

Day 11 - Kelly Zona

It is difficult to imagine the art market without the auction house. Despite the price fixing scandal, it is likely that Christie's and Sotheby's will remain central to the market for a long time to come.

It seems that Christie's and Sotheby's together offer something that no other art market institution can. They are the barometer for the value of secondary market artworks. Auction sales make blockbuster headlines, wealthy collectors are able to compete over highly desired works, and the rest of the art community looks to these auctions as a means to gauge the market. This is in part because Christie's and Sotheby's have dominance over the secondary art market. It would be difficult for the art world to find a reliable indicator if these major sales were done by many smaller auction houses or individual galleries. Buyers can be reassured when they buy from these houses. As Thornton notes in her article from our last class, "All art is priceless, but assurance is expensive" (13). So in this way I think that the price-fixing scandal has not really changed public perception of the auction house, as it will remain a barometer for the secondary art market that most people rely on.

Despite the fact that buyers took most of the loss in connection with the price-fixing scandal, the Ashenfelter & Graddy article points out that, "it is unlikely that successful buyers as a group were injured" (3). So it appears that the major consequence of the scandal may perhaps motivate buyers to be even more competitive. Buyers already know that they are in competition with everyone else at the auction, and that its main goal is to make as much profit off of them as it can. Even the auction houses estimates do not reflect or influence how much buyers are willing to spend. A recent article in the LA Times is titled, "Christie's: Elizabeth Taylor \$137-Million Auction Makes History." A representative of the auction house told the paper, "It was the most valuable jewelry sale in auction history."

<http://latimesblogs.latimes.com/gossip/2011/12/elizabeth-taylor-kim-kardashian-jewelry.html>

With sales like this, I would say that the auction houses have not lost buyer confidence, and Christie's and Sotheby's are likely to keep their institutionalized status.

Bibliography:

Thornton, Sarah. Seven Days in the Art World.

" class="external-link" rel="nofollow"><http://www.econ.ucsb.edu/~tedb/Courses/Ec1F07/ashenfeltersothebychristie.pdf>

<https://www.msu.edu/course/ec/360/george/Readings/Bidding%20War.htm>

<http://video.cnbc.com/gallery/?video=697487072>

<http://www.cnbc.com/id/23812895/>