ARTY FACTS
Jo-Marie Rabe

Into the rough

Newspaper headlines about the record prices set at auctions during the past year conceal the troubled state of the commercial art market.

I KNOW ABSOLUTELY NOTHING ABOUT GOLF; IN fact, all ball games leave me cold. Yet it was a conversation about a ball game that got me thinking about the world of art and the current state it's in – it was a keen amateur golfer who unwittingly offered me the perfect metaphor for this column.

It all started with a new acquaintance telling a group of us that he played on a four handicap. From the reaction around me I could gauge that this was an impressive feat. Sensing my ignorance, the golfer patiently explained the finer points of the game to me. And finer points there were aplenty, most of them lost on me. But then he said something I could understand perfectly. He said that in the game of golf, the angle of the club at the point of impact is of paramount importance. It's what the game is all about. A miscalculation by as little as a degree could mean that over a distance of 300 metres the ball could go completely off course and end up in the rough.

Which is exactly where the local commercial art world finds itself at the moment: in the rough.

I can entertain (or scare) you by telling you that more than half the artworks on the recent South African art sale at Bonhams in London did not sell on the night of the auction and that the three most important recent local art and antiques auctions fared only somewhat better. (The results can be viewed at www.bonhams.com and at www.swelco.co.za and at www.straussart.co.za).

Among the unsold items were works by so-called blue-chip artists such as Irma Stern and Pierneef.

I can also caution against the distorted picture that sensational newspaper headlines create; record prices achieved on auction during the past year are by no means an accurate overall reflection of the current state of the art market.

I can do all these things to substantiate my claim, but I believe that the statement would not be contested. If one sticks to the facts, figures and statistics supplied by art auction results, it is clear that our local market is going through a tough time.

As an antiques and art dealer, I have been a part of this world for the past 25 years. I have seen many ups and downs, recessions and recoveries, but what we are experiencing is new to me. As a businesswoman, I find the market frustrating. It seems the traditional rules of thumb no longer apply. There certainly are no trends on which to base decisions. Like all other markets, success in the art market depends on the ability to read the trends. The art market has become completely trend-less and utterly unpredictable.

From another angle, however, this frustrating market is fascinating. As a cultural historian, I am constantly trying to step back and see the bigger picture. And the bigger picture often emerges when one looks to the past. What has changed, and when and where did it all start?

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PHOTOGRAPH: STEPHAN WELZ & CO.

So-called blue-chip artworks went unsold at recent art auctions. Auction estimates act as "price guides" to potential buyers. Assigning an estimated value is the auctioneer's prerogative, but in order to secure the handling of desirable works they often submit to pressure to give high pre-sale estimates. Irma Stern's *The Zulu Woman*, with an estimated value of between R16 milion and R20 million, is but one example of an auction estimate that the market did not support.

>> "Do you think that there was a critical moment that set the art world on a new course or is art simply another commodity affected by the current financial crisis?" I asked Deon Viljoen, a specialist art dealer who used to work for Stephan Welz & Co. I figured that, with experience in both sectors of the secondary art market and a reputation as an astute observer, he might have some answers.

"Well, I guess both, but the changes that occurred in the international art arena over the last few decades definitely have a lot to do with Taubman," he offered. Of course! Taubman: the shopping mall mogul who bought Sotheby's (International) in 1983; the man who swung the club.

At the time, Sotheby's was faced with the prospect of a hostile takeover bid, and, in what many considered a desperate attempt, Sotheby's invited an American property developer called A. Alfred Taubman to buy the company.

Most people will know Taubman as the billionaire who went to jail for price-fixing, but it's his reputation as a "legend in retailing" and the implications that had for the entire secondary art market for which he should rather be remembered. According to a blurb from his autobiography, *Threshold Resistance: The Extraordinary Career of a Luxury Retailing Pioneer*, Taubman saw his life's work as "breaking down the barriers between art and commerce, between shoppers and merchandise, between high culture and popular taste" (www.thresholdresistance.com). And, as the new owner of Sotheby's, the epitome of exclusivity and "art as high culture", he had the perfect opportunity to do just that.

Venerable tradition

BUT BEFORE I EXPLAIN TAUBMAN'S ROLE, ALLOW me to give you a little bit of background. Auctioneering in its present form dates from 1254, when the ancient manner of trade used in Rome was reintroduced in Paris. Traditionally, the auctioneer plays the role of middleman between buyers and sellers, acting as agent for the vendor or seller. The only market force that regulates prices is supply and demand. As agents to the seller, the auctioneering industry has been part of the wholesale industry for centuries – supplying retailers (in this case, art galleries and the odd private collector) with their wares.

When I started attending art and antiques auctions in the middle of the 1980s, this was still the case. Auction night saw a fraternity of dealers and a handful of collectors competing for the items up for sale. Everyone knew everyone else and everyone knew where they fitted in, literally – patrons often had a favourite seat. Protocol and a pecking order were firmly in place. Regular buyers had permanent bidder numbers, which meant that as the sale progressed anyone interested enough to keep track knew exactly who bought what and at what price.

Back in the 1980s and early 1990s, everyone knew everyone else in the business – either personally or by reputation. As we all know, small, elitist, peer-regulator systems are out of fashion, but they do have a self-regulatory character that is of undeniable value.

Enter Taubman. He must have realised that there was a huge untapped market out there: the public at large. Taubman was not interested in being a wholesaler; he wanted to sell to the end user. "I wanted to create an open feeling where all the goods were available to everyone," he famously told a news reporter.

Exactly how he accomplished this is fascinating. It includes seemingly unimportant changes, such as installing escalators and building luxury boxes to assure client privacy. And, as all golfers know, small changes can have an enormous effect over distance – or time. Today, art auctions have turned into supermarkets. Unfamiliar faces enter and exit at an awe-inspiring pace, spending has a transient and flashy character, and everybody is a specialist. The process of democratisation has been completed.

Uncertain times

AND YET, DESPITE THE NUMBERS – WORLDWIDE turnover for art and antiques sales last year totalled €43 billion – the industry is in trouble again. Sotheby's has just announced that, notwithstanding its robust auction volumes, the third quarter of this year saw some financial losses (www.skatepress.com).

So what now? On the one hand, it is still a buyers' market: you can pick and choose and wait for the "bargains". For the sellers, it is time to reconsider. According to artprice.com, a web-based art index, the reason some works of art are unsold is that there still is a "disconnect between the market reality and auction estimates". Pressure from an over-optimistic seller can contribute to an estimate that is too high being placed on a work of art – a mistake that could be costly when a good work fails to sell and ends up being marked as "burned" or branded as "unsellable".

Which brings me to the head with a thousand diamonds (see third quarter 2011 edition of PERSONAL FINANCE). The "sale" of Damien Hirst's sculpture *For the Love of God* is still shrouded in mystery. He still maintains that it sold for the asking price of £50 million. The buyer was a consortium that the artist forms part of. Industry insiders still question the sale. As is his way, Mr Hirst yet again managed to generate the most astonishing amount of media interest around what is essentially worthy of a single mention.

"Never before has a work of art provoked as much dialogue as Damien Hirst's *For the Love of God*," the website of the Rijksmuseum in Amsterdam proclaims (www.fortheloveofgod.nl).

Makes sense then to buy rather than sell something that can generate such media revenue, even if it is one of your own "works of art".

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