The Business of Looking

By Steve Sabella

Museum Rehabilitation

"If it does not sell, it is not art"1 . As an artist, this statement made me realize that there are two sorts of value mechanisms operating simultaneously in the art world, and that differentiating between them is important. The first value stems from the fact that when art is sold it is a sign that someone somewhere sees a certain fiscal value in the artwork. In return, this legitimizes that piece as an object of art or desire, which, accordingly, creates confidence for other collectors to follow suit and buy further works by the artist. Depending on many circumstances, this value can be developed and increased. 2 The second value is one that has to do with critical acclaim. The value is developed and legitimatized through curatorial exhibitions, critical reviews, museum shows and so on. Intriguingly, both mechanisms are based on trust with the difference being that the second value, once it starts to gain wide international acclaim, can trigger a smooth art market presence for the artist. In other words, it is easier to translate critical acclaim into economic success. Accordingly, if the art market collapses for the artist, his or her backbone will always be strong. On the other hand, the artist who rose to fame because of market fever might see a time when things cool down, creating the need to inject his/her value with several doses of critical acclaim and to go through institutional/museum rehabilitation in order to re-create confidence in their artwork.

Collecting in Virgin Art Markets

Collectors who buy with their eyes first, rather than their pockets, create an art market that is geared by passion. Most artists and galleries in an ideal situation would clearly prefer to sell art to passionate and dedicated collectors who, with their continuous support of artists, help sustain artists' careers. Emerging art markets such as those in the Arab World and in particular in Dubai, should be careful not to perceive art for art business's sake. This approach produces a misleading value of art and develops a generation of art business speculators (collectors) who mainly seek financial gain with no regard for how this approach might influence artists or the art scene. Galleries should be aware of speculators who quickly offload artworks through auction – a mechanism that many reputable galleries believe does not help in promoting an artist's career. These galleries are often careful to whom they sell art and often request first refusal from the collector in case the collector wishes to sell an artwork. Failing to comply with a gallery, the collector enters a black list. The gallery would then try to place the work in the hands of a 'good' collector. An auction, in most cases, goes to the highest bidder – which could deflate or inflate the value of an artwork. A bought-in artwork will have clearly negative consequences for the artist as it might generate a misleading perception about the 'artist's value'. Auctions give an indication how much something is worth. But, it is merely an indication! How does one expect young collectors who are developing their taste to value the intrinsic quality of art, especially because many of these collectors base their judgment on the success of auction events and artist's sales records in the primary market? If the debate whether artists are born or are made was transferred to those who buy art, few would dispute the fact that connoisseurs or collectors are born. There is a need to differentiate between value set at the auction house and value set by the gallery, and there is definitely a need to encourage new collectors who through education and the cultivation of taste 'buy' art for arts sake first.

Auctions and Euphoria: Is Dubai Suffering from the Wimbledon's Problem? In developing art markets, it has become common for emerging and young artists to get their few minutes of fame at auction. Increasingly, auction houses, that usually specialize in secondary markets – that is the resale of an artwork after it was directly bought from the artist or the gallery, are functioning in a similar way to galleries in the primary market by making direct agreements with artists who often set the prices instead of resorting to art market forces. Dubai may not necessarily be suffering from what is known as the Wimbledon problem 3 – that is, its best players come from outside. In a quick survey, it is clear that the influential galleries come from within. There are very few galleries that have come from abroad to extend their international operations in Dubai. However, the auction houses, which could be considered as foreign players in the system, may be exerting too much influence on the scene and are giving the impression that value is set in auction houses, a factor that many people now take for-granted. This is not to say that auction houses are not needed or are not beneficial. Their role has always been crucial in creating the dynamics necessary to trigger supply and demand, and to offer transparency as the sale results are publicly listed. Artists however, who need time to develop through the different art mechanisms available to them, should be careful with auctions in the early stages of their careers as the euphoria of a good sale might not last long. Euphoria, by definition, is temporary and to avoid the painful withdrawal (disappearance) artists should aim to find themselves in art history books rather than auction catalogues.

Hedging Art as an Asset Class

We also need to be clear that art market success, in particular in auction houses, creates critical attention. This case is not usual in countries with developed art infrastructures, as it is not common that emerging or young artists end up in auction houses in this stage of their careers. Yet, it is intriguing that in countries like the UAE and in specialized Arab or Iranian auctions in London, for example, it is common for emerging or young names to be auctioned. Is this a new system of validating art that is breaking away from the international understanding of value construction? Is it a system that has fully understood and researched the ground reality and created a system accordingly? Or, is this the wrong approach that is mainly geared towards profit and that sees art predominantly as an asset class? Art as an asset class is legitimate, but its value cannot be sustainable if its components are not diversified (relying solely on one system). It is a sound decision to diversify an investment portfolio with different kinds of stocks, bonds and art. Similarly, a sound value for art, in the contemporary understanding of the art world, should also be diversified by a combination of art market success and critical acclaim – with more focus on the latter. In brief, artists, or galleries that represent artists, should hedge the ups and downs of an artist's art market with diversified critical and art market acclaim.

Possibly, this system works best for emerging art markets. The value of art created by artists in the Arab World is still in its infant stages. This is mainly due to the political and cultural environment artists have been working in. There have been major changes in the Arab World in recent years and, as can be seen in current upheavals, more change is in the making. It might be that non-Arab collectors, also those who buy for investment, have been assessing with suspicion the value of art created by artists from the Arab World. It may be that art created in the Arab World is not sold as much, not as desired, or is not fully integrated in to the international art market, including contemporary art auctions, due to its value infancy rather than the result of national purposes as some people tend to advocate. In the financial world or in the world economy, nationalism is put aside when there is confidence that profit is in sight. In simple terms, regardless of the different ideologies countries have, and sometimes at opposite end of the spectrum, they still trade. Just as markets adjust, collectors also adjust, and it is inevitable that art created in the Arab World will be more collected and 'traded' globally.

East End Dubai

Dubai should not be an area where art meets money. Given that the Dubai art scene's aesthetics consumption is mainly channeled through commercial galleries, it appears that collectors are the main force behind the art scene. Without them, or their wealth by implication, no auction house would trouble to base offices there. This also explains the boom in commercial galleries. This dynamics, like in any system, has its advantages and disadvantages. The former gives artists a chance to live on their art and focus their energy on art production. The latter might have created, even if indirectly, art that is tailored to the taste of collectors who, in theory, give rise to the notion that money is becoming the new curator. That is, galleries stage shows with the kind of art that they know their trusted collectors would collect. "Never has the market been stronger. Never has money been so powerful. Never have so many artists got so rich, and never has there been such alarming stuff on sale". The power has shifted from critics, curators, and other experts towards those buyers with the deepest pockets. 4 This thought might be the reason why the East End London gallery scene has developed. Because of the art scene's detachment from many of the aspects that are of concern to alpha galleries, it is often noticed that the art there is more experimental, edgy and affordable. Furthermore, the Dubai scene lacks a number of not-for-profit institutions that aim to create critical curatorial shows that help advance established artists and aspiring artists whose work is art worthy, but is not yet being noticed. Art scenes like London and New York can be studied and some aspects mirrored. The positive value the Hayward, Iniva and Serpentine galleries, for example, bestow on artists exhibiting at their spaces cannot be denied in comparison to the label acquired in commercial or auction houses sale transactions.

Revolution: Part II

In the first decade of the third millennium, several countries in the Arab World have witnessed a cultural revolution in relation to the construction of museums and galleries, and the attraction of auction houses, among many other initiatives. The second decade is witnessing another cultural injection. This time, it will have a long-term effect because this decade is giving birth to many more professionals, art historians, and educated artists than ever before. This is essential because it means that the system will be empowered from within and critical value will start to travel from the Arab World into the external realm. Artists who have less ability to live in countries with well-developed art infrastructures will benefit from this shift as they will benefit and prosper while having their creation-base remain in their home environment. Consequently, this would lead to the organic development and nourishment of 'local' art scenes. The establishment of 'local' value can be used as a launch pad for artists to become universal.

Zero Value for Art?

Shiny gold plates are no longer sufficient to act as liability for the world's economy. They have been replaced by the trust factor. Similarly, in the art market or in the art world, trust in the value granting mechanisms has allowed art to grow increasingly as an asset class. Art, Pierre Bourdieu stresses, is a system of belief, and its market is where the belief is put to work. 5 Yet, connoisseur collectors know that the best economic gain is rewarded when they spot or acquire quality art. When confidence or trust is lost in any financial market there is always the tendency for a crash. The bubble explodes because people are afraid to lose their assets and because there is no guarantee or enough (gold) to offset the loss. If, in the unfortunate case, the art market of a given artist who enjoys critical acclaim suffers from a downturn because of art market forces, the art's value, unlike stocks, can never drop to zero. There is a guarantee that often goes unnoticed and that is that it is the real artist himself/herself who, regardless of what happens in the world, creates out of a need and passion for expression. Accordingly, the artwork will always have value, and it might rebound. Collectors in the Arab World, especially collectors who buy for investment, should base their trust on the quality of the artwork and on understanding the artist's journey. This is where the real value lies and is why one day it will pay off. The question which remains is how to spot real artists? This is where the business part of looking should step aside in order to allow all of the value granting mechanisms to work in synergy to spot a real artist and nurture his/her career.

Steve Sabella, born in Jerusalem in 1975, is a London / Berlin based artist. Sabella was one of the commissioned artists for the inauguration of MATHAF: Arab Museum of Modern Art in Doha. Sabella received his first MA with a Caparo Award of Distinction in Photographic Studies (2008) from the University of Westminster and his second MA in Art Business (2009) at Sotheby's Institute of Art in London. Steve Sabella's artworks have recently been collected by the British Museum in London, Mathaf: Arab Museum of Modern Art, and leading collectors in the Middle East. Sabella was artist of the month of May, 2011 with three featured episodes on IkonoTV.

1-During my studies at Sotheby's institute of art, I was struck in my first week by this sentence stated by one of my professors.

2-Putting critical acclaim aside, Damian Hirst's Sotheby's sale in Sept. 2008, is a prime example of how value in the art market can be managed and many agree that Damian's masterwork might simply be his marketing techniques.

3-Philip Coggan, author of The Money Machine uses this term in relation to economics.

4- Alan Bradshaw, Finola Kerrigton, Morris Holbrook, Marketing the Arts. Ed. Daragh O'Reilly and Finola Kerrigan. Routledge, London and New York, 2011, pg. 11.

5-Noah Horowitz, Art of the Deal, Princeton University Press. Princeton and Oxford, 2011. Pg. 208.