

Art Market in Western Balkan

Abstract

The review deals with the economic conditions and tendencies of the art market in Western Balkans through its genesis and socio-historical context. Art market has been analyzed from the perspective of development of art market infrastructure – galleries, artist, financing visual arts, art houses, art dealers, art associations and their developmental performances as well impact on art market.

Introduction

Western Balkan as the art market space presents an abstract construction in the cultural policy discourses of Serbia, Bosnia and Herzegovina, Albania, Montenegro, Macedonia and Croatia, approaching this concept in a relativistic way and changing the relationship between arts and economy depending on the socio-historical context. Thus, during the 1990s in the countries of the region prevailed cultural policies fostering the idea of national identity and based on the instruments mainly focused on local artists and their position on the national art scene. Beginning of the 21st century brought a shift: opening of national cultures to the world of art trends and building cultural policy between the need to support universal art projects and those shaping an environment of national cultural existence. Balance between the hidden nationalism and openness, primarily towards the European Union marked the first decade of this century. The Western Balkan's art market has not experienced major transformations, remaining marginalized in the public policies' discourse. The period from the late 1980s and early 1990s was characterized by a significant share of state firms, co-financing the most important events in visual arts, and creating large state-owned collections of exceptional artistic and historical value too (JAT, Invest Bank, Jugobanka, Beobanka, Dunav Insurance Company, INA, etc.). Art market was encouraged with purchases made by the state, and significant demand was created by representatives of the higher middle class who have followed exhibition policies of major galleries in Yugoslavia and had a decent knowledge about the art tendencies.

During the 1990s art market experienced complete devastation, caused by the crisis and inflation, political instability in the region, disintegration of Yugoslavia, war circumstances, while art works, collectors' pieces and antiques were sold at very low prices. The whole period was characterized by stagnation and art market crises, while unregulated markets of former Yugoslav republics, this time in newly formed independent states, present the space not only for fraud but also for speculative trade of works of art, selling pieces from art collections in order to secure material existence for the owners [1]. The whole period was characterized by mediocrity, without many ideas or innovations, more galleries were at the edge of survival, and without a clear role in the cultural policy system. At that time, works by renowned artists were sold in the market, while the sales of works by emerging and young artists became almost impossible. Middle class buyers almost disappeared, and economically capable buyers of this age were only interested in art works that were already positioned on the artistic map, and only for the well-known artists (Olja Ivanjicki, Peter Lubarda, Milan Konjović, Bukovac, etc.).

In early 2000, revival of the visual arts system in the region began, mainly at the national level, with no pretensions to regional networking or creation of a joint art space in the Western Balkans. With the economic revival in the region, the circle of customers started to expand, and the art market became more

diverse. However, contemporary art was still characterized by insufficient participation in the global and European trends, indicated by the fact that the most important art fairs rarely present the works of artists from this region, or if they do, promotion strategies have passive character, and it is very difficult to determine their achievements and outcomes. Except for the major projects, the presence of contemporary visual art is still sporadic, based on initiatives of artists and foreign cultural centers, without the current vision of the importance of the presentation of contemporary creativity and its affirmation in the international context. It seems that cultural policies in the Western Balkans, in their own way, are still concentrated on traditional forms of cultural cooperation, which often is not systematic in approach and without articulated narratives in relation to the existing values and art tendencies.

Art market environment in Western Balkans

Currently, art market situation shows that institutional resources of the art market are not developed sufficiently, and in compliance with the demographic structure of countries in the Western Balkans. Several facts should be noted that affect underdevelopment of the art market in the region: unclear profile of existing galleries in terms of their exhibitional, educational and sales functions, under-representation of sales at auctions and poor infrastructure for auctions, illegal and unregulated flow of sales (resellers, directly in art studios, internet, etc.) which makes it difficult to create a regulated and professional art market. Beside the system of art market is mostly based on independent artist and art galleries (see table 1), a lot of above mentioned constrains turn leads into a situation where private initiatives in the gallery infrastructure are marginalized and aimed at exhibitional and presentational activities only, while encouragement for art production and sales of works of art is often absent. Especially are missing private galleries promoting artists of a younger generation, and even less of those involved in their affirmation on the international market. Art agents and auction houses are the least developed aspects of the Western Balkan art market and with the least impact on its development. It should be noted that the establishment of auction houses presents a step towards the stimulation of the art market, because they contribute to the creation of individual and corporate collections – link that forms the main market and often helps the establishment of links between the arts, civil society and business sector.

| State | Auction houses | Galleries and other exhibition spaces* | Art dealers | Individual visual artists |
|------------------------|----------------|--|-------------|---------------------------|
| Croatia | 2 | 180 | 50** | 582 |
| Serbia | 3 | 256 | 100** | 528 |
| Bosnia and Herzegovina | 0 | 33 | Na. | 400** |
| Macedonia | 0 | 60 | Na. | Na. |
| Albania | 0 | 21 | 6*** | Na. |
| Montenegro | 0 | 38 | Na. | 400 |

Table 1: Art Market Stakeholders in the Western Balkans, 2016. * Galleries active in the field of visual arts recorded as gallery spaces. Because of the insufficient evidence of galleries, exhibition spaces and showrooms, it is estimated that there is a significant number of non-specialized facilities and organizations that only partially cover the area of the art market, but data on them is not available in a systematic manner. Included are galleries which operate as independent institutions or as parts of polyvalent institutions (e.g. community centers and cultural centers), as well as galleries in the public and private property. ** Assessment in consultation with relevant art market stakeholders. *** Only registered as legal entities.

A lot of galleries in Western Balkan region had no clearly established relationship, or a policy of cooperation with the business sector, which is often the cause of galleries' poor financial position. On the other hand, in all Western Balkan countries situation with an assessment of the market value is highly subjective and without clear criteria. The absence of a regulated market and relevant criteria for evaluation, leads to the market with relatively low prices for artworks, ranging from 100 to 300 euros, while

the works by established artists of the 1950s, 1960s and 1970s, are on the other hand, overestimated with relatively high prices.

In the given circumstances and in comparison with other components of the art market, gallery system and curatorial practices are moderately developed aspect of the art market and its impact on the art market's tendencies as moderate, although a number of galleries can not be praised for their innovative approach in mediation and stimulation that would supportively act on the audience. As for the art production, critics and media, dominating point of view is that they do not have high level of market power, which leads towards a poor development of taste for contemporary art, low awareness and poor educational level of potential buyers, collectors, arts consumers.

Regarding the market structure, majority of art market actors believes that there is no competition in the art market, that is monopolized, and that it is dominated by several organizations and artists with very close relation with political structure. Artists perception is that art market conditions are not healthy and competitive and not encouraging for the art production.

The role of artists' associations from the perspective of the profession and protection of members' interest is limited range, because they are guided by particular interests. A number of artists believe that it should be reformed and much more oriented towards protection of artist's position and their status in society. Professional associations that operate in the Western Balkans represent professional associations formed during the 1950s and 1960s, in the former Yugoslavia, and they have often kept to the present bureaucratic organization, mission and policies, obtained in that period, although market circumstances in which they operate had greatly changed.

Western Balkans Art Market Survey (2012) shows that communication, networking and cooperation between different actors in the art market were rated mostly as moderate (45% of respondents), 30% of respondents considered that are of limited range, and 25% as low. It is also evident that different actors rarely cooperate with each other or only sporadically (76% of respondents), while the lack of networks is even higher with group of individual artists, with almost $\frac{3}{4}$ of them that rarely or never co-operate with others in their profession. In the case of organizations, that number is twice smaller (38%). This situation can be attributed to the significant role of donors in the funding of contemporary art, who, through their policies put the emphasis on partnerships and networking, while this criterion is irrelevant to public administration bodies in culture, public institutions, professional associations, etc., most of whom do not have clear instruments to launch structural changes in the market of visual arts. The quality of the relationship between the state and art market actors was also poorly rated, where about 43% of respondents believe that the cooperation does not exist or is of ad hoc character, which indicates a very weak and participatory process involving all stakeholders in the development of the art market, particularly at the level of public policies.

Financing of the visual arts is another important aspect of cultural policy that can act in the direction of the art market's structural development. However, no matter how this instrument offers a space to encourage artistic creativity, it remains the biggest problem in all Western Balkan countries, which chronically tries to provide significant level of public funding for culture. Unfortunately, opposite to this aspiration, a small percentage of the budget is allocated to the funding of contemporary art production (Table 2).

| State | Year | Percent of visual arts public expenditure in total public expenditure for culture (%) | Per capita public expenses |
|-----------------------|-------|---|----------------------------|
| Croatia | 2015. | 1,11 | 70,95 |
| Serbia | 2015. | 3,6 | 17,5 |
| Bosna and Herzegovina | 2015. | 2,7 | 7,8 |
| Albania | 2015. | Na. | |
| Macedonia | 2015. | 0,50 | 15,01 |

Visual arts funding in Western Balkans countries, 2015.

Average budget allocations for the visual arts in the Western Balkans region is around 0.6 euros per capita, although precise amount of these funds is difficult to determine, given that often funds for the visual arts may appear in the financial plans of cultural institutions that operate in other areas and sectors [2], complicating the possibility of their direct determination [3]. As in the case of the gallery infrastructure, at the regional art market there are countries that are above the regional funding average (Croatia, Serbia and Montenegro), and on the other end those that are significantly staying behind, even for several times below the average (Bosnia and Herzegovina, Macedonia).

Most of the Western Balkan states and their programs and projects in the field of visual arts are realized through the public open calls. Although this can be considered as a significant form of decision-making process democratization in culture, there are certain restrictions in its use. First of all it is an instrument characterized by: certain unplanned character; it is evident that it does not sufficiently follow clearly set goals of explicit and implicit cultural policies; it is a form of financing in some countries that is not clearly targeted or has general goals that are difficult to evaluate (and thus periodically improve); has a very modest budget (3-5% of the total budget for culture); dominantly diverting funds to the presentation of works of art, and very rarely for the production, and may raise the question of its practical implications for the cultural life of the region, and equally in terms of encouragement of artistic creativity.

On the other hand, the funding structure for organizations that are active on the art scene shows that it is dependent on the state and to a lesser extent, on the international foundations, and very poorly on the business sector. Small share of the business sector in the funding of contemporary visual production shows a fundamental weakness of the art scene, which can use resources available in the immediate environment in which they operate. This weakness is deepening the lack of a clear systematic approach to the financing of culture, and lack of adequate support instruments (e.g. tax measures) that would strengthen and motivate relevant actors on active cooperation with the business sector. A lot of art stakeholder in Western Balkans agrees that tax system obstructs the development of the art market and also considers tax instruments as selective and with no significant impact on the art market development.

An important distinctive feature of the art market consists of the fact that the market in practice is never the sole mechanism of decisions coordination, but is often combined, to a greater or lesser extent, with the state interventionism. This includes primary reliance on market institutions and those involved in economic dimensioning of art, while the state acts covering the market failures and constructing more efficient market structure.

This understanding of the market does not characterize public discourse of the Western Balkans, where it is seen on a laic and superficial way, and reflections on the relationship between art and economic value are simply rejected without valid arguments. Economics of culture on the other hand, that supposed to examine this relationship from the scientific perspective and to establish a relevant basis for effective management of cultural politics, was never developed and established in the Western Balkans [4].

About the restrictions that influence the development of the art market, indicates the fact that a particular group of art scene representatives in the Western Balkan Art Market Survey (2012) did not want to participate in it and express their views on this aspect of cultural policy, stating their “antimarket orientation”, that they “do not act commercially”, that are “fighters against the market”, do not belong to

the market” etc [5].

Taking into account these views, we can conclude that inefficiency of the state can only be partly responsible for the underdeveloped market [6], and that we can find very often a passive attitude, resistance and lack of understanding by representatives of the art scene themselves in relation to this concept. It is interesting that in some art groups dominate the negative associations with the market as a mechanism of coordination in the field of culture, which is often identified with the “art commercialization dogma”, advocating the state patronage of art, while on the other hand there are rare representatives of the art scene who are considering the presence of the market elements, particularly in the form of cross-sectoral connections with the corporate sector, as the road for improvement of the financial position not only for the gallery system, but also for artists themselves.

However, the impression prevails that negative implications of Western Balkans unregulated art markets often lead the actors of the art scene to access this concept as something chaotic, negative for the development of art, without a profile and with a strong personal feeling that they do not belong to it.

Footnotes

[1] See more: Skroza, T. (2005) *Beskrajna pljačka*, Magazine “Vreme” N° 773, 27. October 2005. □ <http://www.vreme.com/cms/view.php?id=431682> (access, 15.07.2018)

[2] □ For example works of art purchased □ by the institutions, public authorities, etc. or events that are not primarily in the field of visual arts.

[3] *Per capita* public expenditures for visual arts do not include purchase of artworks by cultural institutions, and other public authorities, which can not be determined directly, and multidisciplinary projects and programs that are being realized as part of regular program activities of institutions that are not primarily involved in visual arts.

[4] The primary sociological and cultural understanding and interpretation of the art market is confirmed by sporadic research on this subject, which is often involved in a perception of cultural habits and needs of a wider audience and consumers of visual arts, as well as those more recent, focused on the galleries program and presentation concept. In addition to the fact that art market research is very rare, it cannot deal with its economic and regulatory aspects sufficiently, so they remain partial, with no clear outcomes and practical impact on decision-making process in the Western Balkans.

[5] □ Respondents, who expressed negative attitudes in terms of the market and its relation with the art, refused the request made by the research team to state their position as clearly marked and quoted in the article, wishing to remain anonymous. It is interesting that among the respondents of this group are the creators who often qualify themselves in public as the managers in culture, concluding that respondents themselves are often unaware of it or “ashamed” of their belonging to the market structures in culture and active participation in the process of its construction. Given this fact, in the coming years more should be done to clarify this concept with artists and public structures in culture, in order to reduce the gap made by the lack of understanding and poor perception of contemporary phenomena of cultural policy.

[6] It should be noted that even the state structures (especially Ministries of Culture) do not perceive the market, its construction and regulation as part of their jurisdiction, but that it belongs to one of those public authorities who are dealing with the economy. This attitude greatly contributes to the lack of the measures that are aligned with the specific artistic sector, use of general economic policies that have little practical

effect on the development of the art market, as they are not targeted sectors.

References

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