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ART AND THE ECONOMY Crisis or Transformation

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Renee Phillips [Send to a Friend](#) | [Print Article](#)

Alter the color value in one area of a painting, and its relationship to all other colors changes. Chisel away a portion of a sculpture, and you affect the symmetry of the entire piece. Not so different is the relationship between the economy and art. Trends evolve, industries shift, government policies change, monetary values fluctuate. When these occur, they impact all industries, including art, from individual artists to the entire art community.



Canned Art: Now Available in Spray by Nancy Reyner. Acrylic on panel (with paper, graphite and oil paint), 35" x 48". www.NancyReyner.com

Although historically the art market is far less sensitive to economic crises and geopolitical events than other assets, we are currently living in a new global economy. According to a recent article in the Artprice Global Index (www.artprice.com), which claims to be the world leader in art market information, "The financial crisis is taking its toll on the art world." In Roberta Smith's October 17, 2008, article in The New York Times about the London Art Fair, her title summed it up: "Frieze Art Fair Feels a Big Chill."

Jill Conner keeps a close eye on the art market. A critic based in New York City and a Contributing Editor to Contemporary magazine and other art publications, Connor points out that sales in the third tier galleries started to dry up in the summer of 2008, followed by the second and first tiers. She reminds us that numerous galleries in major cities like New York City are facing demise, and several art magazines have had to delay their publication schedules due to a drop in advertising revenues. Art museums are reacting with freezes on hiring and spending cutbacks. Yes, it's just the tip of the iceberg, and it's going to be a long, cold winter.

Buzz and Bubbles

Amidst the myriad of discussions about hedge funds, market bubbles and short selling in the financial market, I recently learned about Art Hedge Funds from Emma Trincal, an expert on the subject. Trincal (www.artrincal.com) is an artist who started painting in Paris and is now living in New York City. She has also been a leading financial journalist for more than seven years, writing for several financial news organizations, including Reuters and Jim Cramer's news Web site, www.TheStreet.com.

A hedge fund is a type of investment fund not publicly available, reserved for extremely wealthy clients. Hedge funds often invest in illiquid assets — in other words, things that can't be easily or quickly sold, such as real estate. Art is the non-liquid asset par excellence. In an Art Hedge Fund, Trincal explains, wealthy buyers purchase works by master artists from the 18th, 19th and 20th centuries, as well as contemporary work by established artists, traded at auction houses, such as Sotheby's and Christie's.

Augmenting Your Income

Many innovative artists have found new ways to express their creativity and augment their income without "selling out." For example, Nancy Reyner (www.NancyReyner.com), an artist living in Santa Fe, New Mexico, knows the importance of being proactive to attain a self-sustaining and rewarding career.

"As an artist, supporting myself has always been a challenge," she says. "I continue to put out a

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Trincal cites the influence of hedge fund managers, such as Steven A. Cohen, who began collecting art in 2000, when the sub-bubble burst. Cohen has become a prominent collector, appearing on Art News magazine's "Top 10" list of biggest-spending art collectors around the world each year since 2002. He is one of many people responsible for creating a lot of buzz in the art market encouraging sales of art, citing art as investments that may go through the roof. In particular, the "Art Star" (i.e.: Damien Hirst) and blue chip (i.e.: Impressionists) sectors became overly inflated. (You can read Trincal's article "What Happened to the Art Hedge Fund" on her blog at <http://motsetimages.blogspot.com> .)

Hope for the Artist

According to Trincal, we may see the beginning of the end of the "Art Star" mentality. We may see less of that buying impulse and a direction toward buying art of emerging artists for sheer enjoyment and attraction to the art itself. Trincal optimistically suggests that many galleries may also change their selling strategies and encourage collectors to "cherry pick from the lesser-known artists." She says, "People will always have to place their money somewhere, when they panic they look for gold and other commodities, why not art?"

In agreement is Martha Walker (www.marthawalker.net) a sculptor from Brooklyn, New York, whose work is in many collections, including the Zimmerli Art Museum. Two of her sculptures were recently installed at the Kouros Sculpture Center, and her sculpture, Hope, was purchased and donated to the Anne Frank Center. She will have a solo exhibition at the Phillips Museum of Art, Lancaster, Pennsylvania, January 20 through March 29, 2009.

She says, "In uncertain times, it makes sense to diversify assets away from paper investments, like stocks and derivatives, putting a larger portion into physical investments like metals and collectibles (artwork). These assets tend to increase in value in both good and bad economic times, and more so should we experience inflationary trends. Certainly, purchasing the work of emerging artists offers the greatest potential for reward, although ultimately the fundamental reason for buying art should be because it is something that the buyer truly enjoys owning. There is nothing wrong with reminding buyers of this when discussing one's artwork, because all of the others selling their products are using similar strategies."

By following the investing philosophy of billionaire Warren Buffet, we may learn that emerging artists' work and value stocks might share something in common. Value investment, put simply, means buying a stock, or indeed a business, at less than its intrinsic value with the belief that it will increase.

Artists are small business owners, too, and should think of themselves as creating art that will always increase in value as their career credentials and sales increase. Furthermore, the added bonus to buying art is the buyer is rewarded everyday from living with the art, regardless of whether it will increase in value or not.

While most artists hope to make a few art sales a year, "Art Star" Damien Hirst's Golden Calf recently fetched more than \$16 million at auction. He and Jeff Koons (a former Wall Street broker, no less) are the two most well-known and expensive contemporary artists alive today. Hirst and Koons are thriving independent businesses with 100 employees.

They have changed how the artist is perceived in our society. However we feel about their artwork or business ethics, we could learn from their focused determination and business savvy.

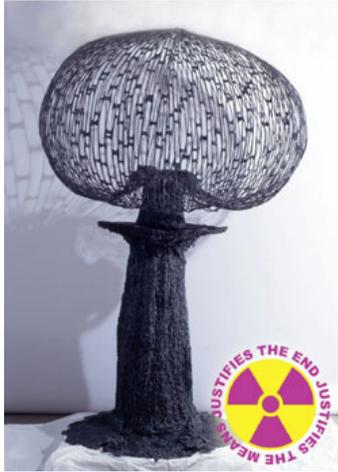
positive and active effort into all my career plans. Currently, I earn income and free paints as a technical consultant for the acrylic paint company Golden Artist Colors, Inc. By staying on top of new innovations in the art industry, I try to create new cutting edge workshops. I am in the process of turning some of my favorite workshops into videos."

Her best-selling book, *Acrylic Revolution*, has been creating income in the form of royalties, plus it creates new teaching venues and workshops throughout the U.S.

Nancy adds, "Whenever I travel, I look for new galleries to represent my work. I keep up an active Web site, which includes a painting blog. By writing new ideas, techniques and creative processes in this blog I attract new people who sign up for my mailing list and acquire new contacts."

Here are a few things that other artists do to get through the tough times:

- They apply their graphic design skills to help artists and arts organizations design and print promotional materials at reasonable prices.
- They offer their computer skills to fellow artists to help them build and maintain their Web sites.
- Artists with SUVs are offering affordable transportation of art for artists and galleries. 3 Small groups of artists are sharing the costs for equipment, such as inkjet printers and etching presses, to maximize profits and teach printmaking classes.
- Artists are sharing their love and expertise in art history by starting their own museum and gallery tour services, writing books or finding venues to give lectures.
- Artists with special skills in the areas of



The End Justifies The Means Justifies The End by Martha Walker. Welded Steel, "puddled process," 2007-2008, 9'4" High x 10' Round. This sculpture will be on display at the Phillips Museum of Art, Dana Gallery, Campus of Franklin and Marshall College, in Lancaster, PA, from January 20 to March 29, 2009. Artist talk and reception March 6 from 4:30 to 6 p.m. Visit [Phillips Museum](#) or [MarthaWalker.net](#).

color and design are augmenting their art sales by serving as color consultants and feng shui specialists.

- Artists are organizing art clubs and offering a portfolio of several works for rent or sale to collectors who want to invest in emerging artists' work.

Time for Reconstruction

We know the financial market is in dire need of restructuring. Will we also see a readjustment in the art market? If we want to return to the idea that art should serve as a reflection of societal issues, as well as offer new insights and perspectives of reality, and not only be about seeking profit, we have to be part of communicating this truth. We need to participate in fostering positive change in our individual business practices, as well as arts advocacy and legislation.

For example, Nadiya Jinnah (www.njinnah.com) is an internationally-exhibited artist who relates the healing powers of art through "Lifescape" paintings. She understands the need for showing her art in a space where people can find solace and unity. I have joined her in the process of transforming her spacious New York art studio into a nurturing multi-media environment — outside the proverbial white box. Artists, art enthusiasts and healing practitioners come together to share their talents and expressive art modalities where art is not experienced as a commodity.

Now is the time for redefining outmoded roles and power structures, pursuing self-empowerment, and being innovative in our creative vision as well as our efforts to bring art into the world. As we become what I term "Artrepreneurs," we learn to balance our creative, career and financial goals, and stay true to our core values, regardless of changes in the economic tides. AC

Renée Phillips is the Director of Manhattan Arts International. She recently co-curated "Celebrate The Healing Power of Art", an online exhibition at www.ManhattanArts.com through March 2009. Known as "The Artrepreneur Coach", she counsels artists worldwide in private consultations and group workshops. She is the author of Presentation Power Tools For Fine Artists, Success Now! For Artists: A Motivational Guide For The Artrepreneur and The Complete Guide to New York Art Galleries. She is a member of the International Association of Art Critics (AICA). Articles with advice for artists can be found at <http://www.manhattanarts.com> and www.renee-phillips.com. You may e-mail questions to her at <mailto:%20renee@renee-phillips.com>.

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