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On the price of priceless goods. Sociological Observations on and around Art Basel

ABSTRACT

Today's public discourse on art revolves around the price of these priceless goods and numbers function as ciphers for the collective representations of art and its status in late capitalist society. Highly contrary assessments as to how the prices for these goods can be found, depending on the perspective taken. While it may seem that optimal transparency exists with regard to the market and the setting of prices, thanks to commercial databases readily available to everyone, ethnographic field work presents quite a different view. A research group took the question on pricing to a particularly prominent institution of the art market, Art Basel, using a variety of methodological approaches such as qualitative interviews with gallerists, artists, Art Basel staff, curators, art advisors, art critics etc. In the interviews some

unwritten rules for dealing with the pricing of works of art became apparent. Pricing in the field of art requires not just knowledge of the unwritten and often tabooed rules, but also an intuitive feeling for the game and the accompanying strategies. Our empirical findings confirm the existence of two different paradigms. On the one hand there is the image of pure market competition for singular goods with high prestige value. In this view, the pricing of art commodities seems determined in an ideal-typical manner by purely exogenous market-dynamic and competition-driven forces. On the other hand, the idea of a purely endogenous, "art-immanent" reading and appreciation of the intrinsic value of a concrete work of art is maintained, independently of its real or potential market value.

Introduction

When, as Bourdieu postulates, “The particular difficulty of sociology comes from the fact that it teaches things that everybody knows in a way, but which they don’t want to know or cannot know because the law of the system is to hide those things from them”,¹ this applies in a very particular degree to the world of art and its rules and practices, as we are dealing here, as Bourdieu states elsewhere, with “A commerce in things which are not commercial, the trade in »pure« art belongs to the class of practices where the logic of pre-capitalist economy survives. The challenge that they offer to all kinds of economism resides precisely in the fact that they can be achieved in practice - and not merely in representations - only at the price of a constant and collective repression of the properly »economic« interest.”²

Paradoxically, or perhaps precisely not, public discourse on art revolves predominantly and persistently around the price of these priceless goods and numbers function as ciphers for the collective representations of art and its status in late capitalist society.

In answer to the question how the prices for these untradeable goods on the market are arrived at, highly contrary assessments can be found, depending on the perspective taken.³ Taking actually achieved art market prices as the empirical basis, one has the impression today that a - supposedly - optimal transparency exists with regard to the market and the setting of prices, thanks to the market observations of commercial databases readily available to everyone. For example, the most important of these databases worldwide - Artprice - offers its over two million users an almost exhaustive survey of the movements on the secondary market of the art trade and a library with more than 100 million pictures of works of art with commentaries by art experts. This in turn is based upon 27 million items of information on the results of the sales from the studios of more than 500,000 artists in more than 4500 auction houses. The omnipresence of the data produced here in the public narrations on art is being nurtured by way of, as well as beyond, the internet by press agencies and more than 6000 print media that are regularly kept up to date by Artprice.

1 Pierre Bourdieu, *Kunst und Kultur. Kultur und kulturelle Praxis, Schriften zur Kulturosoziologie 4*, ed. Franz Schultheis and Stephan Egger (Berlin: Suhrkamp, 2015), 583.

2 Pierre Bourdieu, *The Rules of Art. Genesis and Structure of the Literary Field* (Stanford: Stanford University Press 1996), 148.

3 This question is discussed in a wide range of research papers and publications, for example Joel M. Podolny, A Status-Based Model of Market Competition, in *The American Journal of Sociology* 98/4, 829-872.; Michel Callon, Cécile Méadel, and Vololona Rabeharisoa, The Economy of Qualities, in *Economy and Society* 31/2 (2002), 194-217; Olav Velthuis, Symbolic Meaning of Prices: Constructing the Value of Contemporary Art in Amsterdam and New York Galleries, in *Theory and Society* 32/2 (2003), 181-215; Jens Beckert and Jörg Rössel, Kunst und Preise. Reputation als Mechanismus der Reduktion von Ungewissheit am Kunstmarkt, in *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 56 (2004), 32-50.; Lucien Karpik, *Mehr Wert. Die Ökonomie des Einzigartigen* (Frankfurt/New York: Campus, 2011) 14-28, 61-73, 121-132. ; Jens Beckert, State of the Art. Where do prices come from? Sociological approaches to price formation, in *Socio-Economic Review* 9/4 (2011), 757-786.

In contrast to this panoptical instrument with its macroscopic view of “what comes out at the end” of the art market’s food chain and the suggested notion of fully transparent marketing with an overt logic in regard to the price development of artistic merchandise, the question of the pricing of works of art becomes infinitely more intricate, even mysterious, when one descends from the global heights of market analysis to the depths of daily practice in the art field. Over three years of research, our research group in St. Gallen conducted ethnographic field work, including participant observation and in depth interviews with actors of all hues, asking how such an inestimable good is actually and specifically assessed and given a price tag. They took this question to a particularly prominent institution of the art market, Art Basel, also dubbed “the Olympics of the Art World”, at its three locations in Basel, Miami and Hong Kong.⁴

But why Art Basel?

Nowadays art fairs play a central role in the art market, especially with regard to contemporary art. Since the turn of the century, a boom in fairs has grown into one of the most important distribution and marketing channels for art dealers and gallerists. It is no secret that today this side of the art trade already achieves more than a third of its returns at art fairs. No other form of distribution offers better opportunities to its clientele with an interest in art to see and buy a broad range of works of art with an efficient expenditure of time and money. In view of the great attractive power and commercial success of this segment of the market numerous media reports have already proclaimed “the decade of the art fairs”.

Art Basel takes place annually in June in the third largest city in Switzerland. It is a fair



of the superlatives. In 2014 there were 285 galleries from thirty-four countries, who presented over 4,000 artists in an area of 30,000 square meters, and attracted 92,000 visitors, including important collectors, the representatives of 70 museums, and numerous artists from all over the world. The *New York Times* characterized the fair as the “Olympics of the Art World”.

Fig. 1. Dangerous Liaisons. Art Basel, 13 June 2012.

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4 Franz Schultheis, Erwin Single, Stephan Egger, and Thomas Mazzurana, *When Art meets Money. Encounters at the Art Basel* (Cologne: Buchhandlung Walther König, 2015); Franz Schultheis, Erwin Single, Raphaela Köfeler and Thomas Mazzurana, *Art Unlimited? Dynamics and Paradoxes of a Globalizing Art World* (Bielefeld: Transcript, 2016).

Because it strongly regulates access to its highly prestigious and highly visible “market place”, Art Basel itself has become an authority of consecration in the global scuffle for symbolic recognition in the field of art. Participation in the fair guarantees “quality” and brings both symbolic and immediate economic profit. Art Basel determines the image of the fair and its structure; it selects which galleries from which geographical and artistic backgrounds can offer their goods. At the same time, the choice of galleries determines which artistic goods are going to be on offer.

Accordingly, Art Basel represents a particularly suitable terrain for research on the contemporary art world, and we applied a variety of methodological approaches such as qualitative interviews with gallerists, artists, Art Basel staff, curators, art advisors, art critics etc. Representative questionnaires were addressed to gallerists and visitors attending the three Art Basel exhibitions, combined with topographical analyses of the placing of the galleries in the exhibition halls and photographic documentation. In summary, it was an attempt at sociological stock-taking of the social and economic relationships to be observed at this particularly “noble” location of the art world, its ways of dealing with the ambivalent relationship between art and money, and the states of mind of the actors in the art world. These field studies were supplemented by a large number of interviews with highly diverse representatives of the art world within the framework of several dozen dissertations and theses for master and bachelor degrees supervised by the author.

While we did not set out to focus on the subject of price formation rules in our sociological x-ray of an environment which we found somewhat exotic and quite peculiar, the issue kept coming up during the interviews with the subjects of our ethnographic study. Our contribution thus presented a kaleidoscopic synopsis of the relevant ethnographic findings which we embedded from a social-theoretical standpoint in the specific research tradition to which we are committed: the culture and art sociology of Pierre Bourdieu.⁵

Lost in Translation: rules of art in the quantification of the immeasurable

From the perspective of classical microeconomics prices result solely out of the interplay of supply and demand. From a sociological point of view, however, markets in general

5 Pierre Bourdieu's research and publications have attached central importance to the world of art for more than 40 years. He is the most quoted social scientist of the post-war period, and his works - from *The Love of Art. European Museums and Their Public* (Cambridge: Polity Press, 1997) to *Manet: Une révolution symbolique* (Paris: Seuil, 2013) have lastingly shaped sociological research on “the rules of art”. Bourdieu's sociology of art provides not only a convincing reconstruction of the historical emergence of modern art and its claim to autonomy, “l'art pour l'art”, but also an empirically based theoretical and methodological tool-box for the analysis of the structures, rules and functions of art. The author worked closely with Bourdieu for almost twenty years and, together with Stephan Egger, published his “collected writings” at the Suhrkamp publishing firm, including three volumes on art and culture (see bibliography) in which the artistic field is illuminated with inspiring theoretical perspectives. My own empirical research, from which the findings collected here derive, builds specifically on this work and attempts to show its fruitfulness for the analysis of the contemporary metamorphoses of the art world.

and the market for symbolic goods in particular prove to be institutions in which economic activities are fundamentally embedded in networks and are shaped in each case by specific cultural and organizational arrangements. These socio-historically engendered arrangements with each of their specific written and unwritten sets of rules substantially co-determine the processes of value and price formation. This applies especially to the art market in which singular goods without a material value in use are traded, as in this case the naturally manifested uncertainty of the pricing requires a social construction of plausible consensuses based on trustworthy and apparently credible references, even though the consensus is often enough only a fiction.⁶ The greater part of the contemporary trade in art actually takes place beyond, or rather “beneath”, the price wars staged by the global players and hyped up by the media, and it involves the great mass of “modest” actors in the primary market and the lower segment of the secondary market for works of art, which has little attention capital. In our interviews with the actors some unwritten rules for dealing with the pricing of works of art were mentioned in various ways, for example:

There are no price tags on the works. A gallerist from Zürich: “I don’t want my gallery to look like a supermarket, where the focus is on the prices. I want to represent and mediate the art.” This rule points to the fundamental ambivalence in regard to the commercialization of untradeable goods and the conventions involved in their denial or euphemization. It is not followed without exception, as for example demonstrated by a statement by the director of Art Basel:

“This is dealt with in many different ways. In the case of the editions one often sees prices and it says fifth of twenty [copies] or the like and then the price is often given. In many contexts there is no price at all. Years ago we introduced these yellow dots in order to encourage the gallerists to tag the things for under 5000 with yellow dots. Simply to counter the accusation that there is nothing there that one can afford. That didn’t work so badly for quite a while, but in the meantime the gallerists are no longer so keen on doing it; they don’t want to emphasize it.”

Her press officer explained that this technique was meant to demonstrate that even “dentists from the Canton of Basel” are totally welcome at the fair.

The works of one and the same artist have a price which is independent of supply and demand and even of the quality of the works; it is determined by the size of the pictures. A Swiss gallerist explains this as follows: “If the pictures are of the same size the price

6 Matthew J. Salganik, and Duncan J. Watts, Social Influence. The Puzzling Nature of Success in Cultural Markets, in Peter Hedström and Peter Bearman, eds., *The Oxford Handbook of Analytical Sociology*, (Oxford/New York: Oxford University Press, 2009), 315-341; Marc Keuschnigg, Konformität durch Herdenverhalten. Theorie und Empirie zur Entstehung von Bestsellern, in *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 64/1 (2012), 1-36.

should also be approximately the same. I control that so to speak. But it is actually the case that there is a factor. One takes length x width, that gives a surface area that one can multiply with a corresponding coefficient.” An exception is not even made for the “favourite works” of the artist.

The prices are fixed. There are no deductions or special offers. This norm is usually



Fig. 2. Secure Values. Art Basel, 18 June 2014.

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tacitly observed by the market actors with “savoir vivre”. If not sanctions of a special kind are imposed, as is illustrated here by a gallerist.

“There is a classical example in Austria, a big collector with a museum of his own who acts in exactly the same way when he is buying art as he acts in the field in which he earns his money. The entire collection only consists of third-rate and fourth-rate works, but he has a museum, a huge thing, because the first question

when the guy comes is always about a discount, he wants 30% discount. It’s OK, so he gets the slow-selling stock. That’s really true in his case, honestly, what he’s got in his museum are shelf-warmers. No gallerist in the world sells to somebody who says, I get 30% off the top quality because you can sell to somebody else anyway...”

Institutional collections are an exception to this rule, as they are usually granted special terms. In this instance, gains accruing from the consecration are often more than offset by substantial price reductions, as the interviewees have confirmed a number of times.

The prices of works of art do not fall. The director of a big German private museum, for example, told us:

“During the peak in 2006/2007 the auction catalog we received was definitely three times as thick. The people were all afraid that nothing would be sold at the auction. As soon as a work can’t be sold at the auction it is done for... In principle you can forget it for a while. It can be said for certain that the main dealer of an artist is interested in supporting the price of his artist, and says: O.K if no-one buys it, then I’ll buy it at an auction, take it into my stocks and sell it again in two or three years’ time as his main dealer. He may even sell it a week later and perhaps make a profit of 100,000 dollars. That happens, I think, and theres nothing bad about it. Everyone wants his market to be supported. That’s it.”

Other art market insiders note the defensive strategy of the sellers at auctions in such cases – the work is bought at auction in order to avoid the risk that failure on the market leads to a diminished reputation of the artist, or rubs off onto other artists whose works they possess or represent. The prices of artworks only ever increase step by step with the

increased visibility of the artist (awards, exhibitions, publications). All of those questioned emphasized that “consistency” is essential for the price level.

The return on sales is fairly divided between the artist and the gallerist on a 50:50 basis, a rule of thumb often based only on an oral gentleman’s agreement. Our dialogue partners regularly reported conflicts. Here, for example, is the experience of a Zurich gallerist: “If an artist moves from anonymity to prominence because he has been discovered, it often goes to his head. Then he says: No. Why should I give a gallerist 50% of the price, as I have been confirmed? I somehow began with pictures for 2000 francs, big ones, and now I am getting 40,000 for the same picture.”

Gut feelings and experiential values: pricing on the primary market

The predominantly high-price and highly visible art exhibited at Art Basel, FIAC or Frieze is, after all, only a small part of the sum total of art works offered on the art markets of the world. The average price in the sales of auctions and galleries amounts to less than 3000 euros, according to the owner of one of the biggest German auction houses. “The social group which sustains the galleries worldwide is the classical educated middle class. You and me. That’s who they live on.” While auction houses often set their estimates with the help of databases or with pro forma recourse to a catalogue of criteria from art history’s toolbox, they frequently depend on intuition, approximate values derived from long experience, and gut feeling, as explained by an employee of one of the two global auction houses when asked:

“But the criteria you have just mentioned, landscape etc., naturally apply much more to quite traditional painting, but in the case of abstract contemporary art there is no representationalism. How do you deal with that?”

“Yes, it’s somehow difficult to explain. I also think so, when works of art are being assessed. I don’t look so exactly at these points. It’s just a feeling that one somehow develops.”

“Okay. Do you have the feeling today, when you do that, that you are usually exactly right?”

“I believe so. And if necessary one can... I mean there are databases like Artnet, where one can enter the reputation of the artist, the year, and make comparisons. What I mean is that when we have an artist on the auction market for the first time we compare with gallery prices.”

Another member of an auction house in Munich defines the price estimate as follows: “The estimated price results from the following factors: current price on the market in general and of the artist, period of the artist, i.e. influence of trends, reputation, condition.” And where a work already has a prior record - a globally operating gallerist says: “I want to know how it did on the market” - the pricing provides an orientation. If one wishes to furnish a priceless good with a price on the primary market, an entire range of possible benchmarks is available. Among the “hard data” to be taken into account we

find first of all the material value and the time invested in the product. But it is not as simple as that. What is inestimable in art lies concealed behind the usual calculations for the world of commodities. Let us listen to the voice of one of the artists we interviewed:

“How is the price for your, well, for the works made up? For the individual paintings?”

“Well I went along with the galleries, of course. When I was there. And I somehow took advice. And now, when I make an exhibition without a gallery, I also have these lists from earlier. And then I can make a rough estimate. Or I can say that I’m now doing something that involves an incredible amount of work or something like that. You can put it like that if you now compare the painting. For example, if I have worked six to eight hours a day for 14 days on a painting. Then it is possible to roughly work out the hourly rate. And that is laughable. And then comes the material. And then my ideas. Nobody pays for them. I know that someone who puts the question works it out. Ah, so long? Then he has an hourly wage of so and so much. That’s the way they work it out isn’t it? That’s absolutely laughable.”

Like many of the artists we interviewed this one scarcely “gets his money’s worth” when he offsets the time, material and effort invested against the return on the sale in relationship, and quite rightly to him this seems “laughable”. Before he was left to his own devices in dealing with the question of pricing, he depended on the advice and judgment of his gallerist, who in his view had better market experience. Later he took list prices which were established earlier as a guide, following the principle of estimates already tried and tested on the market. Putting a form of economic pragmatism in a nutshell, this can be summed up as: “What proved right yesterday can’t be completely wrong today”.

In answer to our question “How is the price of a work of art made up, for example the price of one of your sculptures?”, an artist colleague from Zurich answered:

“Well, it’s based on experience. That’s what most people would tell you. In the end the pricing of a Picasso is also a value based on experience. One takes a look at the phase of Picasso’s production the work comes from and where it has been exhibited. The pricing certainly didn’t come out of the blue. It depends on whether it is a single piece and what the production costs are. In the case of unknown artists like me the production costs have often increased threefold. That would be a value. But that doesn’t mean that as an artist one should drive the price of production as high as possible; the prices must somehow remain reasonable. Normally in my case no-one buys a work costing over 15,000 to 16,000 francs.”

In this case of an art genre involving high production costs the material expense for the creation of the work seems to provide a basis for a rule of thumb and a benchmark, whereby the inherent logic is scarcely devoid of arbitrariness and resembles a value based on experience deriving from a traditional collective gut decision. The members of a Swiss art foundry made a similar report. In the case of commissioned work the sum

available was divided into three parts for the artist, the handicraft and the gallerist. But this debatable rule of thumb is still better than no rule at all when seeking orientation in a totally anomic decision situation. It does at least justify an arbitrary act through recourse to a practice with a traditional basis in the artistic milieu of the actors.

This recurrent logic, manifested in a path dependency of pricing, is usually not expressed as a soliloquy of the producer, but as a negotiating process in a dialogue with the gallerist professionally involved in marketing works of art.

In answer to our question: “How does the price of a work of art come about? Does the artist have a great influence on it?”, a Swiss gallerist replied:

“Yes, exactly, it is the decision of the artist. We only discuss together when two paintings are competing with one another. But Swiss artists who feel they are great artists but are by no means great partly have horrific prices. But that is another story. These people overestimate themselves by far. But others who are really good have quite normal prices.”

His colleague from Hamburg also relates from practical experience that he always leaves the first word on the setting of the price to the artist, but then must apply the reality principle on account of his greater experience and market knowledge.

“Ultimately the price is worked out together with the artist; it is the artist who finally contributes to the decision. And all well and good, but of course if an artist says 20,000 euros and I think that will only sell for 3000 euros and the artists insists on his position, then I must of course say in doubtful cases that I find the work good but I can’t imagine that he can sell it for that price. And then we have to separate. That can happen. But ultimately one must arrive at a price level that is realistic and has a chance of generating demand.”

The invisible hand of the art market

An even greater conundrum is the question of finding the right standard for pricing in the age of globalization, in which newcomers from emerging (art) markets are confronted with practices for the assessment of art unknown to them, as a gallerist from Mexico eloquently points out:

“We were at the art fair, the FIAC, and I was absolutely astonished by the prices they were asking for everything, like I go, I went back to Mexico and I say, I have to triple my prices if I want to be like this, you know. It is, it is amazing, because there is, there is this sense that you have to sort of higher your prices, I mean, an artist starts at 5000 and within 3 years he can be up to 100,000. It is a bit absurd. They are young, they have their whole life to produce, they are in the making, but if you are not up to such, you know, to a certain level of prices, you are not considered, you are

not considered. And for us that is very difficult, because artists live in Mexico and we do have a local market, and I cannot just jump, you know, and say, you know, now it is 100,000 dollars. It is not so costly to produce, it is not, the artists do not actually need that amount of money, you know, it is not a question of, it is, it, it has become sort of a competition for higher prices. And I find that a bit, it is dangerous and, and it is also a bit absurd to my, my point of view. But it is the game. It is the game. And, and it is difficult to keep up with that, if you are not one of the main players.”

Pricing in the field of art presumes not just knowledge of the unwritten and often tabooed rules, but also an intuitive feeling for the game and the accompanying strategies. These are all the more effective when they are available spontaneously and as a matter-of-fact through an ingrained professional habitus founded on years of experience, congealed into pre- or unconscious dispositions. Like many of the other actors from the emergent art markets we interviewed, our young Mexican gallerist must find her bearings in regard to some of the paradoxes of the art world such as the “upside down world” of a booming art market which she emphasizes, in which the price itself is the guarantee of quality and modesty is a virtue, but good progress is possible without it.

And how does the buyer see the works of art? Listen to the answer to our question by



Fig. 3. Exit through the gift shop. Art Basel, 18 June 2014. © Thomas Mazzurana

one of the many collectors we interviewed: “How do prices come about? Is there any logic behind it?”

“I’d like to know the answer to that question myself (laughs). I really don’t understand it. I always try to find something which isn’t in fashion at the moment. I bought an X for 300,000 at the time. It’s now worth 1.5 million euros. But I didn’t buy it because it was expensive, but because nobody else wanted it. I also bought a woodcut by Y. I believe it

was for 2000 euros. Then someone made an exhibition in New York and now these woodcuts are worth 36.000 euros. I’ve bought ten of them, so I can follow it quite precisely. I always do it differently. I want to find the ones that are not so expensive. That’s what all real collectors do. I like to follow young artists, quite particular ones. One can follow them over 5 to 10 years. Then one sees what becomes of them.”

Clearly, the buyer also makes gut decisions. In more decorous terms, in our interviews with the collectors we kept encountering several aspects, such as the aesthetic gaze (the “eye”) and connoisseurship, resulting in successful personal practice as a collector on

the basis of economic returns, and the expression of collectors' pride in view of the increased market value of one's own inherently so inestimable values.

This pride in the possession of priceless goods measured by economic standards is willingly expressed in terms of probability theory. The same argument is applied in the certainly more frequent case of the "losers" in a world of "the winner takes all" at the stock exchange for symbolic capital. However, a Dutch art advisor tells us:

"Because you see, now after a period of ten years of buying young art, you see now that a lot of people sell off their collection and it doesn't make them big money. If you buy art with your ears you will never get really rich, I think, unless you spend enormous money and try to make a market yourself. But art and the young art market is manipulated by people and by famous players. They know how to intervene and place things; things you would never understand. I know there is an artist, he is now collected by Pinault in France, and these Pinaults, I know, you have to do a fact checking because one of them is also owner of Christie's. Pinault buys art from a young artist, he buys fifteen pieces and one of this fifteen he puts very strategically in an important auction at Christie's. He asks a friend to ... bid on it. He says: I will give you the money back but make sure it will be a record. This young art is from 10,000 Euro. It makes 200,000 Euro. Nobody understands in the art world. Everybody who is in there and is a regular follower knows that it is a scam but other people say: Hey, you see, the guy, this, I could have bought this last year for 10,000 and it is now 200,000 at the auction. They all go on this artist and then it is a self-fulfilling prophecy because people want it and they start."

One is tempted to attribute a certain plausibility to the frequently expressed view of our interviewees, coming from all levels of the art world and all corners of the world, that the question of prices is anything but transparent in the art market and is even influenced by obscure manipulations, although it could of course simply be one of the many myths and legends which are so numerous and circulate so colorfully in the field of art.

But if there is eloquent silence on the part of actors with bad investments, what motivates them to play an active part in this risky game with so many unknown variables? Are these not people who, as *homo oeconomicus*, have often acquired substantial fortunes on the free market, adopting purposeful and profit-oriented strategies? Let us hear our art advisor again, who has often assisted us as an ethnographic informant from this alien culture and attempts to explain this paradox in what could seem an equally paradoxical fashion:

"A lot of people have tried to describe the art market but it is a bit like art itself: They try to ... whatever – the art market likes a certain amount of mystique and mystery. It is important. Especially, I mean, it is one of the main attractions for big clients. I mean if you have people who made their own fortune that are able to buy on this fair, if they are self-made men for example, they pretend to know a lot of the world. They have made a fortune, so they have succeeded in something in life, and

from a psychological point of view you often see that these people have got a kind of impression that because they once succeeded in something, they have knowledge about a lot, which is not true but it is a feeling they have. But in the art world, all this feeling is immediately gone because they feel insecure. And insecurity is ... in a way, it is part of the reason why they are there; they cannot grasp it. It is interesting. It is also, for example, even somebody who is extremely rich. He comes here and he wants a painting and it is for sale, because you can still buy it, you are at the opening, you are in the first ten minutes, you go to the gallery, you see this painting and it is under a 1.000 euro, then you want to buy it and they say: No. We are not going to sell it to you because we don't know you. For somebody who is very rich and is surrounded by people who say "Yes" and only "Yes" to him, it is very, very frustrating, strange, ungraspable."

The social order of an atypical market

It is worth inspecting the mechanisms of the art market which operate in a very subtle way virtually beneath or before the actual purchasing event. These are by no means atypical marginal phenomena, but thoroughly typical practices of an atypical market which continues to display striking remnants of earlier guild structures based on social closure and exclusion:

"It is a fact that coveted art nowadays isn't sold, it is allotted. You have to be a part of the system to get your allocation. And that is how certain prices in auctions come about. People then buy there who don't get one. They then fight one another at the auction." This is said by a Swiss art collector who later in the interview justifies this exclusion practice with the remark: "A person who wants to buy culture should also have culture". Art as a commodity that "money alone cannot buy"? From the point of view of the gallerist there are further good arguments for pursuing a selective strategy when entering into a business relationship. The owner of a well-known London gallery made the following statement on the practice of distinguishing between legitimate and illegitimate participants in art markets:

"Do you sometimes refuse selling to somebody who comes up to you?" "Sometimes, yes. Because often primary market prices are much lower than secondary market prices, and it's quite clear that some collectors are buying purely for speculative reasons. There's no need to sell to those collectors." "And you tell them that openly? or you just say it's already sold or...?" "There are ways of being polite, discreet about it, and saying: unfortunately this work is only available to the museum, or what have you; so it doesn't have to..."

Whereas the typical market is "the most impersonal relationship of practical life into which humans can enter with one another" and "its participants do not look towards

the persons of each other but only to the commodity”,⁷ in the art market the *reputation of the buyer* is of the greatest significance. It has a bearing on many aspects, starting with the client’s solvency, creditworthiness and the gallerist’s expertise and trustworthiness, as well as the client’s motives for buying art and his way of dealing with his acquisitions. The gallerist has to gauge the risk of seeing a recently sold work on offer at auction for a considerably higher price, or in the worst case even remain unsold, resulting in a tarnished reputation on the market. Many collectors proudly report a long-term relationship of trust with their gallerist and emphasize that they only buy from him or her, even though it may be more expensive. In view of the highly volatile ups and downs in the contemporary art market it is easy to understand the importance attributed to a lasting personal relationship between seller and buyer. Under the special conditions of trade with singular goods, anonymity is a risk for both sides.

Two sides of the coin: buying art with eyes and ears

In our interviews with all the different groups of actors in the art world one recurrent key concept could be identified. It appears to be a kind of irreducible core of the collective illusion of the field: “quality”. Interviewees kept affirming that “true art” always wins through in the end, that “genuine artists” are recognized and acknowledged and that the chaff is sifted from the wheat as if by an invisible hand. The relationship between the chaff and the wheat is almost always described in a thoroughly restrictive way. In answer to our question how far they shared the opinion of the widely and highly esteemed grand master of art Ernst Beyeler (collector, dealer and museum founder all in one) that at best three percent of the highly priced works at the “Olympics of Art” would “survive” in the long term,⁸ there was general or even more restrictive agreement. At the same time, all of the interviewees agreed that the contemporary art market had gone haywire with regard to prices as a result of the growing presence and marketing power of buyers motivated by considerations of strategic investment or prestige, a group usually labeled as “new money”.

Our empirical findings confirm the existence of two different paradigms in an ideal and typical way. We will now illustrate these in contrast through two professional points of view.

An art advisor from Paris explains first of all his professional ethical attitude in regard to the concrete work of art as such and to the “immanent” determination of its quality and hence its price.

“We always take the work of art as our starting point. We find this object in a private household, in a salesroom or a dealer’s shop. Our source is the object in itself. One tries to be as close as possible to the work of art. And in a direct relationship with

7 Max Weber, *Economy and Society. An Outline of Interpretive Sociology* (Berkeley: University of California Press, 1978), 636.

8 We owe this reference to the curator of the Beyeler Museum.

the interested party. If one works for a buyer, one is covered by the buyer. If one works for a seller one is covered by the seller. We are not commissioned by both sides, as is the case in auction houses. This is the basis of our freedom. If we were commissioned by both sides we would no longer be free. We fix our price according to the criteria of the quality of the work, its rarity, and according to a price which seems fair to us today. Buyers who do not have a well-informed knowledge of the world of art will have great difficulty in understanding this approach to the setting of the price. The price thus set in an endogenous manner, contrary to the exogenous manner of auction sales, might lead some buyers who lack a certain knowledge to have doubts about the trust in the value of the work. A speculator loves competition, that is to say to acquire a good in which five other buyers are interested. That determines the value as much as the exclusivity of the acquired work. Whereas the amateur, the collector who has a true desire to create a collection of art will react in principle to the work as such, without any direct competition. People who go to the sales search for trophies, for names with listed values. In this way they are reassured. But they do not have the approach of a collector who wishes to build up a collection of works which will stand the test of time, which will remain. These are above all financial instruments. And the buyers are not interested in other advice. Our analysis of the market does not interest them because it is an analysis which starts from the work as an object in its own right and its place in the history of art."

The dichotomy described here distinguishes on the one hand connoisseurship with a



Fig. 4. Talking prices. Art Basel, 12 June 2013. © Thomas Mazzurana

trained eye, appreciation motivated by a genuine love of art and a resultant pricing of works of art. On the other hand, there is competitive and prestige-oriented buying behaviour driven by the mechanisms of the market with an accompanying exogenous price orientation.

The latter is confirmed by the owner of one of the biggest German auction houses who outlines the social psychology of art auctions and their market dynamics:

"To know that someone else bids - but I have won the battle. It's like a beautiful woman. If she is coveted by many others you are sure you have made the right choice. And this aspect is important for the people. Take, for example, these day sales, and an item is put up for sale and the limit is 18,000. Someone wins the bid at 18,000 without any counter-offer. That is not satisfying for many people. The absolute experts who

know what they want say: I was lucky; I got it cheaply; nobody else noticed. But for an unsure buyer it is a satisfaction. He prefers to pay 20,000 and knows: Somebody

bid against me. Often after the auctions private persons come and ask: Who was my underbidder?”

Two different perspectives converge in these views and interpretations. Incidentally, they are repeatedly confirmed by a large number of other voices captured from the art world. Two coexisting stark and simplistic faces of the art market and its pricing mechanisms become apparent. On the one hand there is the image of pure market competition for singular goods with high prestige value which were regularly referred to as “trophy” by our diverse dialogue partners. In this view, the pricing of art commodities seems determined in an ideal-typical manner by purely exogenous market-dynamic and competition-driven forces. On the other hand, and again in ideal-typical manner, the idea of a purely endogenous, “art-immanent” reading and appreciation of the intrinsic value of a concrete work of art is maintained, independently of its real or potential market value.

Art is an attitude!

Translation: James Fearn

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Fig. 5. Art Business. Art Basel, 12 June 2013. © Thomas Mazzurana