

The Art Market Crash and the Global Economy



The Lehman Brothers corporate sign enters Christie's, London for a September 29, 2010 sale. Image via the NY Times.

DAY 18 Today is Friday, January 20th and we close with the art market crash of 2008. Examine the posted readings, especially the issue of ArtForum International dedicated to discussing the art market crash. Choose one essay from this publication to discuss with regards to its assessment of the crash and/or projection for the future.

Readings

AO Auction Results: Christie's sale of Artwork and Ephemera from Lehman Brothers fetches a further \$2.6 million for the collapsed bank's creditors in London, September 29th, 2010

<http://www.zoodisk.com/ao-auction-results-christie-s-sale-of-artwork-and-ephemera-from-lehman-brothers-fetches-a/174180>

Art and Its Markets, ArtForum International, April 2008

http://go.galegroup.com/ps/i.do?ty=as&v=2.1&u=nysl_sc_cornl&it=search&s=DA-SORT&p=AONE&st=T002&dblist=AONE&qt=PU~%22Artforum+International%22~DA~120080401IU%228%22~~VO~46&sw=w

<http://www.e-flux.com/shows/view/5288>

Accounting for Taste: Olav Velthuis on the Economics of Art, ArtForum International, April 2008

http://find.galegroup.com/gtx/retrieve.do?contentSet=IAC-Documents&resultListType=RESULT_LIST&qrySerId=Locale%28en%2CUS%2C%29%3AFQE%3D%28JN%2CNone%2C24%29%22Artforum+International%22%3AAnd%3ALQE%3D%28DA%2CNone%2C8%2920080401%24&sgHitCountType=None&inPS=true&sort=DateDescend&searchType=PublicationSearchForm&tabID=T002&prodId=AONE&searchId=R1¤tPosition=12&userGroupName=nysl_sc_cornl&docId=A178085088&docType=IAC

Individual Contributions

Charles Saunders

Far removed from the traditional narrative of a vibrant and sustained bull market in the last decade, the art market experienced a substantial crash in 2008, perhaps related to the concurrent worldwide financial crisis. Prices of contemporary, modern, and impressionist artwork [decreased about 30%](#), and Sotheby's and Christie's saw their share prices plunge in reaction to the decrease in global consumer confidence. Statistically, it appeared that art wasn't as uncorrelated with the market as previously thought. In theory, the wealthiest consumer constitute the bulk of the visible art market, and a large proportion of the value of artistic pieces are subjective and based on perceptions of wealth and status. More than anything, however, is that art is purchased with disposable income – it is not a necessary good, does not have tangible value, and provides no daily benefit. It is mostly aesthetic, decorative, and its value is extrinsic. In other words, in times of recession, when disposable income decreases and households opt to move cash flows into savings, luxury goods like art are the first to go – in this sense, the art market may be highly correlated with the economy, assuming that its wealthy consumer base is sufficiently affected by recessions. During the recession, several predictions took place. Cutbacks and reorganization of major art organizations like Sotheby's were announced, with focused, targeted sales replacing the mass-supply models of the past. Guarantees by auction houses would be reduced, placing more of the risk of selling onto the collectors and galleries. Galleries trimmed their collection of art and artists, closed exhibition spaces, and generally downsized their operations. Artists saw their prices command fractions of what they could achieve in the boom years, which was as predicted. Veteran painters still sold well, but the majority of artists lost potential capital, with noted artist Takashi Murakami canceling a scheduled solo show at Sotheby's entirely. Art sales amounted to nearly \$800 million, however, which would have been a robust number even five years prior; some critics claimed that the robust sales in the wake of a recession were a sign of strength, not weakness, and offered very fair prices for collectors. Collectors in general, while seeing the value of their collections fall, still felt the urge to collect, and overall market prices generally held, suggesting that perhaps the buyers in the art market had the capital, drive, and determination to weather the market recession after all.

Indeed, many claimed that the correction [was not as bad as was predicted](#) in the art world. The current art market is systemically different to what it had been in recessions prior, specifically in the 90s. There are many more buyers currently than there had been in the past, offering greater liquidity and investment capital, and greater probability of sustaining demand in times of recession. Probably the only players who truly left the market were the speculators, hurt by other diversified investments that took a hit in the global recession, and "would not be missed" by the rest of the art world. The art market is a much more global affair now, and as a result it is much more able to withstand financial and economic downturns, and much less susceptible to shocks from small segments of the population, such as the Japanese criminal activity of the 90s.

All in all, the art market is definitely maturing, as we have shown, and is more able to sustain itself during natural fluctuation; however, it still has space to grow in order to finally become a modernized economy.

Christina Chaplin

It is interesting to note that the Art Market crash of 2008 correlates somewhat to the general globally experienced recession of the early 21st century, despite claims that the art market is unconnected from the stock markets and financial sectors. This may be coincidence, but I do believe that there is some cause and effect taking place in this case. The art market crash was not as bad as it had been predicted, partially because the bubble had grown so large that people could not expect less than total bottoming-out. Yet also this is partially due to the fact that the bubble burst was being predicted based on the previous bubble of the 1980s which had been followed by an extreme downturn when the market crashed. In fact, following the history of the art market, there have been a series of bubbles and crashes throughout history, just as there have been similar phenomena in the financial markets. It is simply a natural and cyclical progress. The difference nowadays is that these bubbles seem to be happening with increasing frequency. Some predict that this is a symptom of a distinct change in the art market from a marketing and branding standpoint with regards to the commodification of art in modern times.

A point that needs particular attention is the effect that these booms and busts are having on the quality and significance of the art being produced. The art market changed significantly when Mary Boone first introduced the idea of the waiting list for the gallery. In this system, collectors have to wait on a list to be measured against each other until works can be placed in the most respectable collections. In this practice, the market is negated and supply and demand do not rule supreme. Therefore, the art does not necessarily sell for the highest price, but it is secured in cultural value through the collection it is placed in which the dealer predicts will increase its wealth and significance in the long run. However, this often meant that collectors were given the first right of refusal, and were not necessarily buying works that they had seen but potentially buying just to have a work before another collector for prestige etc. The art can suffer in this environment. The dealer here rules both ends of the market and controls much and more. In an economic downturn, the waiting list might disappear, along with speculative buying by big moguls hoping to flip the work for a quick buck. I believe this can in fact improve the quality of work being produced by the average artist and cause consideration on the parts of buyers who can then hope to distinguish more significant works from the herd to price highly.

It seems that the market will recover, though if the past is any sign for the future, more booms and busts are likely to follow and in quick succession. We can only hope that after several economic downturns in the art market, the speculators may be replaced by a stable buying practice and prices might return to sustainable levels. This stability might even allow for more flexibility in advancement, at least decreasing if not closing the enormous gap between the average artist and the superstar branded one.

http://findarticles.com/p/articles/mi_m0268/is_8_46/ai_n31487376/pg_5/?tag=content;col1

http://www.artpractical.com/feature/the_great_contemporary_art_bubble/



www.youtube.com

Dalanda Jalloh

It seems as though the stability that has been achieved since the last art market crash in 2008, may soon cease. According to an article about the art market, by London writer Mark Collett-White, many market leaders believe that the recovery from the 2009 slump may be short-lived, while other analysts claim that it is likely that the influx of money from Chinese investors will enhance the risk of a rapid increase in money in the art market followed by a swift market plummet.

According to analysts, the increase in China's class of super wealthy people, could lead to "speculative money [that] will push art prices beyond their long term, intrinsic art historic value" leading to another crash of the art market. The rapid addition of money to the emerging markets and established Western markets will likely cause the art market to "experience mini-booms and busts more frequently than in the past as spectators move in and out of different markets trying to cash in on the latest trend". This fad of investing in what is "hot" and quickly abandoning it once it is out of season could lead to quite a bust in the market. The start of this new era in which art is viewed as a financial asset instead of a collectable item has started in 2011. One of those individuals who is optimistic about the future of the market is Jussi Pyikkanen, the president of Christie's Europe, who proclaims his confidence in the strength of the market and that it will be able to not only sustain itself but also has potential room for growth.

From 2008 to 2009, the number of clients who registered for a sale at the world's largest auction house rose by 23 percent. This large increase in the number of buyers is what gives Pyikkanen the confidence in the art market future. Other analysts say "as long as prices remain high, experts argue, top quality works will continue to come on the market, creating a cycle that is vital to the market's future expansion". Interestingly, both Sotheby's and Christie's both had an increase in sales, with Christie's posting record annual sales of \$5 billion in 2010, up 53% since 2009. Sotheby's boasted an auction total of \$4.3 billion in 2010, an increase from the auction total of \$2.3 billion in 2009.

Only time will be able to assess if the art market will be able to maintain its strength and achieve more growth since 2008. Opinions of critics vary, with some attesting to the fact that the market will be able to continue its current success, while others claim that the rapid emergence of new investors will eventually lead to a rapid bust in the market. Thinking optimistically, I believe the art market will be able to sustain its current strength and that there will be greater investments and a stronger market.

Reference:

<http://www.reuters.com/article/2011/02/03/us-market-preview-idUSTRE7124B720110203>

Daniel Chazen

Toward the end of 2008, almost all investments, art included, were crashing because of the financial crisis. But the decline in the art market was somewhat different; there were other factors in play. As Velthius writes, the art market was already so "overheated," that even without the "crisis in the financial market, a downturn would seem inevitable" (Velthius, 1). He also notes that between August 2007 and January 2008, research indicated that confidence in the contemporary art market had already dropped 40%. So the first assessment I make of the art market's crash is that it could have been inevitable because of the drastic increases in value before the crash, whether or not the financial crisis happened in the first place.

The second assessment I make about the crash is based on the ArtForum interview with Pablo Underhill – who is considered to be a "retail anthropologist." Underhill says that the way the public interacts with art has changed. He believes that "the act of looking at art has become one of social expression." I think part of the point he is making here is that "art has evolved into a way of overcoming status inconsistency." With this in mind, it's kind of easy to see how so many people want to be a part of the art market. The problem is that for some who get involved, they can't afford the risks that go along with the financial and art markets and wind up selling at almost any price when they need money. The result is that a downturn in price turns into a crash. This probably explains why there was an even greater drop in prices for works that were not at the top end of the art market. In November of 2008, the Wall Street Journal reported that the Vice Chairman of Sotheby's (Tobias Meyer) said that "the price disparity between good and great has widened to humungous" (WSJ, 11/20/08). And, according to Meyer, the problem for the "trillion-dollar global art industry is that most of the art it has for sale is, by definition, just average." Based on these comments, as well as Underhill's assessment of why some people get involved in the art market, the economic downturn and financial crisis were almost certainly going to cause a crash in the art market. And this is especially true for those who were holding average works – which probably did not include a lot of super rich people who were better able to withstand a decrease in prices. This probably explains why most of the major dealers, auction houses, and collectors were able to weather the storm. But for the average person who may have lost a job, and was collecting just average art, he or she may have needed to sell a piece at most any price just to survive, which in turn further depressed prices and made the crash even worse.

Here is a link to the Wall Street Journal Article written by Alexandra Peers: <http://online.wsj.com/article/SB122713503996042291.html>

I think this illustration by David Gothard describes the crash in the art market for those who relied on their artwork as a means of money if they needed to sell.



Elena Cestero

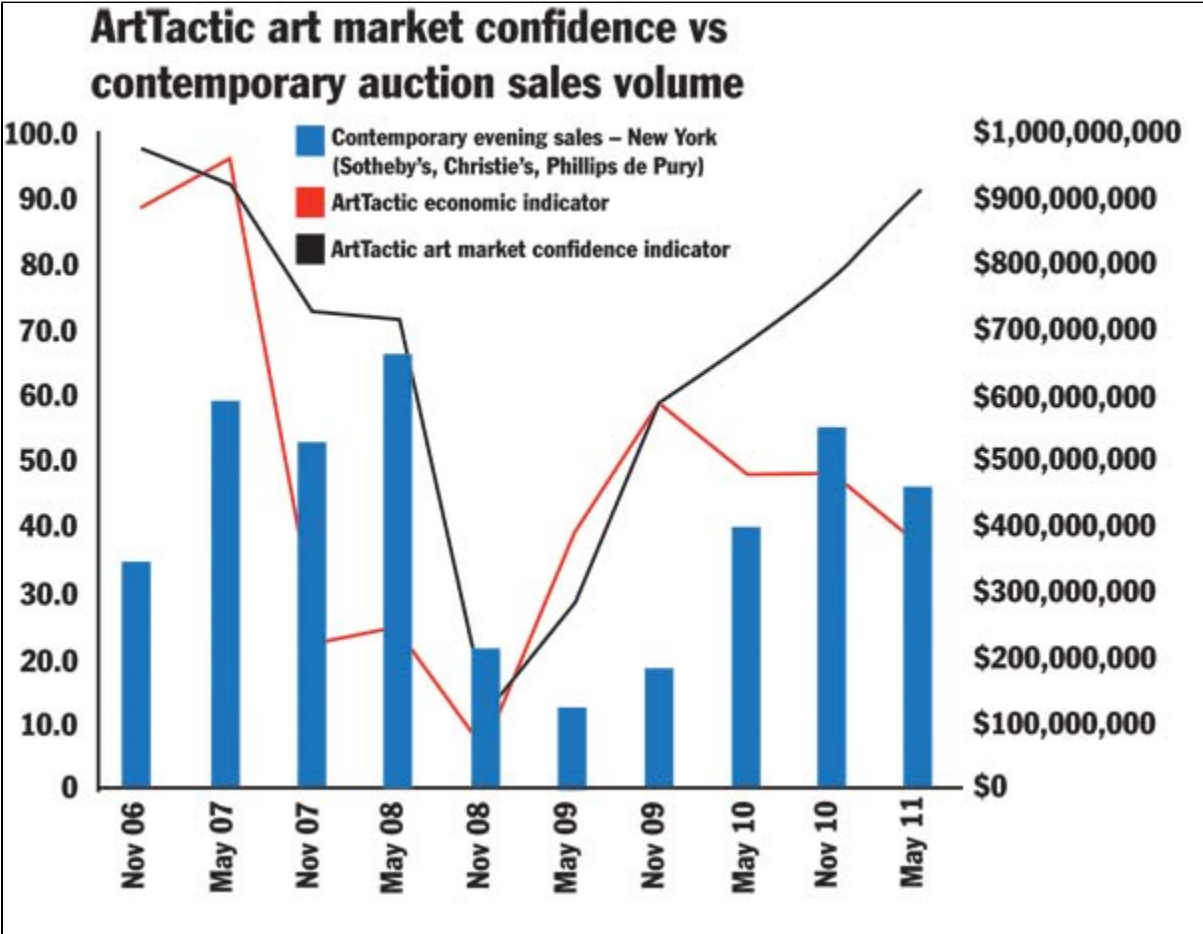
While it appears that the recent art market crash paralleled that of the greater financial crisis these two markets interestingly seem to function by different forces. It has long been assumed that the art market and stock market are highly interconnected, but the readings present evidence that the truth may be more complicated. When the stock market crashed previously in the late 1980's the art market continued to boom and this was not an anomaly. It is hard to believe that global financial conditions do not affect the art market at all, but there do seem to be other important and sometimes immeasurable factors like taste that have a greater impact on its health.

That the most recent art market crash happened at the same time as the global financial crisis may only have been a coincidence. Olav Velthuis suggests in his article, "Accounting for Taste" that the 2008 art market crash was driven mostly by an excess of inflowing money which caused, "...the erosion of egalitarian values." He presents disturbing statistics concerning the growth of the value of art as compared to growth in salaries to support his idea. Art value has grown so much faster than salaries that access to purchase art has been cut off to all but the wealthiest members of society. What is truly amazing is that the current art market makes that of the 1980's, which at the time was considered a huge boom, look quite unimpressive.

Dealers also have an incredible amount of power and control in the art market. With the waiting lists for art they are able to control its prices and values to some extent although Velthuis points out that they actually may not have as much control as they think they do. What is certain is that the dealers' careful strategies increase their symbolic capital greatly if not also their actual capital. Symbolic capital cannot be ignored as one of the major forces in the art market. The article about the auction of Lehmann Brothers art and "ephemera" also clearly demonstrates that there is a disconnect somewhere between the stock market and the art market. Though Lehman Brothers had gone bankrupt and the global financial crisis was well underway, the art market remained strong enough that it was able to attract large numbers of buyers to participate in a successful auction of Lehman's belongings in which many items sold for far more than their estimated values.

While the evidence for a connection between the global financial market and the global art market has not been particularly strong or abundant, I still think there is an element of linkage. If stock market crashes affect wealthy investors who are also the primary purchasers of expensive art, then it seems inevitable that the art market would also be affected. I think whatever connection there may be, it is very complex and hard to collect evidence for, or perhaps the whole system has not yet been subjected to sufficient examination. It would be very hard to predict the movement of the art market in the future, but I'm sure it will continue to have ups and downs according to its unusual set of factors. As the saying goes, "there's no accounting for taste", and perhaps this can be applied to the art market in the sense that it seems there may be no accounting for its movements.

Here is an interesting recent article about the art market and the table shown in the article: <http://www.theartnewspaper.com/articles/Is-art-still-a-safe-bet-for-investors/24508>



H. Hunt Bradley, III

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June Shin

Very entertaining mock-auction of contemporary version of the Scull sale: <http://www.reuters.com/video/2011/04/29/adam-lindemann-and-amalia-dayan-at-the-a?videoId=205719776&videoChannel=1004>

Adam Lindemann poses a good question: is it possible to generate the 16% unlevered annual return on a work of art for the next 35-40 years? Amalia Dayan says it's absolutely possible because today the art market is huge. Lindemann points out that a big market also means big competition, to which Dayan responds with confidence that despite the size of the market, there remains the fact that there are always only a limited number of people who have the eye and resources (the right information, art advisor, etc.) that enable them to choose the right artworks. However, she rightly reminds the audience of that choosing right is not necessarily choosing based on figures. She says that "you have to buy what you love," as cliché as it may sound, is just true. In Lindemann's conclusion, he shares his thought that the art market is unlike any other market because art collecting is in itself another art form, and because art is not always rational, the art market does not always behave on established laws and sometimes quite unexpectedly. Thus the numbers alone cannot guide one as to which artworks to invest in.

I agree that numbers are not always an indicator of a work of art's present value or of the future. However, money seems to be an indispensable factor that drives the art market. Modernism is already a century-old phenomenon, and since its start, the speculative quality of art and its possibility for generating financial profit has long been recognized. Although art prices do not consistently follow the stock market's upward or downward movements and seem relatively impervious to big failures, the economy does affect the art market, as seen in the 1990 art market crash.

Velthuis reports that he saw a change in attitude of the artists and the collectors after the 1990 crash; they bought and sold artworks based on their eye and their preferences and avoided extreme pricing and hype. However, all that they had abandoned came right back, and art is now more expensive than ever. Today's art collectors, who buy art to gain access to a social world, have tremendous surplus capital. Increase in capital flown into the art market has resulted in high pricing of art, but as Velthuis points out, perhaps more important problem lies in "the erosion of egalitarian values." Middle-class collectors have been wiped out by multimillionaires that now dominate the market, and art collecting has been becoming more and more an exclusive pursuit. Since the status the collectors seek is entirely dependent on name and reputation of the artists whose works they buy, a lot of the buyers are going after a small number of artists, which leads to huge differences in income among contemporary artists.

Moreover, the existence of waiting list indicates that demands for art are high and prices could go even higher if dealers than now chose to. But gallerists choose not to because keeping demand at a high level prevents volatility, which is exactly what dealers want to avoid. They also argue that waiting list is a means to control the home of the artworks they sell to make sure that they end up with "royal" buyers. According to Velthuis, what these dealers do not seem to admit is that collectors of this day are far from being "royal," because they operate on speculation of financial gains more so and more often than pursuit of aesthetic pleasure and civic duty. And since the art world is running on the capital of the extremely wealthy few, if this top tier of elitist group chose to withdraw from the art market for economic or other reasons, another crash will be all but inevitable. This will incur great damage on the part of art dealers and artists, for they will lose economic and symbolic capitals, worsening the situation and leading to further degradation of art. Therefore, as the art market continues to base itself on celebrity culture, which is prone to give way at some point, and grow more exclusive as to be dependent on only the few wealthy collectors, I don't see why another crash in the art market should not occur.

Reference

Olav Velthuis "Accounting for taste: Olav Velthuis on the economics of art". *ArtForum*. FindArticles.com. 21 Jan, 2012. <http://findarticles.com/p/articles/mi_m0268/is_8_46/ai_n31487376/pg_5/?tag=content;col1>.

Kelly Zona

Art historian and sociologist Olav Velthuis focuses on the economic complexities of the art market in relation to its crash in 2008.

Velthuis explains that the art market does not necessarily follow the rest of the economy, and that while art prices may fluctuate, it is often for reasons outside of the financial market. He cites symbolic value as a key element.

Velthuis starts from an illuminating anecdote: several weeks after the stock market record decline of 1987, Van Gogh's *Irises* sold at Sotheby's in New York for \$59.3 million. At that point, it was the highest amount paid for a painting, ever. Velthuis highlights this disconnect between the financial sector and the art market to prove that there is no concrete evidence that the two are connected.

However, the market did eventually crash in 1990. Insiders were quick to blame the financial system. In a critique of the event issued by Whitney Biennale curators Richard Armstrong, Richard Marshall, and Lisa Phillips, they argued that "capitalism has overtaken contemporary art, quantifying and reducing it to the status of a commodity" [1].

But Velthuis sees this critique as simply incorrect. He believes that buyers may have large, expendable incomes, but lack in "social and cultural capital" and can generate this through the purchase of art [1].

Works are valued based on the recognition of the artist, which means that everyone is competing for the works of a small group. And within this elite group, small differences in perceived talent are transformed into large differences of price.

Velthuis saves his most telling evidence for last: the waiting list. If art has become mere commodity, then why do dealers use waiting lists to sell to the 'right' buyers, not just the highest bidders? Again, Velthuis points to reasons of symbolic capital. Dealers reaffirm their reputation by demonstrating that they are interested in more than money. And this system can be useful to reinforce buyer relationships- for example, a dealer may allow a certain client to jump ahead in the list, ensuring reciprocity in the future.

Velthuis ends with an observation on the flexibility of this system. He recalls that wait lists virtually disappeared during the 90's crash, and that dealers had to discount their prices in order to sell. To Velthuis, the years following this incident were "if not exactly democratic, certainly the most egalitarian phase that the art world has known" [1].

While he brings us up to date on the inner-workings of the art market in relation to the larger financial system, Velthuis leaves the reader with questions as to what the future holds. While he proves that the system is flexible, and that it can become more 'egalitarian' at times, what is the best position for the art market to be in? Does society overall gain from financial crisis in that many artworks become more accessible? Or do we lose out as 'serious' collectors may be outbid by ambitious billionaires who don't care so much about the future of the works they purchase?

[1] http://findarticles.com/p/articles/mi_m0268/is_8_46/ai_n31487376/pg_2/?tag=content;col1

Khristyne Wilson



In his article Velthuis discusses the art market crash of 1990, and how the art market has rebounded since then. Many people believe that art market sales will decline with the decline of the stock market, and financial status of the people in the country at the time. This is true some of the time, however, the art market also fluctuates on its own sale, based on the goal of consumers, and how the dealers go about selling.

One of the reasons for the crash in 1990 was due to the increasing prices of all the pieces going to auction. Velthuis tells an amusing anecdote about how in November of 1990 at a Sotheby's sale in New York, a painting of a Spanish Landscape by Julian Schnabel was expected to sell for \$400,000, however when it was put up for auction there were only a few very low bids, and inevitably it failed to sell. A New York Times reporter stated: "After some silence, cynical laughter and a round of applause followed".

Velthuis then explains that the art market crash was born out of a delayed effect of the Stock Market downturn in 1987, as well as the dealers and galleries manner of viewing art. They had, previously to the crash, thought of the artists as merely a price tag, and thus did not care about the pieces themselves but were just purchasing the names attached to them. The auction houses would thus price all pieces by one artist at the same point, regardless of the individual value of the art. During this time, only a small group of individuals could afford to purchase these high priced pieces, and thus were only interested in the ones that had the quality they were looking for, not just the name attached to them, thus the decline in the art market.

Curators Richard Armstrong, Richard Marshall and Lisa Philips said in their essay that "we have moved into a situation where wealth is the only agreed-upon arbiter of value" and that "capitalism has overtaken contemporary art, quantifying and reducing it to the status of a commodity". By this they mean that there is no discussion or agreement on what specific qualities about each individual piece are noteworthy, but rather the only thing discussed is the value of the piece, thus moving art into a capitalistic market, that does not care for anything but the ultimate money made from each piece.

Another critic Edgar Degas wrote: "It's as if pictures were being painted by stock-exchange players by... people avid for profits". It is clear that people were unhappy with the discrepancy between the quality and price of each picture, thus causing the downturn of the market through their refusal to purchase low quality pieces for high quality prices.

Currently however, things have changed, and dealers and gallery owners believe they are making a more conscious effort to put prices on pieces according to their quality, and not just the name attached to them. By doing so, there is more variety in prices, and the art market is opening up to people who could not previously afford anything, thus making sure that there is never only a select, small group of people who will only buy high quality pieces. Also, the art market has become more global, thus making it stretched out more, and not concentrated, and thus able to sustain itself better during periods where some people are unwilling to spend on high art.

Kwame Nana-Ato

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Lipei Yu

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McKenzie Sullivan

During the art market crash of 2008 prices of contemporary, modern and Impressionist artwork tumbled about 30% at auction. The art market's crash threatened a remake the art world. I found Velthuis' "Accounting for Taste" assessment of the art market crash in 2008 the most intriguing. Velthuis presents various statistics to explain that because the market was being so pumped with money that the crash was inevitable with or without the financial crash.

Velthuis explains that when the so much money was being put into the market that there was an "erosion of egalitarian values." He shows that art value grew so much faster than salaries the art market only became available to elite and wealthy patrons.

Velthuis explains "symbolic capital" where dealers tweak their brands to show they are not only interested in making money but that they care about their artists and believe in the art. This concept is helpful to reinvigorate buyer-dealer relationships.

Velthuis also concludes that the market will always fluctuate. He claims the "wait list" disappeared during the 90's crash, and that dealers had price they works much lower in order to sell.

As for predictions about the market, Velthuis makes comparisons to the financial market. Velthuis rules out that the art market does not coincide with the rest of the economy and that fluctuating art prices are not nor will never be reliant on the financial market. Velthuis proves that the market is flexible, and leaves the reader questioning what state the art market works better in- is a market crash a good thing in which art works become more accessible to the rest of society or should only millionaires partake in the market?



Great article from the WSJ during the crash. The predictions of what would happen were quite interesting. <http://online.wsj.com/article/SB122713503996042291.html>

<http://online.wsj.com/article/SB122713503996042291.html> Also, a really interesting video about lessons learned from the 2008 crash <http://vimeo.com/28831341>

Nicholas Krislov

Accounting for taste:

http://findarticles.com/p/articles/mi_m0268/is_8_46/ai_n31487376/pg_4/?tag=content;col1

The general assertion that the art market is negatively correlated with stock exchange indices is only partially true when looking at certain time frames. The Fed Funds Rate is shown to have an interesting impact on the arts market, as the rate is lowered cheap capital pours into the system, and as it rises, capital becomes more expensive. This however is not the true indication of the art market, as correlation does not equal causation. The average American's income has been subject to the health of the overall economy. Yet, even during the recession auctions at Sotheby's and Christie's sold for well over their estimates. In February 2008, auctions at Sotheby's sold for more than their estimates 60% of the time. And, throughout the recession many galleries were not as affected as originally thought. The problem is that galleries are not in a pure competitive market. Instead they operate more along the lines of a Soviet bread line.

The galleries hate volatility. When prices fall and rise without pattern, their means of both valuing and assuring their customers regarding the value of work comes into question. To control this, galleries often put together a wait list. The very essence of a waitlist indicates that prices rise faster than the galleries can keep up with. One would assume that galleries would use an auction system to capture all total profits, giving the work to the highest bidder. Yet it is not in their best interest to have the primary sale bring in less than the estimate, or for pieces to go to a collector who will sell in a short period of time. Instead, by using an auction the galleries can control who receives the artwork and when. By selling at high points in artists' careers, galleries can control volatility in the market. Further it drives home the idea that the galleries are selling this art for the pure beauty of the art and not the money.

One of the quotes that the article reminded me of is "Bulls make money, bears make money, pigs get slaughtered". While it seems that the overall economic is tanking and the average American cannot afford to provide food and healthcare costs, it is important to remember that a very small number of people actually have the means to collect these expensive works of art. Hedge funds who bet big on credit default swaps made off like bandits in the recession, and the great names in both finance and industry are seemingly unaffected by the actual recession. While many millionaires lost much of their fortune, many made theirs as well.

The idea that the art market is maturing seems like an illusion to me. The market itself is heavily affected by galleries, wait lists, and auction prices of other pieces. The recession certainly had an effect on the art community, and I would assume especially in the lower value auctions, not aimed at the ultra elite, prices would be down, for the pure reason that collectors may have less disposable income.

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Tadd Phillips

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Consider & comment:

Please use this space to respond to your classmates' work and to engage in lively discussions on the day's topic. Keep your comments concise and conversational by responding to others, rebutting or supporting their ideas. Use the comment box below for these observations.