

Day 11 - Kwame Nana-Atooo

Sotheby and the Christie's share 90% of the world's art auction. Price fixing threatens to reduce the amount of a product available for purchase and to increase its price, thereby distorting the functioning of the marketplace by causing resources to be switched from productions of the affected product to other less valued uses.

Price-fixing violates the principles of a free market economy. The social benefits from price fixing are thought to be small or nonexistent. The conspiracies involved in price fixing are unstable and unlikely to be effective in maintaining artificially high prices. Christie's was a privately held company while Sotheby was public and this might have led to price fixing activities, because it was not only sued by the customers but also by the shareholders. The fact that Christie's was a privately held company meant that the large fine clearly affected the value of the company and its major shareholders. As people became used to buying art for high prices, these companies decided to make money off their clients and take advantage of them. In so doing they made an agreement that the more a painting sold for, the more commission the house will receive in so doing they both shared the information of their clients including their salaries. With this information they could carefully examine their bidders with attention and in detail. Auction houses appear to conduct auctions in a manner that suggests that art buyers are unable to make decisions for themselves when buying at auction, and need to be told what they should be buying.

With this said, could the art world do without the auction house? I hope they will because they can, but it doesn't look like that is what is happening. It is reported that Sotheby's made a profit of \$96.2m, or \$1.38 a share, up from \$73.6m, or \$1.09 a share, a year earlier. I don't think that art buyers and collectors have decided to forfeit the idea of auction houses, go through all the hustle and tussle to make new choices in finding out the best way to buy their art. They have become so accustomed to the tradition of auction house art buying that they have nowhere to go-so to say. The auction houses are also not ready to forgo their business and are trying every tactics to keep the art world under their belt. Here is the case where auction houses are now on the Internet making their money from the art buyers. Where else will the art world go to buy art? The Gallery? The galleries are no different when it comes the quest for making money. I think that the art world, buyers and collectors have acquainted themselves with the structure and fanciness with which the auction houses have presented to them that they are in love with it. Actually I should say that in the last two years, auction prices have skyrocketed and buyers are eager to bid as much as they can to get it. These people are all part of the game; they together with the auction houses control the art world.

Now if we want to do away without the auction houses, we certainly can. We will have to build and trigger the confidence and trust within our selves, where by the young sought-after artist begin to work together without expecting a market mechanism to be looking out for them and managing their careers. The bait of financial gain and international recognition can be intoxicating and should not be part of the new move if we really want to do away with the auction house.