



**THE
VALUE
OF
ART**

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“One of the best books ever published on the art world.” —Milton Esterow, *ARTnews*

A collector has one of three motives for collecting: a genuine love of art, the investment possibilities, or its social promise. I have never known a collector who was not stimulated by all three. For the full joy and reward the dominant motivation must be the love of art but I would question the integrity of any collector who denies an interest in the valuation the market puts on his pictures. The social aspect is another never-ending regard. From Rome to Tokyo, our interest has brought unexpected and unbelievable experiences, and friends as full of vitality, imagination and warmth as the art they collect.¹

EMILY HALL TREMAINE, 1908-1987

Introduction

THE THREE GRACES

Zeus had three daughters who have been represented throughout the history of Western art as the Three Graces and appear in sculpture and painting from the ruins of Pompeii to the glories of the High Renaissance. These three maidens, standing in close proximity, usually naked, have been celebrated by artists as diverse as Raphael, Peter Paul Rubens, Antonio Canova (fig. 1), Edward Burne-Jones, Paul Cézanne, Pablo Picasso, and Sigmar Polke.

The Three Graces, also known as Charities (from the Greek, *karitas*, meaning love) were named in order of birth: Thalia, Euphrosyne, and the youngest, Aglaea. Their combined function was to preside over banquets to entertain the gods and their guests. Each has unique qualities, and I appropriated their names to illustrate that the value of art has three components. Thalia is the goddess of fruitfulness and abundance, representing Commerce. Euphrosyne is the goddess of joy; she represents Society. Aglaea is the goddess of beauty, which, being in the eye of the beholder, is the Essential (or intrinsic) value of art.

All works of art have the potential for commercial value, social value, and essential value. But none of those values are constant; all are enhanced or diminished by the fluctuating mores and tastes of different times and cultures.

In the nineteenth century French art lovers were called *amateurs*, from the Latin *amare* (to love). The definition in English has degenerated to imply a nonprofessional, but at one time there was no contradiction between amateur and connoisseur. An amateur was simply a person who engaged in a particular activity for pleasure, not profit. Thus, we might



Fig. 1

ANTONIO CANOVA*The Three Graces*, 1814–17

Marble

68 × 38¼ × 22½ in.

(173 × 97.2 × 57 cm)

Victoria and Albert Museum,
Great Britain

consider Cézanne to be an amateur painter; his great patron, the margarine king Auguste Pellerin, an amateur collector; and Émile Zola, when he wrote about art, an amateur critic.

While I expect this book might be of interest to today's professionals in the world of art, I have written it for those of us who are, at least at heart, *amateurs*.

THE VALUE OF ART

*“AS A
GENERAL RULE,
WHEN SOMETHING
BECOMES
USEFUL,
IT CEASES TO BE
BEAUTIFUL.”²*

THÉOPHILE GAUTIER, 1811-1872

I | Thalia

THE COMMERCIAL VALUE OF ART

WHAT DETERMINES THE COMMERCIAL VALUE OF ART?

Like currency, the commercial value of art is based on collective intentionality. There is no intrinsic, objective value (no more than that of a hundred-dollar bill). Human stipulation and declaration create and sustain the commercial value.

The reason that many people continue to be astonished or enraged when they hear that a particular work of art has been sold for a large sum of money is that they believe art serves no necessary function. It is neither utilitarian, nor does it seem to be linked to any essential activity. You cannot live in it, drive it, eat, drink, or wear it. Even Plato considered the value of art to be dubious because it was *mimesis*, an imitation of reality.

If you gave most people \$25 million and the choice to spend it on a six-bedroom house with spectacular views of Aspen or a painting by Mark Rothko of two misty, dark-red rectangles, the overwhelming majority would choose the house. We understand the notion of paying for size and location in real estate, but most of us have no criteria (or confidence in the criteria) to judge the price for a work of art. We pay for things that can be lived in, driven, consumed, and worn; and we believe in an empirical ability to judge their relative quality and commercial value. No matter how luxurious, such things also sustain the basic human functions of shelter, food, clothing, and transport.

Art predates money. Thirty-two thousand years before the dawn of recorded history *Homo sapiens* painted the walls of caves in what is now southern France and northern Spain with sophisticated images involving



Fig. 2
CHAUVET-PONT-D'ARC
CAVE ART
Panel of the Horses (detail),
30,000 BC
Length: about 43½ in.
(110.5 cm)

techniques of drawing and coloring that are far from our current definition of “primitive” (fig. 2). Since their discovery in the late eighteenth century, experts have argued over their meaning. Susan Sontag believed that “it was incantatory, magical; art was an instrument of ritual.”³

Since time immemorial we have covered the walls of our caves, huts, and castles with images conveying specific information, particularly of the “this is us” variety. Millennia passed before such images, transportable or not, came to support commercial value.⁴

There are two distinct markets, which are interrelated and sometimes overlapping: the primary market for an artist’s new work and the secondary market for works of art that are second-hand (or third- or twentieth-hand).

The Primary Market

The primary market provides direct payment to the artist for his or her skill and time, plus the cost of bringing the product to the market. Michelangelo on his back covering the Sistine Chapel ceiling, Claude Monet in all weathers painting in his beloved garden, Jackson Pollock crouching over the unstretched canvas on the floor of his freezing cold

barn: all hoped to sell their work, so they might pay their rent, eat and drink, hire assistants, and send their children to school. In the last 150 years the role of art dealer evolved, providing premises for the work to be exhibited and bringing it to the attention of buyers. The dealer is paid either by buying directly from the artist and selling at a profit (while assuring the artist of a steady income), or by taking the work on consignment from the artist and earning a commission when the work is sold.

Usually the artist and dealer get together to decide the initial price of the work before it is offered to its first buyers. When I entered the art world in 1964, work by young artists having their first exhibitions might be purchased in the range of \$500 to \$10,000. At that time in New York there were relatively few dedicated collectors willing to look at emerging artists, and dealers had to encourage them with prices that



Fig. 3

JOHN BALDESSARI*Quality Material*, 1966–68

Acrylic on canvas

68 × 56½ in. (172.7 × 143.5 cm)

Private Collection

were modest even for those times. For six months in 1968 a new painting by John Baldessari, *Quality Material* (1966–68, fig. 3) hung behind my desk priced at \$1,200. There were no takers. It sold at Christie's in May 2007 for \$4.4 million.

A body of new work by any artist is usually consistent in theme, but not necessarily in scale. What makes one painting or sculpture more or less expensive than another in this primary market is usually size. Although the artist's audience has not yet rendered an opinion about which type of work is better or more desirable than any other, and the artist may feel some smaller works are better than some larger ones, usually size wins out, and the smallest works are usually the least expensive. The larger the work, the higher the price, with the exception of paintings and sculptures that may be too large for domestic installation and require the kind of space usually found only in institutions, office buildings, shopping malls, and casinos. Such works may be proportionately less expensive because they are harder to sell.

Fig. 4
RICHARD SERRA
Bellamy, Siegen 2001



Depending on the medium used by the artist, there may be a cost of manufacture to consider. In 1895 Auguste Rodin had to pay Le Blanc Barbedienne Foundry in Paris when he cast his *Burghers of Calais* in bronze. Today Richard Serra has to pay Pichhan Unformtechnik in Siegen, Germany for fabricating his vast steel *Torqued Ellipses* (fig. 4). These costs are passed on to the first buyers of the work. Many artists create sculpture in editions. If there are five or ten copies of a sculpture, the primary market price will be less for each one than for a unique work of similar size, medium, and appearance by that artist.

Aside from these casting expenses, the cost to the artist for materials used in painting and drawing, though perhaps not insignificant, is not a consideration when it comes to pricing the works. Oil on canvas is generally known to be a highly durable medium. Short of direct trauma, it can withstand handling and extremes of temperature and humidity, as well as sunlight. Not so works on paper, which are usually priced lower to account for their greater fragility. This has led to the notion that works on paper are inherently worth less than paintings, despite the fact that the secondary market in some cases has placed a higher value on works on paper than on oils by certain artists, such as Edgar Degas and Mary Cassatt.

Another rule of thumb with the primary market of works on paper is that those with color, be they rendered in oilstick, gouache, watercolor, or crayon, will be priced higher than works that are monochromatic: graphite, charcoal, or sanguine.

When it comes to making lithographs, etchings, silkscreens, and other types of editioned works on paper, costs can be considerable. Printmaking is an art that involves not only the creative talent of the artist who conceives the image, but the skill of master printers using sophisticated and expensive equipment.

The Secondary Market

Other than the purchase of new work either directly from the artist or the artist's dealer, all art purchases, whether of Dutch Old Masters, nineteenth-century English seascapes, Impressionist paintings, or Cubist masterpieces, are secondary-market transactions.

Once an artist achieves a degree of stature, a secondary market in his or her work is inevitable during the artist's lifetime. How is the com-

mercial value of an art object decided in the secondary market when it is resold by the first owner? Most things we buy are worth less once we have used them. A car usually is, as are clothes we give to charity. In addition, appliances and electronics have less value when succeeded by newer models. When the real-estate market booms, the second owner of a home may pay more for it than the first, but in a stable market the second-hand house is likely to be worth less than a new one of the same size, design, materials, and location.

Once art passes out of the hands of the first buyer, its commercial value is largely determined by the principle of supply and demand, but it can be managed by the artist's primary dealer. When making a primary-market sale, I am sometimes asked if I will resell the work when and if the client so decides. I usually agree. By doing this dealers can participate in the pricing of secondary-market works by artists they represent.

Some art dealers, both those with galleries and "private" dealers, (sometimes operating out of their homes), represent no artists directly but buy and sell work by living artists. They may not have any direct relationship with the artist but may be very knowledgeable about the work, and by promoting it they are usually contributing to the solidity of that artist's market.

Even in the primary market, the relative availability, real or imagined, of a particular artist's work is key. The art dealer rarely says, "Andy's studio is packed to the gills with hundreds of paintings just like this one, so take plenty of time to choose the one you want." Rather: "I'm not sure if there will be any more like this; he's painting very slowly, and we've sold the few others we had to very important museums and collectors."

A little history. When I entered the art trade in the mid-1960s, there were only a few living artists whose works regularly appeared in the secondary market. They were mostly modern European masters like Picasso, Joan Miró, Marc Chagall, and Salvador Dalí. Very few midcareer American artists, even those with major reputations, appeared at auction, and virtually no younger contemporary artists did. The postwar American generation of Abstract Expressionists was well established (Jackson Pollock, Arshile Gorky, and Franz Kline were already dead), and the paintings they did in the late 1940s and 1950s were in demand by the mid-1960s, mostly sold by secondary-market dealers. Only rarely did their works



come up at public auction. Exceptions include a 1940 painting by Willem de Kooning that was sold in the Helena Rubinstein auction at Parke-Bernet in April 1966 for \$20,000.⁵ In October 1965 a group of paintings, including works by Rothko, Franz Kline, Clyfford Still, Barnett Newman, and de Kooning, was consigned to Sotheby Parke Bernet by the taxicab mogul Robert Scull, who with his lean, well-coiffed, and miniskirted wife Ethel had turned his attention to the younger generation of Pop artists, including Jasper Johns, Robert Rauschenberg, Andy Warhol, Tom Wesselmann, and James Rosenquist. The sale of Scull's paintings totaled \$211,450. *Police Gazette* (fig. 5), an abstract landscape by de Kooning painted ten years earlier, in 1955, fetched \$37,000. Forty-one years later the *New York Times* reported that it had sold privately for \$63.5 million. These examples notwithstanding, in those days auction houses generally avoided selling works by living artists with primary gallery representation.

This pattern ended loudly and finally in October 1973 with the second Scull sale at Sotheby Parke Bernet.⁶ By then Bob and Ethel had made a

Fig. 5
WILLEM DE KOONING
Police Gazette, 1955
Oil, enamel, and charcoal
on canvas
43¼ × 50¼ in.
(109.8 × 127.6 cm)
Private Collection

splash in the social columns by promoting themselves as Pop Art collectors. To their credit they were among the first patrons of this movement and purchased many works that have since entered the canon of modern art: *Target* (1961) by Johns; *Large Flowers* (1964) by Warhol; *F-III* (1964–65, fig. 6) by Rosenquist. They were criticized, however, for putting the work of these young, thirty-something artists on the auction block after having owned them only a few years. Thirty years later criticism was far more muted for a new generation of collectors profiting by bouncing recent gallery purchases into auction after barely months of ownership.

A confrontation between Rauschenberg and Robert Scull after the 1973 sale set the stage for the enduring tango (who is leading whom?) of artist and collector that has characterized the enormous growth of the contemporary-art market over the ensuing decades. Two paintings by Rauschenberg from 1958 and 1959 that Scull had bought from the Leo Castelli Gallery for hundreds of dollars each sold for \$90,000 and \$85,000 respectively. At the time the press reported an angry shoving match and caricatured Rauschenberg as embittered by his patron's profiteering. This narrative survived as art-world myth, and this much was true: the artist grabbed Scull and said, "I've been working my ass off for you to make that profit."⁷ In fact, the altercation was mostly staged for a documentary film of the auction. Unreported by the press were the generous comments Rauschenberg made praising Scull's early patronage.

There was a third Scull sale in 1986 at the same auction house (by then called Sotheby's), divided into two evenings. Bob and Ethel had divorced and "his" and "her" collections were sold on separate nights. Rosenquist's *F-III*, now owned by the Museum of Modern Art, was sold

Fig. 6

JAMES ROSENQUIST*F-III*, 1964–65

Oil on canvas with aluminum

Twenty-three sections,

120 × 1,032 in.

(304.8 × 2,621.3 cm)

The Museum of Modern Art,

New York. Gift of Mr. and Mrs.

Alex L. Hillman and Lillie P. Bliss

Bequest (both by exchange)



for a record \$2.09 million. The Sculls had purchased this monumental eighty-six-foot, twenty-three-canvas masterpiece intact from Leo Castelli in 1965 for 45,000, thus preventing it from being sold section by section to several different collectors.

Bob's aggressive ego and Ethel's social pretensions made them easy targets in an art world still largely dominated by old money, but Bob's eye for the best works and his willingness to spend freely in spite of the mocking opinion of the art establishment put him high in the running as the patron saint of self-made patrons of contemporary art.

The price of art, whether sold in the primary or the secondary market, is governed by supply, demand, and marketing.

Supply

Veteran art dealer William Acquavella often tells his clients, accurately, "You can remake your money, but you can't remake the painting,"⁸ meaning: you can earn the cost back, but if you miss the opportunity to buy the work when it is available, it is likely gone forever.

Real or imagined, rarity is the *ne plus ultra* when art is sold. Not only does it justify the price, it also suggests an exclusive club of ownership: "The only other one like this is in the Metropolitan Museum of Art." Considering the purchase of a work by a living artist, a collector might be told, "She's not going to make any more paintings like this one," although there are numerous instances of aging artists revisiting the themes of their fruitful youth, either out of nostalgia or penury. What can be counted on perhaps is that there will be no more paintings like that one *with today's date*.

