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A list of titles in the series appears at the back of the book

Talking Prices

Symbolic Meanings of Prices on the Market for Contemporary Art

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become temporarily subordinated once a work is in the commodity phase, but that does not mean these meanings and values are erased entirely (Myers 2002, p. 331). And if commodification is a solid, discrete category for those who endorse Hostile Worlds points of view, my findings suggests that the question *how* art is commodified deserves at least as much attention as the question *whether* it is commodified. The highly ritualized way in which contemporary art is marketed is not just a matter of cultural camouflage, it is the heart of what the art market is actually about. Therefore it makes sense to study how dealers talk when they conduct business, how they represent themselves, how they try to legitimize their own action, or how they market art. To put it in fashionable terms: when marketing art, dealers are simultaneously making meaning. To study these meanings I have supplemented Bourdieu's structural account of the field of cultural production with a symbolic reading.

Like Bourdieu, I have distinguished an avant-garde and a traditional circuit within the market. Both circuits do not (or not only) differ in economic respects such as profits and prices, or in the wider societal stratification that the opposition between the two circuits makes manifest, but also in the different business cultures that flourish in each of them: the marketing repertoire that dealers rely on differs significantly between the two circuits. Dealers in the traditional circuit present themselves as missionaries who aim at making art accessible to a large, non-elite public; they derive a sense of identity by distinguishing themselves from the "snobbery" of the avant-garde circuit (cf. Lamont and Molnar 2002), and find a dignity in selling artworks which members of the avant-garde circuit think of as kitsch. Dealers within the avant-garde circuit, by contrast, seek to suppress the commodity character of contemporary art. For them it is illegitimate, as a young dealer phrased it, to do business like "used car salesmen showing Basquiat and Warhol all the time, from stock" (US6). In order to separate art from commerce, these dealers divide the front and the back of the gallery architecturally. Whereas the front rooms are constructed as an exhibition space, the back rooms function as the commercial nerve center of the gallery. The opposition between the sacred and the profane thus does not inhibit the marketing of art, but is incorporated within the very marketing apparatus.

Chapter 2

Exchanging Meaning

Vincent and His Brother

During his lifetime, Vincent van Gogh hardly sold a single painting. Unable to support himself with his art, and unwilling to let sidelines keep him from his work, Van Gogh was fortunate to have a brother who supported him generously. From the early 1880s, when Van Gogh started to focus on his art fanatically, until his death in 1890, Theo van Gogh sent his brother amounts such as 50, 100, or 200 French francs once or twice a month. The character of these monetary transfers seems straightforward at first sight: they were *gifts* from Theo, who made a decent living as an assistant at the famous Parisian art dealership Goupil, to his older, unmistakably destitute brother.[1] These gifts being an expression of brotherly care, no reason seemed to exist to reciprocate. Vincent apparently felt comfortable asking for the money when he needed more, or when Theo delayed his payments. By writing his brother sentences like "Thanks for your letter and the enclosed fifty franc note," which he repeatedly did, the issue seemed to be settled.[2] Indeed, to date, the majority of artists manage to continue making their art with the financial support of a spouse, kin, or intimate friends (see Abbing 2002). Together they are the small-time successors of yesteryear's illustrious patrons of the arts.

However, from the many letters that Van Gogh wrote to his brother, a more complicated picture arises. The monetary transfers were a frequent, often heated subject of dispute between the two brothers. This led Van Gogh to define and redefine the monetary transfers that he received from his brother on a number of occasions. First of all, he certainly did not conceive of them as voluntary gifts that need not be reciprocated. Instead, Van Gogh was aware of the debt he was accumulating with his brother, and of the possibility that this debt would have spillovers to the personal domain (letter no. 360; Van Gogh 1980, p. 229); judging from his letters, the more money he received, the more guilty and dependent he felt. The gifts even restrained him in his private life. This became apparent for instance when Vincent took good care of a prostitute during his stay in The Hague in 1883, and Theo, disapproving of this seemingly promiscuous relationship, asked him to break it off. In anger, Vincent wrote in a letter that "the rein of money is drawn in to let me feel that it 'is in my own interest' to conform to your opinion" (letter no. 358, p. 233).

In a letter he sent from the Dutch village Nuenen to his brother in Paris on February 1, 1884, Vincent decided that the debt, as he alluded to it, could not be allowed to increase any further. Therefore he proposed that Theo would start buying his work and insisted that "I can consider the money I will receive from you after March, as money that I earned myself" (letter no. 360, p. 229). Although the actual transactions hardly changed (Van Gogh had sent his brother drawings in the past as well), Vincent redefined the meaning of the monetary transfer from a *gift* into a *compensation:* he proposed to conduct a market exchange with his brother. Theo would now compensate Vincent's efforts by paying a price for the artworks he obtained.[3]

Early in 1886, when Theo postponed his payments briefly because of his own financial obligations to some creditors, Vincent responded with outrage. Another redefinition took place of the monetary transfer's meaning. Vincent now perceived the money neither as a gift nor as a compensation, but as an *entitlement.* Theo not only owed money to creditors but also to him, Vincent wrote. And the difference between him and the creditors was that he was a friend as well. Vincent continued his tirade as follows: "do you have a good understanding of how demanding the work is everyday, how difficult it is to arrange models, and how expensive the things that are necessary for painting? (. . .) And that I *have to* paint, that too much depends on continuing to work here with aplomb, immediately and without doubt" (letter no. 443, pp. 310–11; emphasis in original). Thus Van Gogh claimed the right to receive payments for his artistic efforts, without regard to the economic value of his output or to the financial situation of his brother.[4]

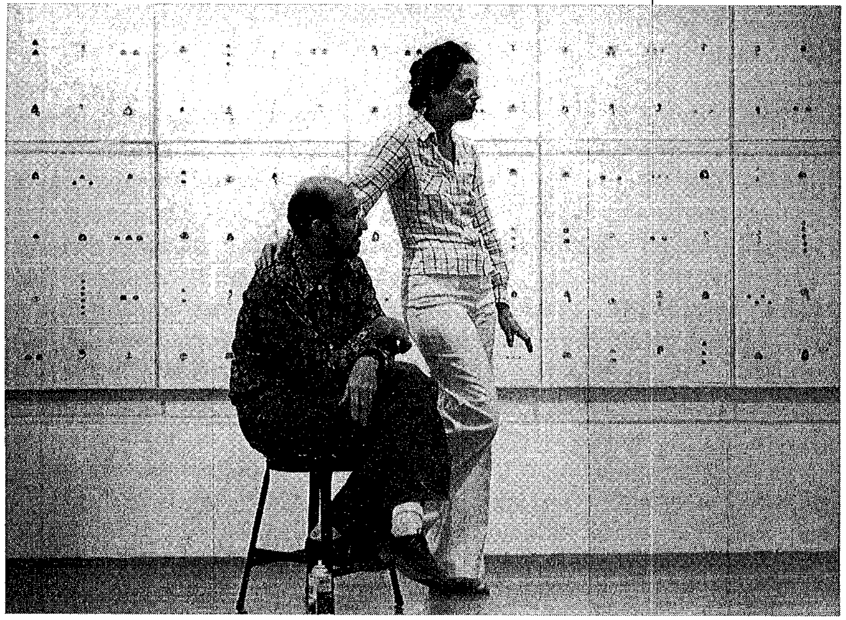
Soon afterwards Theo resumed his payments, and Vincent's anger disappeared. The final redefinition happened in 1888. This time Vincent flattered Theo by arguing that the money he gave to him and other modern painters (on an incidental basis, for instance, Theo also supported Vincent's friend and at times idol Gauguin) turned him into a fellow artist or co-producer more than just a financier: "I wish I could manage to make you really understand that when you give money to artists, you are yourself doing an artist's work, and that I only want my pictures to be of such a quality that you will not be too dissatisfied with *your* work" (letter no. 550, Rewald 1973 [1986], p. 32; emphasis in original). Now the same monetary transfer was defined as a productive act, and Vincent underlined this definition by speaking of "we" when discussing the artistic advancements he had made himself. Indeed, inspired by his relationship with his brother, Vincent dreamed in the same letter of reforming the trade in art, so that "the dealer will join hands with the artist, the one for what one may call the housekeeping side, to provide the studio, food, paint, etc., the other to create" (letter no. 550).

Father Relationships

When it comes to the social relationships that govern the exchange of artworks, artists, dealers, and collectors on the art market act no differently than Van Gogh. Modern dealers, from their emergence in nineteenth-century France onwards, saw themselves and were seen as patrons, who thought it was their duty to assume responsibility for their artists and to provide them with support, recognition, and praise.[5] Nowadays, relationships between dealers and artists still hardly look like the anonymous interaction that has come to be associated with a logic of capitalist markets. Non-economist observers of the interactions between dealers, artists, and collectors as well as these actors themselves invariably stress their social, intimate, and binding character (Klein 1994; Simpson 1981, p. 46). As Arnold Glimcher, founder of the prestigious Pace Gallery in New York, said in an interview with *The New York Times:* "A dealer is a combination of family, friend, banker and baby sitter, besides being a prime interpreter and promoter of the artist's work."[6]

Also in my interviews, metaphors of marriage, family, and community prevailed when dealers described their relationships to artists, collectors, and colleagues. Like Van Gogh, they are permanently defining and redefining their manifold exchange relationships as well as the concomitant meanings that the economic transactions they engage in generate. Many dealers claimed that economic issues should never dominate these relationships. Their desire to present themselves as patrons often superseded their pride in their role as merciless gatekeepers to the art world. Indeed, art dealers claimed that making good art is in the end not a sufficient condition for them to start a long-term engagement with an artist; they also have to get along on a personal level, and trust each other. In order to build such trust relationships, some dealers keep day-to-day contact with the artists they represent, spend hours with them on the phone, and visit them regularly even when these artists are living abroad. Depending on their character, artists may ask not only for practical assistance and business advice, but also moral support and input in their artistic endeavors.

The way dealers go about adding a new artist to their gallery resembles courting rituals more than business negotiations. Rather than viewing slides that anonymous artists send them, or looking at work that artists bring to their galleries, they rely primarily on introductions, referrals, and recommendations, often by artists that they already represent, and sometimes by other members of the art world whose taste they trust. Cautiously, they start talking to an artist, paying a visit to his studio, and including a work by him in a group show. They consult friends about the



Art dealer Ronald Feldman and artist Hannah Wilke. Photo: Peggy Jarrell Kaplan (1975). Courtesy Ronald Feldman Fine Arts, New York.

artist, and follow her work whenever it is exhibited. Only when both the dealer and the artist feel confident about the relationship that they have developed do they proceed to discussing the terms on which the gallery might represent the artist. Often, one of these terms is exclusive representation; the relationship between an artist and a gallery is in those cases supposed to be monogamous. As Andras Szántó notes, some galleries deliberately choose to represent artists that have affinities with each other because of demographic traits, personal attachments, and aesthetic agendas (Szántó 1996, p. 4). Indeed, throughout history, the artists that a gallery represents have become friends, sharing considerable leisure time together, either inside of the gallery or outside of it.

This does not mean that artists, especially in the beginning of their career, do not complain about the dealer's (lack of) efforts to promote their work, or about the size of the cut he takes from gallery sales. In fact, the history of the modern art market knows many examples of relationships between artists and dealers that have gone astray, to put it mildly. For instance, when art dealer Pierre Matisse, son of the Fauve painter Henri Matisse, feared that the Spanish painter Joan Miro had tried to find a new dealer, he warned Miro in a letter: "I am too well aware of the savagery of the art trade and of the people who are apparently close to

you. If it comes to competition, you will be surprised to know how many Miros I still have. The only way to defend myself—and I shall resort to it, if necessary—will have a disastrous effect upon the market" (Russell 1999, p. 271). Matisse was threatening to flood the market with works by Miro, which would have a negative, harmful price effect. The French painter Jean Dubuffet, who also did business with Matisse, discovered after a long time that Matisse had only sold 100 of his works to collectors, even though Dubuffet had sold more than 500 works to Matisse himself. The artist reacted with outrage to the fact that a large part of his oeuvre was still owned by Matisse. Matisse, however, argued that he had paid for the works, so that they were his own property, which nobody could interfere with (Russell 1999, pp. 283, 295). On numerous occasions, other artists have likewise spoken in a hardly friendly way about their dealers, claiming that the interests of the dealer ultimately lies with the client, not with the artist, and with money, not with art. Even in these cases, however, they have underscored the friendship logic that underlies their business relationship in the art world by expressing their dissatisfaction in terms like "neglect" or "abandonment" by their dealers.

The intimate nature of ties between artists and dealers is paradoxically revealed when these ties are dissolved: if the start of an artist-dealer relationship resembles courtship rituals, its end resembles a divorce. The reasons for such a divorce may be diverse: in slack seasons, galleries may want to terminate their relationship with an artist because her work continuously fails to meet its commercial expectations, whereas in good days, an artist may let herself be seduced by another gallery who is willing to represent her under more favorable conditions such as higher prices, advances against sales, or the potential of more sales to museums. Also, an artist may have the feeling that a dealer does not do enough work for him, that the dealer does not possess the contacts that help the artist get critical acclaim, or that the artist's work no longer fits into the artistic program of the gallery.

Sometimes, as in a friendship, the ending of a artist-gallery relationship is a gradual process, in which an artist is not invited for a long time to exhibit at the gallery, and has to assume that the business relationship is over. Such a termination may manifest itself symbolically when the artist decides or is invited to pick up art at the gallery which was consigned but has never been sold. At other times, however, when either the artist or the gallery decides to terminate the relationship unexpectedly and one-sidedly, this tends to be remembered as an emotional, painful experience, not unlike a nasty divorce. Some galleries that have a reputation for discovering artists and nurturing their careers find that other, more powerful but less adventurous galleries try to seduce their artists away from them once they are successful (cf. Coppet and Jones 2002, p. 395). In general, then, what looks from the outside as a division of labor between so called discoverer and exploiter galleries, may from the inside be perceived as interference in a "happy marriage," which results in disappointment and anger. It may lead members of the arts community to snub the artist for being overtly motivated by financial concerns, and for not paying respect to the dealer whose hand fed him. Conversely, it may create respect for an artist who refuses offers from more powerful galleries, and who stays with the gallery where her career got started. Also, some dealers I interviewed distance themselves from deliberate interference in the relationship between other dealers and their artists. Although they do not deny that they are always looking around for emerging artists, these dealers claim not to "buy" artists away, and to only make an attempt when the other dealer involved is not a friend, and when they know that the artist is dissatisfied with the way he is represented by that dealer.[7]

Although their discourse with respect to collectors had a less emotional character, the dealers I interviewed refused to simply characterize them as business clients. Instead, dealers considered some collectors as supporters of the gallery, others as friends, followers, or as people who had confided in them. They emphasized that theirs is not a walk-in trade, which means that sales made to people who they do not know yet are the exception rather than the rule. The prevalence of intimate ties between dealers, collectors, and artists is not restricted to the discursive level, but is also enacted in the exchange of gifts of all sorts, from material goods to nonmaterial favors, in the avoidance of business contracts, and in the way seemingly *quid pro quo* transactions are framed. Many dealers furthermore underscore the fluidity between their private and commercial life, by on the one hand buying works from the shows they host for their private art collection, and on the other hand selling works from this private collection to their clients.

Enlightened Self-Interest

From a Hostile Worlds point of view, this use of family and romance metaphors is remarkable. Scholars as diverse as creative writing professor Lewis Hyde, cultural economist Arjo Klamer, or critical art historian Paul Wood have argued that the *quid pro quo* of a market transaction in art has destructive effects. Their arguments, like those of many anthropologists, are founded on a sharp distinction between market exchange of commodities and gift exchange of cultural goods. Adopting the assumptions of neoclassical economics, these adherents of a Hostile Worlds model see market exchange as anonymous, transient, and impersonal. Market agents buy and sell commodities as "impersonal bundles of use value and exchange value," without attaching themselves to the objects they trade or committing themselves to the persons they deal with (Carrier 1995, p. 18). On the basis of this notion of commodification, Hyde concludes that "it may be possible to destroy a work of art by converting it into a pure commodity" (Hyde 1983, p. xiii). For critics like Klamer, the explicit monetary measurement of value, which market exchange presupposes, corrodes the artistic experience (Klamer 1996).

In order to protect artists and artworks against the detrimental effects of such *quid pro quo* exchange, Hostile Worlds adherents propose to transfer artworks by means of gifts. Indeed, Hyde's starting point is that the making of art and gift exchange are so strongly intertwined, that there can be no art where there is no gift: artistic activity contains the spirit of the gift by definition (Hyde 1983, p. xiii). The attractiveness for these scholars of gift over market transactions resides in the idea that gifts prevent adversary relationships and antagonistic sentiments from coming into being. Gift exchange replaces the presupposed anonymity of market exchange with a moral transaction that brings about enduring personal relationships. Artists and artworks flourish in such a setting, since the gift would not lead to commodification, alienation, and the disentanglement of the artwork from its maker (Wood 1996). In other words, gift exchange respects the inalienability of art without removing artworks from societal traffic altogether. Coming from an Aristotelian perspective, Klamer furthermore argues that reciprocal gift transactions do justice to the essential nature of art because they circumvent measurement and commensuration, and provide "roundabout ways of financing the costs of producing the good" (Klamer 1996, p. 24).[8]

Neoclassical economists have likewise presupposed that market exchange is anonymous, with the crucial difference that their normative assessment of this state of affairs is the very opposite of Hostile Worlds views. If individual agents are perfectly informed about the conditions of exchange, and markets are populated by sufficiently large numbers of price-taking agents, there is no need for enduring social ties, trust relationships, or sociability. Reasoning from the assumption that individual agents try to maximize profits, goods are sold to buyers with the highest willingness to pay, no matter what social ties they have to the seller (Hirschman 1982 [1986], pp. 122–23; Portes 1995, p. 3).[9] In fact, if the accounts of dealers are truthful, this would imply that the art market is highly inefficient: if artworks are not sold on a regular basis to buyers with the highest willingness to pay, but instead to friends, this means that scarce resources are not allocated optimally. The detrimental effect of social ties on the efficiency of the market will be even larger if they are accompanied by gift exchange. In that case, consumption choices are made *for* the consumer rather than *by* him. This type of exchange is inefficient, as Joel Waldfogel wrote in an article with the ominous title "The Deadweight Loss of Christmas," since the allocative decisions made by the gift giver are not likely to match the preferences of the receiver: the receiver gets stuck with an object that does not satisfy his desires optimally. If the gift would have been in cash rather than in kind, the receiver would most certainly allocate the money differently. Thus gift exchange results in foregone utility, which economists call a *deadweight loss* (Waldfogel 1993, p. 1328).[10]

In spite of this bias against gifts, it is possible to make sense of them from a neoclassical economic perspective. Within a Nothing But model of the market, one reason why family and romance metaphors are used to characterize social relationships between dealers, artists, and collectors, why contracts are avoided, and so many gifts are exchanged, has to do with so-called "enlightened self-interest": according to this type of reasoning, which some economists but also an increasing number of sociologists have endorsed, social relationships have instrumental, economic value and enhance rather than impede efficiency (Fukuyama 1995, p. 26; Kollock 1994). Nobel Prize winner George Akerlof, for instance, has provided an economic explanation for gift exchange on labor markets with the help of the notion of implicit contracts: when employers do their workers a favor by paying them more than the market wage dictates, it is likely that workers will return these gifts in disguise by working harder and producing more than the minimum work standard demands (Akerlof 1982). Another property of gift exchange is that it functions as a cement of social relationships on the market. These relationships, in turn, are crucial in a situation of uncertainty or in case relevant information about the transaction is asymmetrically distributed over transaction partners; in such a situation, trust relationships may enhance rather than corrode efficiency. They serve as a less costly, more efficient alternative to contracts (see Caves 2000).

Let me explain in detail how this argument can be applied to the art market. Economic relationships between artists and dealers can take three forms: first of all, dealers can employ artists to make their work. In the history of art, for instance, artists have long worked at courts (Warnke 1985 [1993]). Also, art dealers in the sixteenth and seventeenth centuries would sometimes employ painters to make copies of a popular original owned by the dealer himself (De Marchi and Miegroet 1996). Nowadays, employment relationships are only found on the lower end of the art market, where paintings are produced in a rationalized way. Employed by art gallery chains or art wholesalers, artists produce artworks in semi-mass production for the traditional circuit discussed in the previous chapter (see Fitz Gibbon 1987).[11] Secondly, dealers can purchase artworks directly from artists, and sell them at a price, moment, and under

conditions of their own discretion. This model was common in the late nineteenth and early twentieth-century France. Art dealers like Paul Durand-Ruel or Ambroise Vollard would try to negotiate exclusive contracts with artists, which gave them the right to buy their entire output in a certain time period (cf. Jensen 1994, p. 52; Gee 1981). These contracts effectively turned dealers into monopolists with respect to the artist's oeuvre. They held the artworks in inventory until they managed to find a buyer, which in some cases lasted several decades. When the New York scene for contemporary art galleries emerged in the 1940s and 1950s, some dealers tried to imitate this system of direct acquisitions; however, the French system, as it is referred to, was by and large abandoned, due to limited financial resources of postwar art dealers, in Amsterdam as well as in New York (Lerner and Bresler 1998, p. 4; Robson 1995, pp. 101–2).[12]

By far the most common economic arrangements between artists and dealers are consignments: the artist consigns his artworks to a dealer, who exhibits them either in a solo or a group show, and meanwhile tries to sell them. If a work is sold, the proceeds are divided according to a predetermined ratio; if works remain unsold, the dealer can keep them in her inventory, without transfer of property rights, or the artist can take the work back. From an economic perspective, these consignment relationships are in the interest of dealers because risks are shared with the artist, which is crucial, given the uncertain economic value of contemporary art. A second advantage of consignments is that the capital intensity of the dealer's enterprise remains low: since she does not buy works from the artist, she does not need to tie up capital in the inventory.

A major disadvantage of consignment relationships is, however, that the dealer has to make investments that are specific to the artist. First of all, she incurs costs when searching for, assessing, and selecting the artist; subsequently, to promote the artist's work she needs to invest in marketing, including publishing catalogues and organizing exhibitions. In case the artist decides to terminate the relationship, the dealer's investments lose their value and need to be considered as so-called sunk costs: they cannot be recovered, and need to be written off (Bonus and Ronte 1997, pp. 113–14; Merryman and Elsen 1979, pp. 142–43). On top of these risky investments, the dealer has no guarantees about the quality and quantity of the future supply of works by the artists she represents. Also, it is difficult to insure that the artist will not sell art to collectors directly from his studio, without giving the dealer a commission.[13] Conversely, an artist faces similar uncertainties and information problems with respect to his dealer. For instance, he does not know if the dealer is selling his work for the price they agreed upon, and if she invests sufficient time and money in promoting his career. Also, the artist has to entrust his precious artworks at least temporarily with the dealer.

Legally binding contracts hardly provide a solution to these fragile commitments. Indeed, although standard contracts exist for consignment relationships, these relationships are often conducted without them. One reason is that many relevant terms cannot be stated in a contract. For instance, an artist cannot be contractually enforced to continue producing valuable works of art in the future. Second, if a contract is written up, it is still difficult for one party to "monitor" the other and to make sure that all terms of the contract are complied with. Third, litigation is expensive in the case of breach of contract and may damage the reputation of the artist, the dealer, or both (cf. Macaulay 1962 [1992]). Transaction costs, as these contractual, monitoring, and litigation costs are referred to, are in other words high in the case of consignments. Finally, although it is likely that an artist can receive financial proceeds in case he successfully sues a dealer, in the opposite case this is questionable, given the lower average income of artists (cf. Merryman and Elsen 1979, p. 138).[14]

In such an uncertain environment of so-called asset-specificity of investments, asymmetric information, and high transaction costs, trust relationships, loyalty, and gentleman's agreements are a viable alternative to contracts (Moulin 1967 [1987], p. 115; Plattner 1996, p. 194). Thus, from an enlightened economic perspective, it is understandable why dealers and artists represent their relationships by means of socially powerful metaphors such as family and marriage. As Richard Caves summarizes the economic argument: "The infeasibility of explicit contracting leads the parties into the language of moral obligation, with reputation the insurance of reasonable performance in the absence of legally binding obligations" (Caves 2000, p. 41). What looks like benevolence and sociability can in other words be understood as self-interested, economizing behavior (see Davis 1992 for a critique of such reasoning).[15]

Although it cannot be denied that the social fabric of the market and its texture of gift exchange have economic meanings, the "enlightened self-interest" argument has four pitfalls. First of all, it does not answer how this social fabric comes into being, and how it is maintained; instead, the functionalist undertone is that economic relationships arise at the moment that they enhance the efficient functioning of the market. In particular, the causal direction from economic need to social outcome is privileged, while the opposite direction is denied. However, it is easy to imagine not only that the fragility of economic exchange requires intimate ties but also that the intimacy of these ties dictates the form of exchange between artists and their dealers. As New York art dealer Leo Castelli put it: since there is "a family situation at my gallery (. . .) contracts are not worth the paper they're written on" (Merryman and Elsen 1979, p. 137). Secondly, the "enlightened self-interest" argument does not recognize that the social fabric of the art market may have other meanings that just an economic one. Identical economic arrangements, whether consignments, *quid pro quo* acquisitions, stipends, or discounting schemes, may end up having different meanings due to the timing of these arrangements and the way actors frame them. Third, not only do gifts serve a functional purpose of strengthening the social fabric of the art market, they also symbolize intimate relationships. For instance, as I will show in the remainder of this chapter, gifts enable actors to differentiate the social ties they have (cf. Zelizer 2000a, p. 819). As markers of relationships, they enable transaction partners to signal the strength of ties to each other, and enable them to come to a common understanding of these ties (Cheal 1988, p. 91). At the same time, gift exchange has a performative quality: it not only marks a social relationship, but can reinforce or even create one. Therefore, gifts need to be appropriate to the mutual perception of a social relationship; a bouquet of roses given by a businessman to one of his female clients is likely to generate different meanings than a leather briefcase (cf. Davis 1992, p. 41). Rich, contextual knowledge is in other words needed to insure that gifts have their intended meaning. Fourth, the predictions that the "self-interest" argument provides are disproved by reality. For instance, it predicts that dealers only acquire works directly from an artist if the economic value of the artworks is firmly established (Caves 2000); in such a case, there is no need for trust, since the uncertainty of consignment relationships is replaced with a *quid pro quo* exchange. In my fieldwork I discovered, however, that some dealers buy a work from an artist every now and then, and that both parties consider these transactions to be highly significant. Conversely, some dealers said that they prefer to work on a consignment basis with all artists, no matter how solid their reputation. How should we understand these transactions?

Framing Transactions

Meanings of exchange, whether of gifts or commodities, emerge from an intersection of situational circumstances, specific social relationships, and frames which economic actors actively construct. As a result, two identical transactions may generate entirely different meanings. Take the case of market exchange. Cultural economist Hans Abbing has pointed out that an artist, in order to receive payments she is entitled to from her dealer, may have to reframe or redefine these payments as gifts. This means that she has to play the role of the needy artist who is not able to pay her monthly bills, freezes in her studio, and sees her paint turn viscous from cold; by relying on this model, artists allow dealers to play the desirable role of the benevolent patron who has partial control over the artist's well-being (Abbing 1996, p. 139; Abbing 2002). Apart from being a strategy for an artist to get paid, the dependence of the artist on the dealer is reproduced though the framing of the transaction; it suggests that gift exchange may be about power and inequality as much as about benevolence and sharing. While some experience this as degrading, others deliberately frame market exchange in gift terms. The American artist Chuck Close, for instance, tries to avoid the *quid pro quo* meaning of market transactions, by establishing a cognitive boundary between his own artistic labor, the artworks that leave his studio, and the money he receives in return: "I try to fool myself and make believe that there's no relationship between the pieces I make and the checks that come in. I prefer to think I'm on a stipend or welfare" (Caplin 1989, p. 342).

In the case of direct acquisitions from artists, the antagonistic meaning of a *quid pro quo* exchange can be redefined into its opposite. Anthony d'Offay, for instance, a former leading art dealer located in London, used to express his care and admiration for "his" artists by buying their artworks himself, even though regular gallery sales were made on a consignment basis (Meij 2001, p. 30). Also, direct acquisition can be made in order to support the artist morally and financially.[16] Whereas successful artists are flooded with attention from collectors, curators, and critics, and even need to be protected against an overkill, many others are deprived of such attention. Direct acquisitions help in compensating that situation. Also, when a show is commercially unsuccessful, or an artist is in financial trouble, a dealer may buy a work, or may waive the commission on a work he did manage to sell. Here the timing and the socioeconomic circumstances transform the antagonistic, competitive connotations of market exchange into an act of care and support. These transactions are anomalous from an economic perspective, however, since the prospects for the dealer of reselling such works at a profit are poor. Dealers are expected to avoid such acquisitions out of risk aversion or because of limited financial resources.

In exchange for these gifts, artists can do the dealer favors such as allowing payments to be postponed in case the dealer himself is short of liquidity. Another practice I encountered was the request by a dealer for an artwork in order to compensate the gallery for additional or exceptional expenses which are incurred to promote the artist (cf. Robson 1995, p. 78). Direct measurement of the value of goods and services which the dealer and the artist trade is avoided in this arrangement; also, a time lag is introduced between the transfer of a good or service on the one hand and the compensation for it on the other. As a result, the relationship between artist and dealer is transformed into one of mutual obligation (cf. Carrier 1995). Further, some of my respondents said that they were eager to buy works from artists they represent once they appear on the secondary market. In that manner, they try to support the price level at auction and to protect the market of an artist. Subsequently, if they managed to resell these secondary market works, they would give the artist a percentage of the resale price on a voluntary basis. These transactions strengthen the relationship between the dealer and the artist: the dealer "protects" the artist's market, while the percentage of the resale which the artist receives has the character of a gift. A Dutch dealer, however, remarked about this practice: "If it makes an artist happy to sell work from his studio every now and then, he should do that. But I have to be content as well, so he will also have to do something for me, so to say. If I get a work every now and then, it is fine. (. . .) I don't care as much what artists do, as long as I am honored for the fact that I am busy with this gallery every day. (. . .) It is about doing each other favors. If an artist sells from his studio, and those works re-enter the market, I do not feel responsible to acquire them" (NL11).

Multiple meanings, akin to those of direct acquisitions, arise from the practice of paying artists monthly stipends. Their meanings vary widely, since these stipends are or have been transferred as seemingly benevolent gifts, but also as payments for direct acquisitions and as advances in case the dealer and the artist work on a consignment basis. In late nineteenth- and early twentieth-century France, for instance, when the modern art market came into being, detailed acquisition contracts not only stipulated the number of works a gallery would buy from the artist per time period, but also a monthly or annual stipend the artist would receive in exchange. Thus the primary meaning of these stipends was a competitive one: artists like Picasso, whose work was in high demand, would let several dealers compete over the amount of the stipend before awarding one of them an acquisition contract (Robson 1995, pp. 78–79; White and White 1965, p. 95). However, this competitive meaning was contested and redefined from the outset, when early modern dealers like Paul Durand-Ruel recreated the role of the patron through stipends: if Durand-Ruel did not manage to sell an artist's work, he would nevertheless continue buying from the artist and paying him a stipend. Thus he expressed trust in the artist's future career (White and White 1965, p. 126). Likewise, when stipends were imported into the United States, they were mostly used to provide security for the artist and to generate confidence (Robson 1995, p. 93). By means of these stipends, dealers enacted the role of a patron.

New York art dealer Castelli accentuated this benevolent definition of stipends and presented them as proper gifts. For instance, Robert Rauschenberg and Jasper Johns, two influential pop artists whom Castelli had "discovered" and promoted, received a monthly stipend of

$500 for rent and artist materials (Robson 1995, p. 101); minimalist artists Richard Serra and Donald Judd received monthly stipends for three and fourteen years respectively. Castelli received works in exchange for these stipends, but even when the works of the beneficiaries failed to sell, he continued to support them. Castelli himself claimed that his generosity was an expression of "my faith, my absolute certitude that they were, all of them, great artists." Richard Serra reconfirmed: "It was like getting a Rockefeller grant. (. . .) Leo has always been generous, supportive, intimate and friendly, a throwback to another century." Thus Castelli's role was akin to a nonprofit foundation or a governmental institution, which awards grants and subsidies that need not be reciprocated. In the end, however, the earlier stipends were reciprocated generously when the reputation of most artists that Castelli represented became firmly established, resulting in a sharply rising economic value of the works he managed to sell. Also, as a result of these generous stipends, artists were unlikely to desert his gallery.[17]

Tying artists and dealers together, the social meanings of stipends can be stronger than either party finds desirable. When Monet, for instance, the most successful of the impressionist painters, became dissatisfied with Durand-Ruel's promotional efforts and his repeated long stays abroad, he wanted more freedom to explore other commercial opportunities. Therefore, he asked Durand-Ruel to end the monthly payments and proposed to work on a cash basis instead (Rewald 1973 [1986], p. 27). One of my respondents had objections to stipends comparable to those of Monet, which he worded as follows: "[A system of stipends] is very binding, it is very intense. It is also very hard to discontinue psychologically. (. . .) Ultimately you want to be as close as you can to the artist, but also to leave some distance" (US16).[18] At an anecdotal level, these comments confirm the performative quality of monetary payments: it is not just the case that payment structures symbolize or mark specific social ties; to some extent they also have the effect of creating and shaping them.

Sonnabend v. Halley

In the relationship between neo-geo painter Peter Halley and the Sonnabend Gallery, at the time located in SoHo, New York, these very meanings of stipends were disputed wholeheartedly, aggressively, and legally. In the late 1980s and early 1990s a large number of artists left their New York galleries and entered the stables of competitors. Some were looking for better prices and a sound future in the economic turmoil of those days, while others fell prey to their gallery's restructuring policy induced by the crash of the art market (Lerner and Bresler 1998, p. 3).[19]

One of the most controversial and most widely discussed cases was Halley's move from the Sonnabend Gallery to the Gagosian Gallery in February 1992. The Sonnabend Gallery, an established gallery owned by Castelli's former wife Ileana Sonnabend, had represented the artist since 1986 on an exclusive basis. Initially, the young painter of large, colorful geometric paintings was hardly known, but his reputation grew fast in the second half of the 1980s. Like other successful painters in those days, Halley received a monthly stipend. Following the artist's success, the stipend was increased from an initial $12,000 up to, eventually, $40,000 a month. No formal contract had ever been written up between the Sonnabend Gallery and Halley; instead, the relationship was based on the oral agreement that the artist would have biannual exhibitions at the gallery. Proceeds of sales would be split equally between the two parties.

In June 1991, Halley and Sonnabend agreed on a new show for which the artist would make eleven paintings; prices were set in advance at $75,000 each, except for one diptych priced at double the amount. The show, which was initially scheduled for March 1992, was postponed twice at Halley's request; it would eventually open in May. On February 27 of that same year, however, Halley sent a letter to the gallery to let them know he would leave in order to join the Gagosian Gallery. The artist wrote that he wanted to be represented "by a dynamic gallery" that "takes a more activist stance towards the artists it represents." Also, he was troubled by the fact that he did not have a contract with the gallery.[20] Sonnabend, one of the most influential galleries in the postwar New York art scene, could not deny its reputation in that respect. In the 1970s, the artist Jim Dine had left the gallery because of Sonnabend's "byzantine accounting methods." Said Dine: "I never saw a statement. If you asked her for money, she would pull out this wad of bills in every possible currency, and peel off a few." Other artists would follow Dine in subsequent decades.

In early May 1992, Gagosian announced in advertisements that Halley was going to show new work in his gallery from May 16 to June 27. Sonnabend responded by seeking an emergency injunction which would prohibit Halley from doing so; the Sonnabend Gallery proceeded to prevent work from the exhibition being sold; it also sued Halley and the Gagosian Gallery for breach of contract and for damages. The legal case that followed revolved around more than just the disputed right to exhibit and sell eleven paintings. First of all, the nature of relationships between artists and dealers was at stake, provoking questions similar to those which Van Gogh had addressed in his letters: are dealers and artists friends, mutual partners in a cooperative enterprise, or competitors, or is the dealer an employer of artists in disguise? Secondly, and inextricable from the first set of questions, the case was about the meanings of monetary transfers between the parties: was the monthly monetary sum Halley received part of an implicit employment contract, did it have properties of a charitable gift from a benevolent patron, or was it just an advance against the sale of works consigned by the artist? Finally, the character of the art world and the art market was symbolically contested in the lawsuit. Was the art market a special circuit whose rules of conducting business and governing relationships, and whose shared values, idealism, and love for art, set it apart from other markets? Or was the art world falling prey to the laws of capitalism, which would irreversibly transform it into either an ordinary retail business or, alternatively, into a branch of Wall Street's financial markets?

Halley, who was described in the court papers as a "young and celebrated artist," acknowledged a friendship relationship in the letter he sent to the gallery announcing his leave. After being represented by the gallery for six years, he felt a "debt of gratitude" to Sonnabend herself and to Antonio Homem, the director of the gallery; he expressed feelings of "admiration" and "friendship" for both of them. In turn the gallery presented itself as a patron who engages in a moral or caring rather than a business relationship with artists. Homem emphasized that the gallery had been "careful to protect our artists from the negative effects of the secondary market." This made it particularly bitter for the gallery that Halley was leaving for Gagosian, since the latter had a reputation of buying and selling aggressively on that stigmatized market segment, without much concern for the artists involved. When Gagosian decided to become a primary rather than just a secondary market dealer, he allegedly did not do so by promoting new talent himself, but rather by "stealing" artists away from other galleries.[21]

The moral, fragile nature of the relationship between Halley and Sonnabend was underscored at court. In order to prevent Gagosian from selling Halley's work, the Sonnabend Gallery argued that its "reputation and standing in the art community will be irreparably harmed if the new paintings are permitted to be exhibited and sold by Gagosian Gallery." The suggestion was that it was a marriage rather than a business relationship that was being dissolved. Paradoxically, however, in supporting its claim that it would suffer irreparable harm from Halley's leave, the Sonnabend Gallery argued that the case should be analogized to, among others, an ice cream franchise, where similar injunctions had been granted based on exclusive licensing and distribution agreements. Justice Arber of the New York Supreme Court, unconvinced of this analogy, ruled: "It is difficult to understand how plaintiff-gallery can on the one hand argue the sensitivity of the artist/dealer relationship and on the other hand analogize it to a (. . .) franchise. Since what is involved here is eleven paintings and not unlimited ice cream cones the analogy to a distribution agreement leaves a great deal to be desired."

Neither could the oral agreement between the artist and the gallery be likened to an employment contract. Courts in the state of New York refuse to order an individual to perform a contract for "uniquely personal efforts." That this applies to services provided by artists to dealers was self-evident to the judge. Here the court papers read: since "little can be said to be more personal than artistic efforts," the production of art "finds anathema in compulsion of any kind." In other words, contrary to the "Nothing But" reasoning of neoclassical economists, the court recognized the exceptionality of the art market and ruled that employment contracts cannot be reconciled with the freedom of artistic production. Indeed, mere hints of employment relationships had been a source of conflict in the art world before. As the established American artist Robert Motherwell remarked about a contract he was supposed to sign with a syndicate of galleries, involving a large amount of money: "I couldn't sign. If you paint by a system, such a contract may work. But I paint by impulse and it's terrible to be under pressure to have an impulse. It's like being under pressure to make love every day" (Merryman and Elsen 1979, p. 138). Another problematic feature of employment relationships in the art world is that they may give too much credit to the dealer, and subordinate the artist. Thus when in the early 1980s the cover of business magazine *Forbes* depicted the flamboyant dealer Mary Boone center and in the foreground, with the celebrated artist Julian Schnabel in the background and off-center, this made people within the art world gossip. The artist himself remarked cynically about the subordinate relationship with his dealer that this picture symbolized: "I was expected to have on a little blue cap and shorts." The tremendous success of the artist those days all of a sudden seemed attributable to the skillful operations of his middleman. Indeed, after having left her gallery, Schnabel complained about Boone that "it was as if the artists were tubes of paint, and she was the real visionary. We were the earrings to embellish her *aura*."[22]

Another argument that the Sonnabend Gallery put forward in the lawsuit was that it had already pre-sold the works exhibited in the Gagosian Gallery to committed buyers affiliated with the gallery. However, in June of the same year Justice Arber ruled that Sonnabend had insufficient evidence to prove this claim. As a consequence, the court refused to grant the injunction to the Sonnabend Gallery, and allowed Gagosian to exhibit and sell the paintings. According to court documents, the Whitney Museum of American Art bought the diptych priced at $150,000; another work was sold to the Stedelijk Museum of Amsterdam. While the injunctive relief was denied to the gallery, Justice Arber eventually did allow Sonnabend to go to trial with its claim of breach of contract. In May 1993, a motion of the Gagosian Gallery to have that suit dismissed was denied. If Sonnabend could prove that the oral agreement with Halley was as binding as a written contract, it could receive substantial punitive damages. According to Sonnabend, this breach cost the gallery more than half a million dollars.

One of Sonnabend's arguments to make a case that breach of contract was at stake was that the Gagosian Gallery had allegedly paid Halley a $2 million bonus to make him leave the Sonnabend Gallery. According to a legal guide, this could be interpreted as "tortious interference," that is, an illegitimate interference of Gagosian with the oral contract between Sonnabend and Halley (Lerner and Bresler 1998). Alternatively, this monetary transfer could be interpreted as "economic duress," that is, illegitimate pressure on Halley with the intention to force him to enter a contract with Gagosian. It would, in other words, cast a doubt on the voluntarism of Halley's move. Both Gagosian and Halley denied the transfer of a $2 million sum, however. To a reporter of *The New York Times,* Halley said that he would not have been comfortable with such a bonus.

The Gagosian Gallery did admit that it would pay Halley a higher stipend than the monthly $40,000 paid by the Sonnabend Gallery. From a benevolent gift out of the pocket of dealers like Castelli, stipends had become a financial incentive, as one of my respondents put it, to "steal" artists away from other galleries. In the art world of the mid-eighties and early nineties, such incentives were not uncommon among superstar artists and their galleries. For instance, in the years before the Sonnabend-Halley case, rumors went that the Pace Gallery had paid Schnabel $1 million for his transfer from Mary Boone, while Boone herself had offered Malcolm Morley a $1 million advance if he would leave his dealer Xavier Fourcade, who was at the time dying of AIDS; Morley would receive half of the advance at once upon signing the contract. Thus when Donald Judd left the Paula Cooper Gallery for the Pace Gallery, Cooper remarked cynically: "Artists today are like baseball stars." In the light of the large number of artists changing galleries in the second half of the 1980s, looking for a more profitable deal, one other observer of the art market noted that there is "not much sense of community" anymore. Journalist Carol Vogel commented in a similar vein on the Sonnabend-Halley case in *The New York Times:* "Apparently, a handshake doesn't mean what it used to in the art world, at least not to the New York artist Peter Halley (. . .). It also is one more indication of the increasingly corporate approach to the artist-gallery relationship, a change from the nurturing, informal days when galleries helped artists and expected loyalty in return. Today celebrated artists are more often calling the shots, demanding written contracts and more money." In short, the changing, disputed meaning of Halley's stipend had come to symbolize a changing art world.[23]

In the end the suit was settled out of court. Both sides signed an agreement not to discuss the exact terms of the settlement. According to an informant of *The New York Times,* Halley agreed to pay Sonnabend $162,500, a figure that the artist had already mentioned as his debt to the gallery in the original letter announcing his leave. The amount represented the stipends he had received and production expenses he had incurred before leaving the gallery. Remarkably, after the Gagosian Gallery represented Halley for only two years, Halley left again. In spite of the fact that the parties had drawn up a written contract, Gagosian allegedly did not pay the agreed-upon stipend for a number of months, since the artist's work had not been selling well.[24]

"Be Classy"

In the middle of the lawsuit between Halley and his gallery, Eugene Stevens, a Chicago collector, expressed his doubts to a reporter of *The New York Times* whether he would still be able to buy the painting which he had discussed with Halley. The planned acquisition of a painting by Halley was backed by a relationship with Sonnabend which went back years, and although Stevens did not mind doing business with Gagosian in principle, he did not have a comparable relationship with him.[25] Stevens's worries indicate that in case of popular artists like Halley, preexisting social ties with the dealer are critical in order to purchase an artwork. As I explain in detail in the next chapter, if excess demand exists for an artist's work, it is largely at the dealer's discretion who to sell the works to. This puts dealers in the position of a benefactor in disguise: just as they can redefine the meaning of direct acquisitions from artists into a gesture of care, they can also redefine the *quid pro quo* meaning of sales to collectors into favors: the collector is made to feel grateful for the fact that he was allowed to buy a particular work out of an exhibition.

Such framing activity, made possible by the rare case of excess demand for an artist's work, points to a more general gift discourse in the interaction between dealers and collectors. Without noticing their remarkable use of language, many dealers phrase sales by saying that they "*gave* a work to a collector for only $4,000."[26] What is a market exchange in practice is transformed into a gift in discourse. One of my respondents used this gift discourse self-consciously: "actually I feel like I am giving people a gift. I never feel like I am taking advantage of anyone, which is a good feeling. Someone will call me 100 times because he is eager to get something, and when I finally get him something which is so excellent, he will say, 'ok, what is the best price?' To which I reply: 'it is a gift, so say thank you'" (US17). This gift discourse is also invoked when dealers want to redefine the impure, negative meanings of secondary market transactions into the opposite by framing buying and selling on the secondary market as benevolent services to collectors. Said one dealer about buying on the secondary market: "It could be that you make that phone call, and that the guy says 'yes fantastic, I am just buying a house, and I need the money,' or he says, if it is a piece of video art, 'I do not have it up in my house, I never see it, so it is great if I can sell it.'" The same dealer continued about selling on the secondary market: "I find it sometimes very gratifying if you find something on the secondary market which is exactly what somebody is looking for. They spend a lot of money, but still they say 'thank you, I cannot believe that you found this.' That is really fantastic" (US16). By framing these transactions as a service, dealers manage to redefine a stigmatized transaction into a benevolent one.

Apart from this discursive framing of buying and selling, dealers give material gifts and do actual favors to collectors on a continuing basis. Think of in-kind gifts such as catalogues of the artist's work or other precious books, a small artwork for free in case a collector buys a large work or two works at once, monetary gifts like "picking up shipping" or paying the sales tax, or intangible services such as privileged involvement in social activities of the art world, invitations to after-opening dinners, and visits to the artist's studio. Although to a lesser extent, such gifts are reciprocated with counter-gifts from collectors. In my empirical research I encountered three different types of counter-gifts. First of all, collectors can frame a direct acquisition as a gift by buying a work from a show that was financially unsuccessful for the artist, the dealer, or both. Under normal circumstances, they may not have bought a work to begin with. Supporting young and upcoming artists, these art collectors "double as philanthropists," as one painter put it in *The New York Times*. They do not only buy out of passion for art, but also for philanthropic or altruistic reasons.[27] A second type of gift involves assisting the dealer in promotional activities for the artist. Once a collector owns the work of an artist, she can bring it to the notice of fellow collectors or other stakeholders in the art world. Thus collectors participate in establishing the reputation of an artist and building a firm market for his work. A third type of gift from collectors, albeit only a small group, is to provide financial services to a dealer. For instance, collectors occasionally serve as "backers" of the gallery in case the dealer is short of financial resources. Also, collectors may provide loans to a dealer when he needs to make substantial investments, such as rebuilding the gallery space or acquiring an expensive but potentially profitable work on the secondary market.[28]

Neoclassical economists may emphasize at this point that these reciprocal gift exchanges serve the economic interests of both parties. After all, they are an instrument in the management of customer relationships for a dealer, and safeguard the continuity of sales. For collectors, such reciprocal relationships increase their chances to get access to desirable, scarce, and highly valuable artworks (cf. Caves 2000, p. 46). Sometimes, this happens on a quasi-coerced instead of a voluntary basis: some dealers, especially in the 1980s, required collectors to buy works of other artists represented by the gallery before they could acquire a particular work that was in high demand.

Without wanting to defend a romantic interpretation of gifts (some artists prefer *quid pro quo* transactions exactly because of their relative clarity in mutual responsibilities and obligations), my claim is that such "Nothing But" self-interest claims are untenable. First of all, motivations for engaging in reciprocal gift exchange are complex, differ per person, and cannot be reduced to either self-interest or benevolence. If a collector buys a work from an unsuccessful show, he may not have increased chances of buying desirable work in the future on his mind, but may do so, as a young, struggling gallery owner put it, "just to be nice, just to be classy" (US1). To deny that a sense of responsibility, considerateness, or "noblesse oblige" rather than just self-interest informs behavior of economic actors amounts to reductionism, or, worse, cynicism. Second, reciprocal gift exchange on the art market also serves to strengthen, differentiate, and mark relationships between two parties. The gift that is chosen is in other words specific to the relationship, while the monetary value of this gift does not necessarily correspond to its strength. A collector can be offended if he does not receive the "gift" of an invitation to an after-opening dinner, but receives an expensive catalogue instead. Whereas the catalogue may be given to a collector the dealer has a weak tie to, intimate social events are restricted to a small group of collectors which the dealer has been close to for a longer period.

Discount Economy

Just like gifts, price discounts serve relational and economic purposes simultaneously. Although money does not seem to have the differentiating capacity which in-kind gifts have, dealers manage to use it for these purposes anyway. Undoing the uniform, monetary nature of discounts, they vary their magnitude and furthermore make distinctions between different types of discounts. The size of the discount is not just the outcome of bargaining power; it also symbolizes the tie that is at stake in the transaction. With respect to the type of discount, courtesy, museum, as well as flexibility discounts can be distinguished (Robson 1995, p. 72). This differentiation largely coincides with the social, cultural, and economic values that constitute their respective meanings.[29]

Courtesy discounts are awarded without a direct economic need and express social values of different sorts. Some of them are meant to create, in the literal sense of the expression, *prix d'amis*. Collectors who have proved their loyalty to the gallery in the past receive them, and so do students, young collectors, or buyers with very limited financial means. By giving a discount, dealers convey a sense of gratitude to a collector. "[I]t is valuable for someone to go out there and select work. It is not that common. We have to cherish that, it is a lot of money," as one dealer put it (US4). Museums almost invariably get discounts, at least if they ask for them, since they have limited acquisition budgets, and since museum acquisitions are to the benefit of the artist's future career. According to another dealer, selling to an institution is "the best sale you can possibly make," so a discount should make that "as easy as possible" (US3). Collectors who commit themselves to donate a work to a museum can count on a similar museum discount, in particular if they stipulate that their donation is not to wait until they die, but to occur in the near future.

If awarding courtesy and museum discounts has a long-term rationale, flexibility discounts are informed by short-term economic circumstances. They are awarded when the dealer has set the price too high, when a collector commits himself to paying quickly or in cash, or, in particular, when sales are slow. Flexibility discounts are, in other words, the fine-tuning mechanism of the market. Indeed, discounts flourished in the early 1990s, when the art market had just collapsed. Take N. R. Kleinfield, who visited New York art galleries in 1993, presented himself as a collector, and subsequently reported his findings in *The New York Times*. Discounts of up to 30 percent were offered to him even at well-known galleries, accompanied by statements like "I haven't done that for anyone else," "I can give you 20 percent off. That's what we give dealers," or "[w]ell, we give collectors 10 percent off. Are you a collector?" When Klein replied to the latter statement: "No, I'm new to this," the employee said: "I think we can give you the 10 percent anyway."[30]

Such flexibility discounts can hardly function as markers of social relationships, given their overtly economic meaning. Nevertheless, the accompanying bargaining process turns a clinical, *quid pro quo* transaction into something different, if only into a game which brings about excitement. In this game, collectors explore different ways to pocket the largest discount possible, while galleries invent persuasive arguments to resist or circumvent them. Also, dealers allow for this game to be played by building a "cushion" into the prices they list. After a deal has been struck, collectors may boast to their peers about the size of discounts they received, while galleries can express their economic strength to colleagues by mentioning how rarely they are forced to discount their prices. Apart from being the reflection of mutual bargaining power, the status of economic actors is defined in this game: the status of the collector among her peers, the status of the dealer among his colleagues, and the status of the collector vis-à-vis the dealer. That the New York PaceWildenstein Gallery allegedly does not award discounts to anybody besides museums is therefore interpreted as a sign of its strength.

Although discounts symbolize social ties, they can also lead to the opposite effect of corroding them. This happens when a collector demands a discount, while a dealer considers that demand inappropriate. As Halley's former dealer Sonnabend answered when a collector asked her if she knew who he was, apparently to negotiate the price down: "Yes, I do, and the price will be a little higher."[31] In such cases, price negotiations reveal that the respective interpretation of the social relationship diverges. A Dutch dealer worded her frustration about this as follows: "[a]mong big collectors there are people that manipulate me. They tell me: 'I am such a large collector, it is so important for the artist to be part of my collection, I show it to so many people. Therefore I want a discount.' To be honest, I do not appreciate that. For if you are in a position to spend so much money on art, you might as well just pay that cool €500 or €1,000 that you want to have off. It makes me think: why does it have to be at the expense of the artist and the gallery, who have to fight to make some money out of each exhibition? One of my best clients runs a multinational, and he does not ask for a discount. I stand in awe of that" (NL6).

Conclusion

Neoclassical economics, imperialistic as the discipline is, has started analyzing family and friendship relationships in the last two decades in terms of a capitalist logic of costs and benefits, allocation, and efficiency (see Becker 1976). In this chapter, I have made the opposite move: I have interpreted the way market relationships are governed in terms of a non-market logic. Contemporary art dealers mark and symbolize social relationships with artists and collectors by framing economic transactions in different ways and by redefining the meanings which their transactions generate. Reciprocal gift exchange, which infuses market relationships, fulfills the same relational purpose. Furthermore, with the help of price discounts, art dealers make distinctions between different ties they have with collectors. If market transactions and the objectifying nature of the price mechanism are contested in the art world, framing efforts, gifts, and price discounts "de-objectify" these same transactions. Such relational practices are so endemic on the art market, that the distinction between a non-market logic which equals sociability, and a market logic which equals anonymous exchange, is ultimately a false one.

My interpretation of familial or friendly ties on the art market and dense gift exchanges differs from an economistic analysis that reduces gifts and trust to "nothing but" a "social glue" which enhances the efficiency of markets. My interpretation also differs from the Hostile Worlds approach of the humanities; I claim that the art world does not need to have recourse to a pure gift economy in order to avoid the alleged harmful effects of *quid pro quo* market exchange. A dealer's caring relationship to an artist can be marked by a direct acquisition in case hardly any works have sold during a gallery show. Likewise, a dealer's intimate, long-lasting relationship to a collector may be marked by a courtesy discount, by privileged treatment in case of excess demand for an artist's work, or by dinners with the artist and other collectors. By contrast, an anonymous customer who enters a gallery and wants to buy a work on the spot—the type of transaction assumed in economic theory—is the exception rather than the rule. Such a buyer can receive a flexibility discount at best, and only if the gallery faces hard economic times.

My findings suggest that the structure of the art market is supported by more than just the monetary influx of collectors buying art for hedonistic or financial purposes. Instead, the market relies on a dense fabric of mutual gifts and favors: dealers subsidize artists, artists donate works to dealers, collectors occasionally buy works to support an artist or a gallery, or enact the role of the dealer's moral and financial backer. I do not want to suggest that self-interest is absent within this social fabric, or that the art market could be set apart from other markets because of some benevolent disposition of artists, dealers, and collectors. Indeed, the legal case of the artist Peter Halley versus his former dealer, the Sonnabend Gallery, underscores that the large amounts of money involved in the selling of artworks lead to tensions in social relationships or even to gradual changes in the character of the art world. The legal case supports my overarching argument, however, since it largely revolved around multiple meanings of the stipend that the artist received from his gallery.

Apart from addressing the density of exchange relationships on the art market, this chapter has raised two new questions: first, why do dealers prefer to "give" desirable artworks away to favored collectors in case of excess demand, instead of increasing prices for those works? Second, why do dealers award flexibility discounts instead of decreasing prices in case of "slow sales"? To answer these questions, we need to develop a better understanding of how prices are set on the primary market for art.

Chapter 3

Promoters versus Parasites

Introduction

In December 1999 the German photographer Andreas Gursky had a solo show at the Matthew Marks Gallery in Chelsea, the foremost gallery area of New York City. At that time, Gursky ranked 38 in the top 100 list of the world's most famous contemporary artists, published annually by the German business magazine *Capital*. A number of books had appeared on his oeuvre, museums all over the world were showing Gursky's work, and the New York Museum of Modern Art had just decided to devote a solo show to the photographer in the spring of 2001. The career of Gursky's New York dealer, Matthew Marks, was no less successful. At the age of 31, Marks had left one of the world's largest dealers, the London-based Anthony d'Offay Gallery, where he had worked as an assistant. He opened his own space in New York in 1990, and in spite of the fact that the art market had just collapsed, Marks managed to establish a strong reputation within a decade. Apart from representing a small number of the world's most famous living artists, his gallery was handling the estate of important modern masters such as Willem de Kooning.[1]

At the solo show, Gursky's large, sometimes solemn, but always colorful pictures, printed in an edition of six, sold out for prices around $50,000. On top of that the artist had a waiting list of international collectors eager to buy his work. Two weeks before the opening of the show, an older photograph by Gursky came up for sale at Christie's evening auction of contemporary art in New York. The work, *Prada I* (1995), pictured an elegantly designed showcase of the Italian fashion house; the edition size and the dimensions of the print were the same as the prints sold in the Matthew Marks Gallery. Still, the work, which carried an estimate of $40,000 to $60,000, sold for a record price of $173,000 to the dealer Robert Shorto, located amidst prestigious dealers in old masters on Duke Street in London. In the years to follow, his photographs continued to sell at auction for record prices. *Prada II* (1997) went one year later at Christie's for $270,000 to the Geneva-based dealer Andrea Caratsch. *Prada III* (1998) sold in the fall of 2001 for $310,500 at Phillips, de Pury & Luxembourg, Christie's and Sotheby's new rival on the auction market; in the same auction week, an older picture by Gursky, *Paris, Montparnasse,* sold for $600,000 to an anonymous buyer.