

Art of the Deal. Contemporary art in a global financial market

During the last fifteen years, contemporary art market has grown rapidly. In the decade from 1998 to 2008, worldwide sales of contemporary art at auction increased from \$48 million to over \$1.3 billion, and the number of contemporary art fairs, museums and exhibitions multiplied year over year.

Even if high quality Old Masters are quickly becoming tiny niches, the immediate reward of collecting contemporary art and the global allure assumed by this segment are the main reasons why contemporary art has become so popular. In this sense, there is an undeniable connection between the boom of contemporary art market and money, or better financial speculation.

Taking into account that “the contemporary art market is not unique in distributing product as such, but its high prices and opaque processes make it especially fascinating”, as stated by Noah Horowitz, the author of “Art of the Deal. Contemporary art in a global financial market”, the crucial question is not if, but how the commodification of the art operates. So, how the contemporary art market works in practice?

Influenced by globalization, the contemporary art market has rapidly changed face.

Although America and Europe are still the leading actors, new collectors and institutions from developing regions, like Russia, China, India and Arabian Countries, are bursting into the scene with the effect that “more money, from more places has poured into the art market than ever before, inspiring ever more creative ways to put this capital to work”.

This fundamental change of the demand side implies a new role assumed by artists, auction houses, galleries and all those institutions, cultural or financial, in influencing the public accreditation of contemporary artworks and, consequently, the definition of prices by the offer side. Looking at the artists, for example, they no longer simply make art, but package, sell and brand it, as Damien Hirst's carrier shows.

Starting the journey from the emergent video art market, Noah Horowitz underlines that “the passage of video art into the market is non an autonomous historical process, but emblematic of the professionalization of the contemporary art economy over the past half century, manifest here in the artificial restricting of supply (through limited editioning) and the increasingly strategic selling of related ephemera”.

In similar way, the author explores the experiential artworks market, showing how a market has been created for such immaterial activities and what collectors actually acquire when purchasing these artworks. Moreover, Horowitz analyses the impact of the so called “experience economy” era in reinforcing trade in experiential artworks, in particular, and contemporary art consumption, at large.

While the analysis of video art and experiential artworks markets focused on the relationship between arts and economics, a specific chapter is dedicated to art investments funds. Often seen as outliers, today art funds should be considered “as part and parcel of the significant structural changes that have taken place within the art business in recent years”.

Finally, relating these structural changes to the deflation of contemporary art bubble in 2008, “Art of the Deal” offers a complete picture of today art market and the growing connection between art and money,

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becoming an indispensable reading for all students, academics, professional players and passionate who want to know how the art market works.

Art of the Deal

Contemporary art in a global financial market

Noah Horowitz

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