums, including New York's Museum of Modern Art, the Guggenheim, Tate Modern, the Reina Sofia, and Sao Paulo MoMA, organized trips to Basel Miami for their trustees and patrons in the hope that some of the art purchased would eventually be donated to their museum.

The fourth must-attend fair, quickly gaining a place equal with the first three, is Frieze, held in London during October. Only four years old, the fair was created by Matthew Slotover and Amanda Sharp, owners of *Frieze* magazine. The name, both for the magazine and the fair, came from a searching a thesaurus for synonyms for "art." Frieze is defined as a horizontal band of carved reliefs. In 2006, 470 galleries from Europe, the United States, Russia, and Japan applied for 152 spots at the fair. Frieze best illustrates the divide between art industry insiders and outsiders. Favored collectors and agents get in early, eat and drink free in sponsored VIP lounges, and have dealers whisper, "For you, my friend, a special price." Very ordinary people wearing sneakers queue for the opening, drink £7 white wine from plastic glasses, and, if they manage to corner a dealer, ask, "Please, if it is permissible to ask—and please tell me if it isn't—how much is this painting?" Often they learn it is not permissible, usually by being told the work is "not available."

Dealer Roland Augustine of New York gallery Luhring Augustine points out that when a gallery sells at four fairs in three months, artists are inevitably required to churn out repetitive work. One of the reasons that dealers space major shows for an artist at intervals of eighteen to twenty-four months is that it takes that long for the artist to develop the next stage in his body of work. With a demand for new work every few months, the evolution may not happen; the work remains cookie-cutter. Augustine asks how much of "turn out more this month" can possibly be first rate, and how much is the "same-as" previous work? Many artists dislike fairs for another reason; artist Lawrence Weiner says having your work shown at a fair is like being in the living room of a bordello as clients pick and choose.

ART AND MONEY

Are we liking certain things because we know that other people are liking them? How is the market affecting the ways we see art? How does it affect the way curators and editors see art? Does the market create a competitive atmosphere that drives artists to produce better work, or does it foster empty product?

Jerry Saltz, art critic

Money complicates everything. I have a genuine belief that art is a more powerful currency than money—that's the romantic feeling that an artist has. But you start to have this sneaking feeling that money is more powerful.

Damien Hirst, artist

Money complicates everything in contemporary art, and affects every observer. It is impossible to look at a work in an auction preview without glancing at the estimate, and having that influence how the work is interpreted. Only a few people seriously ask why a leather jacket tossed in the corner of the auction gallery is being sold as art; it must be art if it appears at a Sotheby's evening auction, or if the auction estimate for the jacket equals the value of an average suburban house, or ten cars.