

The Value of Art

Since the turn of the twentieth century increasing numbers of art works of all time, traditions and cultures have been eagerly commoditized and consumed by a voracious art market even though these works may have been conceived for vastly different purposes and express a variety of aesthetic visions having little or no contemporary currency--their original contexts and meanings often unknown and unknowable. And despite an enormous increase in the total volume of sales at auction over the last decades, the prices of individual objects continue to soar in seeming contradiction to the laws of supply and demand. Though rarity or uniqueness is virtually always a prerequisite for the highest valuation, the art market seems able to generate an ever-increasing supply of rare objects without undermining or diminishing the value of earlier investments. This paradox cannot be explained by traditional notions of collecting or aesthetics as the answer lies outside of the structure of the modern Art institution. Rather, it is rooted in the appropriation of the Art Institution purposes rooted in economic necessity rather than ritual, decorative or utilitarian concerns. As a result, since the turn of the twentieth century, the way in which the value and market price of Art is established, like the basis of the valuation of almost all commodities, has undergone a dramatic shift.

For tens of thousands of years humans have been making objects and images that have had ritual, practical, or decorative use. Of these works, those that have only ritual value are often deemed worthless at the completion of the ritual, and are either discarded at the completion or destroyed by the ritual itself. For the Navaho, for example, the healing magic of sand paintings lies in the act of creation, not the finished work; they are allowed to blow away when the ritual is done. Glue was added only as a way of generating tourist sales dollars. Similarly, for the Kwakiutl of the Pacific Northwest coast, the final shape of a work is its afterlife. Its real life is the movement by which it got that shape. Art objects designed for use within their original cultural context such as quilts or pottery cannot have significant value as “collectables” within their original context, over and above their intrinsic utility because in order to maintain their financial value as objects of investment they must be removed and protected from the very uses for which they were created. They must be extracted from their use context and displayed behind glass, in exhibition cases or even, in the case of materials threatened by light, handling, theft—or merely as the conspicuous demonstration of the power and rights of private ownership—out of human sight and experience in darkened vaults. The acquisition and preservation of such artifacts bestows status both to the owner and the object, and in our culture, their possession is socially sanctioned even to the point of stealing them away by stealth or by force from their original cultural and historical settings. Artifact of unique cultural patrimony, such as the Elgin Marbles or any number of ancient historical sites deemed to have fallen under the control of an indifferent, ignorant or hostile society were acquired by western Art institutions and collectors, either directly or through the market place, for such motives.

But simply the compulsion to collect things and/or acquire the status that attends to ownership of rare and costly objects is not the only engine that drives the valuation of Art. In the west, objects of art are means for storing wealth in a form that resists devaluation by the corrosiveness and instability intrinsic to wealth that is based in significant proportion on “psychological” appeal, rather than just the cost of its production. In *The Theory of the Leisure Class*, Thorstein Veblen talks about the limited opportunities for investing and displaying the wealth enjoyed by the rich of earlier centuries. For the most part, this display was limited to jewelry, clothing, furniture and real estate (lawns and livestock) and the direct and/or indirect control of human lives, through the power to employ, enslave or conscript. Increasing the challenge, prior to the 20th Century art objects, from Egyptian pyramids to Faberge eggs, were worth pretty much only the sum of the labor and material that went into their fabrication. It was the exceptional art object that was valued significantly above its replacement cost (the contemporary cost of manufacturing the identical object) restricting the worth of that object to the pace of inflation. It is for this reason that, except as an extravagance, no one spent significant sums on paintings before the 20th Century.

A market for easel painting has existed since the beginning of the 16th century. However until the 19th century the works of greatest financial appeal were *objects d'art*. Though the vagaries of taste, fashion and ideology have always caused the destinies of individual works and artists to ebb and flow, and though to some extent laws of supply and demand have always inflated the value of particular objects of rarity, brilliance of execution, or antiquity, there has always been a definite point of retreat for the value of works based on pure skill alone. However, in the 20th century, the basis for the valuation of art shifted from replacement cost to “genius” and the attendant cult of personality, and with that shift the painted canvas supplanted the art object as the most desirable collectable.

By the time the value of art objects peaked at the close of the 19th century, the costliest work of art ever sold was a gilt and enamel standing cup made in 1550 by the Nuremberg silversmith Wenzel Jamnitzer. It was valued at \$132,000. At that time the costliest painting was Murillo's “Immaculate Conception”, bought by Napoleon in 1852 for \$24,000. But only thirty-five years later, even though *objects d'art* had actually become rarer and their relative replacement costs higher, the situation had reversed. On the eve of the First World War prices for such works had declined, but Henry Clay Frick was willing to pay \$1.5 million for Leonardo's “Benois Madonna”.

Up through the Industrial Revolution, until the beginning of the 20th Century great wealth was accumulated mainly by taxation, tithing or appropriating surplus value. In all cases, the value of objects that could be purchased with this wealth, from the pyramids to cathedrals, from palaces to chalices, from elaborate clothing to sumptuous banquets was based on labor and material. It was this fact that allowed Louis the 14th, for example, to consolidate political power by bankrupting the contentious French nobility through ever-spiraling competition for ostentatious display and consumption. However, by 1920 this dynamic was forever changed by the fact that the productivity of industrial machines was so great that their output outstripped the normal demands and outlets for its production.

It became essential to organize the value of manufactured goods—both economic and cultural—not only around controlling the underlying cost of producing them, but around markets and the buying public—manufacturing not only necessary goods and services, but the public’s need to consume those goods and services in the first place.

The creation of value through marketing as well as the efficient manufacture of objects themselves created a new form of value—value over and above the normal investment of labor and material—psychological value. Brand loyalty results, for example, in a sometimes significant premium being paid for this perceived overlay of value. The pricing of designer jeans may be based significantly less in labor and material than psychological value, but competition from non-advertised jeans in a psychologically driven marketplace does not result in undercutting the perceived value of the “designer” product. Generic drugs do not have the imprimatur of the patent holder, but work as effectively and cost significantly less. However, the belief that the original formulation is somehow superior continues, for if not, generic ibuprofen would have long ago driven Motrin and Advil from the shelves.

Economically, the result of this manipulation is a form of profit that is not tied or limited to labor and/or material alone, and which if were allowed to return to the economy to purchase goods and services the value of which still was based overwhelmingly on material and labor would, through the normal operation of supply and demand deflate the value of that profit back to its foundation level—the psychological value would be wrung out if the only objects available for purchase or investment had no equivalent, concomitant psychological value themselves. As much of modern wealth has been created in this way, it has to be invested in things the value of which is similarly inflated, or otherwise there would simply be too much wealth to be accounted for by objects based on traditional valuation alone. An art market freed from the constraints of labor and material, and based on the infinitely expansive and expandable notion of “genius”, can provide one of the mechanisms to dispose of this potentially corrosive wealth.

It was in the 1920s that the economy went off the gold standard and the value of money allowed to float. It was in this period, too that the art market began to shift away from works of skill to works of “genius”. Suddenly, Impressionist paintings, comparatively quick to produce, or Picassos, often made in an afternoon, became increasingly lucrative investment opportunities. However, it was not until the 1950s that the marketing notions worked out in the 20s began to take significant form, and with that manufacture significant “supplemental” profits. And with the dramatic post-war economic expansion came the explosion of the art market. In the two decades from 1950-70, Old Masters increased in value 700%; 20th century paintings increased by 3,000%. Auction prices soared, however, not so much as a simple consequence of the hydraulic pressure of public relations or art appreciation, or a limited supply of marketable object’s d’arts, but out of bedrock economic necessity.

Some of this exceptional appreciation can certainly be attributed to inflation. Indeed, compared with earlier centuries, the seemingly enormous increase in the value of

individual works diminishes somewhat in the face of the decline in the real purchasing power of money, yet it is still substantially above the rate of inflation. And if the economic impact of individual works has been significant, the tremendous growth in the total volume of art sales has had even greater economic significance. The 1945-46 season's sales for Parke-Bernet were \$6,680,000. Only four decades later its combined worldwide sales were over half-a-billion dollars. On June 20, 2015, Christies reported that their total sales for *a single week* topped \$1 Billion. And these auction sales represent only the visible portion of the total volume of art sales. Record-breaking prices re regular front-page news and, justified or not, serve to bolster the beliefs around which the psychological value of art is organized.

To illustrate the power of psychological value in inflating art market prices, a thought experiment, might be illuminating. According to the *NY Times*, the highest price of the billion-dollar week, \$81.9 million, went for Mark Rothko's "No. 10," an 8-by-six foot oil painting composed of two floating deep orange rectangles on a black background. Compare that to the cost for the construction and furnishing of the Palace at Versailles, the price of which from the stonework and carpeting to the silver chamber pots was based entirely on labor and material. Whether or not it cost significantly more or less than the equivalent of a billion dollars in 18th Century *livres* to construct and furnish a royal palace, the comparison is certainly suggestive of the degree to which our belief in the prestige and status that high-priced art is capable of bestowing to its purchasers, and the extraordinary value in real dollars that those qualities command in the marketplace.

It is as revealing as it is frustrating that no reliable information about the real size of the art market is available. Galleries do not release (except to the IRS) even the most general statistics as to the size or volume of their business. Even the Art Dealers Association of America is helpless to extract even the most limited information from its own membership. Counting the number of galleries gives some idea, but excludes any inkling of the size or number of private deals and dealers. With the exception of auction houses, the art market, like the illicit drug market, operates in secret. Sophy Burnham, in *The Art Crowd* suggests that the manipulations and dealings that permeate the art world (including the auction houses) and which she suggests are in part responsible for the often startlingly high sale prices achieved at public sales, represents a form of corruption. Yet such maneuverings clearly parallel a system where profits and prices are based, like the global financial market—now almost twice as large as the global GDP—increasingly on anticipation of profit than on core assets.

In the 19th century, the academy was the single most important influence on taste and the art marketplace of the period. With its gauntlet of juries, contests and prizes it was the prototype for the modern art institution, certifying quality and value. Yet, determination of aesthetic value still resided the to a great extent in the publics' own assessment and exhibitions like the 1913 Armory Show could generate enormous public turnout and reaction. It was in the twenties that the art modern art market began to establish hegemony over the psychologically and aesthetic meanings of the art works that could be available and accessible to the art-consuming public. For this to occur, interpretation was to become increasingly the domain of art specialists who, like Bernard

Berenson, were as intimately connected to the marketplace as they were to scholarship and the love of art, so that today the art market functions as a kind of Federal Reserve System, certifying and protecting the value of the art in circulation. It is fundamentally on faith in this institution that the value of art is based, but it is also for this reason that forgeries represent such a threat. Attempts to invalidate a fake on purely aesthetic grounds must always fail, as a good painting is always a good painting and, for example, in a reversal of economic fortune, Michelangelo's forgery of an archaic cupid would today be valued as an authentic Michelangelo.

Then as now the crime of forgery is an economic one: counterfeiting currency. Many modern artists have experimented with the new power they have of effectively being able to print money. The stories of Picasso signing the napery instead of paying the tab are legend. JSG Boggs took the process one step further by actually drawing and passing his own currency. The Secret Service confiscated much of his work on the allegation of counterfeiting, but he was never prosecuted. Collectors of, course, are willing to pay more than the face value of his bills to own them. Boggs plays on the idea that since the withdrawal of the silver certificate and with it the dollars link to the value of precious metals, currency is itself based solely on psychological, i.e. the good faith of and trust in the Federal Reserve. The Warhol's silkscreen on canvas of two hundred one-dollar bills and its sale in 2009 for nearly 44-million dollars both plays with and supports that contention.

Currency is fundamentally an abstract form of barter where material value is turned into symbolic value e.g., gold silver, or in the most abstract, some tangible representation of governmental credit. Once value has been detached from the objects of value itself, it can be reattached attached to anything that the public accepts as a stand-in for value, from cigarettes to cowry shells, from gigantic stone disks to cattle and even paper portraits of presidents and royalty. It is ironic to note, that American currency itself, insofar that it is a steel engraving, is a graphic work of art, which under this system has a psychological value determined by the denomination on its face. Yet the relative value of this denomination itself fluctuates in the international currency market to answer the question on a daily basis, What exactly is the value of the dollar?

For a work of art to be able to be traded as currency its value needs to be established by some respected authority and the art market's stamp of "genius", is today the principal form of this certification. Works of "genius" are limited in value only by the amount of available cash and the desire to spend it, allowing increases in an object's value to exceed the rate of inflation. It was this move to open-ended, unlimited value that was most responsible for revolutionizing the art world of the 20th Century, rather than any modulations of taste, aesthetics or ideology.

All cultures produces, images, songs, dances, music and decorative objects, and all cultures distinguish between more and less successful endeavors in creativity. This determination is based on a collective consensus of audience, artists and participants. In much the same way as American home audiences know immediately (along with the players and game attendees), whether a sporting event was well played or not, whether

the win was earned or achieved simply by some failure on the part of the opponent. No one waits for the Monday reviews to form an opinion about a Sunday game. But for art that is no longer the case. Euro-American society is alone in the history of culture for designating a specialized group of full-time experts to make distinctions between success and failure, excellence and ordinariness in art for the rest of society. In earlier times and societies art objects were imbedded in the fabric of cultural tradition. Artists were not a distinct category, and even when they eventually did emerge from the anonymity of the collective cultural background they still exclusively gave voice to that tradition. The belief that contemporary art still does give voice to collective traditions is one of the myths that lies at the heart of art's modern psychological appeal. Michael Rockefeller, who was to the primitive wing of the Metropolitan Museum of Art what Teddy Roosevelt was to the American Museum of Natural History, spoke to the perceived reason for this in 1961 when he discussed the works of the Asmat culture on display at the Met. "The Asmat culture," he said, "offers the artist a specific language in form... Our culture offers the artist no such language."

The popular belief is that artists no longer speak to modern mass-audiences because the discussion has gone beyond the popular understanding, and the only possible audience is one made up of other artists and art cognoscenti. Today, it is only through the interpretive agency of critics and historians we are able to eavesdrop in the art discourse, and in this way become enriched. But language by definition is a means of communication. Shakespeare wrote for the popular stage. The creators of the stained glass windows of Chartres directed their art at illiterates, and only when Leonardo felt the need for secrecy from hostile political and social realities did he seek the safety of private language and write backwards. Today art, however, is no longer communication--no longer a language for artists who either generate or wish to articulate information, ideas or emotions. Rather, artists and their works have become the raw material of critics and galleries, where the final product is not the canvas, but the career.

At the same time, our culture offers its people more public languages than any other society in history, from Computer Basic to the American Sign Language of the Deaf, and despite record setting crowds and blockbuster exhibitions, yet art is no longer considered one of them. For the first time in history artists have been reduced to mysterious oracles who speak through vapor-logged sibyls of art criticism, requiring interpreters to communicate the meaning of their work to their audiences. Rockefeller goes on to say that today, "only geniuses are able to invent an expression which has meaning for a nation or a people". And it is the scramble to identify the Rosetta Stone of the next art "genius", that fuels the art market and business of art. Like the builders of the Tower of Babel, the once-shared language of the visual arts has been scrambled into a cacophony of competing, private patois, each identified with an individual and relying the ability of the critics, scholars and curators to identify "genius" and certify it's validity for the rest of us.

Yet, the belief that "genius" is beyond the ordinary person's understanding, requiring critical interpretation and explanation, yet at the same time gives public expression to the collective zeit geist, is self-contradictory. Contrary to Rockefeller's

assertion it is not a failure of contemporary artists, but a necessity that they be mute. Nonetheless, it is the principal basis for contemporary art appreciation; the content of any work of art, if it is to be embraced by the contemporary art market, must be sufficiently distant temporally, culturally or psychically that it cannot work directly on the viewer. Though the form of creativity may be readily apparent and accessible, the content cannot be. If, in the contemporary art marketplace, works with easily accessible personal content were offered to the art consumer, there would be a risk that the clear expression of that content might conflict with or even overwhelm the manufactured psychological value--its reputation as a work of "genius". As a result, for most artists today the experience of the creative process has become overwhelmingly private and solitary. It is not collectively shared. However, like artists in non-industrial societies the creative process must be repeated and re-experienced in order for it to work its albeit now-private magic.

Today, to be able to be affixed with the label of "Genius", an artist's works must remain as anonymous and superficially appealing as the advertising models responsible for manufacturing the illusions on which so much of mass-marketing profits are based. And like these models, works of art must have only sufficient individuality to make them distinct from one another, and yet not so much that it will intrude into, or contradict the manufactured meanings on which their appeal and marketability depends. Today, "genius" describes the creative struggles of the artist, but the character of the work of art they produce, to be "discovered" by the dealer, explained by the critic, certified at auction, and possessed by challenged by the economic self-destructiveness of cash, the value of which, like newsprint deteriorates with each passing day. Contemporary creative brilliance lies not so much in aesthetic ability as the capacity to invent successful marketing strategies, and their "genius" no more than effective product differentiation.

These changes in the art market were just what the advocates of modern art photography such as Alfred Stieglitz were looking for. The definition of art photography put forth by the Pictorialists in the nineteenth century had been, like virtually all pre-industrial *objects d'arts*, based on a mastery of craft. By the second decade of the twentieth century, however, this approach to photography with its emphasis on craftsmanship and painterly styles was economically obsolete.¹ With craftsmanship removed from the definition, photography gained new opportunity to be recognized as fine art. The Photo-Secessionists synthesis of art and science provided the perfect ideological basis for this acceptance. No longer would the scientific nature of a photograph's creation be held against it by art purists. On the contrary, the camera was a device that could directly reflect the intent of the Enlightenment "mind", and produce imagery without the interference of the hand of the artist. Photographers claimed "vision" to be the expression of their "genius" and opened photography to the twentieth century art marketplace. Stieglitz, ever the shrewd promoter, published modernist painting and

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drawings in his magazine *Camera Work*, linking photography by association to the new works of artistic genius developing in European and American art centers. However, Stieglitz ultimately succeeded in gaining photography's acceptance as a fine art not only because of photography's inherent aesthetic potential, but rather because it now became possible for art dealers to promote mass-producible photographs, along with painting and sculpture, as the products of aesthetic "genius".

Art works of other cultures displayed at the Museum of Natural History are given social and cultural context so that their original meaning and significance can be appreciated. On the other hand, audiences viewing virtually identical works at the Metropolitan Museum are given only minimal contextual references. The installation of the 1984 exhibit of Maori art at the Met (*Te Maori*) made it impossible to approach the works on any other than the most formalist level, the principle art marketing strategy. Despite the brief, often mystifying explanatory notes, the works could only be experienced as beautiful objects--potential commodities-- leaving the viewer with no sense of their original meanings or the identities of their makers, and only envious of the Met for possessing even temporarily, such treasures. However, audiences could gratify this desire for possession at the Met gift shop, because the Met mass-reproduced copies of its treasures, marketing the creative flowering of countless centuries and civilizations as so many decorative chachkas. In this respect the copies were identical to the originals. For the Maori, however, the objects remained sacred, and, before they would allow the works to be sent to New York, the Met had to transport a delegation of Maori priests from New Zealand to hold a ceremony to sanctify the Met and the ground on which it stood before. Not to do so would have been a sacrilege for the Maori.

The art market has increasingly promoted individual art works as objects of taste rather than objects of ideas or artifacts of a collective psychic, political or spiritual zeitgeist, and the atomized artist no longer has the capacity to be understood without interpreters; contemporary art criticism seeks art works adaptable as projective Rorschach tests about which anything one can say is true. To the extent that we embrace through the art market, art of a multitude of cultures and epochs without understanding their imbedded or contextual meaning, all these works are processed by the art marketplace into the art of our time. At the same time artists who desire to have a public forum for their works find it increasingly difficult to locate outlets outside the galleries, museum and journals that make up the machinery of the art market. In the nineteen sixties and seventies, art galleries were a lucrative tax write-off and profitability was not a criteria for survival. Gallery directors could champion a diversity of works and small co-operative galleries and self-published journals allowed for a lively exchange of ideas on the periphery of the big, moneymaking stables. These outlets no longer exist today.

Many decry the modern art scene, likening its fluctuations to that of the fashion industry, and are understandably aggrieved by what they perceive as an inevitable dilution of the quality of contemporary art. However, since as far as the collective culture is concerned there is no validated art outside of the art market, and since this market digests and commoditizes a vast diversity of aesthetics, styles, points of view and periods, there is no longer an identifiable art of our time. In our market-oriented society, exercise

of taste has in large measure replaced the exercise of individual creativity. In the art market, like the department store, creativity and self-expression has been transformed into a process of selecting from a choice of pre-manufactured designs. As we announce and display our identities through our choice of designer or style, so we announce our aesthetics through our purchases of pre-designed art objects.

In the 80s some predicted the eventual collapse of an over-extended art market. It did collapse, and it may again, but not independently from the whole economic house of cards. Though the destiny of a particular artist, style or aesthetic, like the emission of subatomic quanta, is fickle and unpredictable, the art institution continues for the moment, like the managed markets to which it is symbiotically and economically linked, to prosper, flourish and grow, to monopolize our attention and in great part unmindful, indifferent and immune to the issues of aesthetics, ideology and individual creativity that have and continue to be, at heart, the driving *raison d'être* of creative spirits.

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