



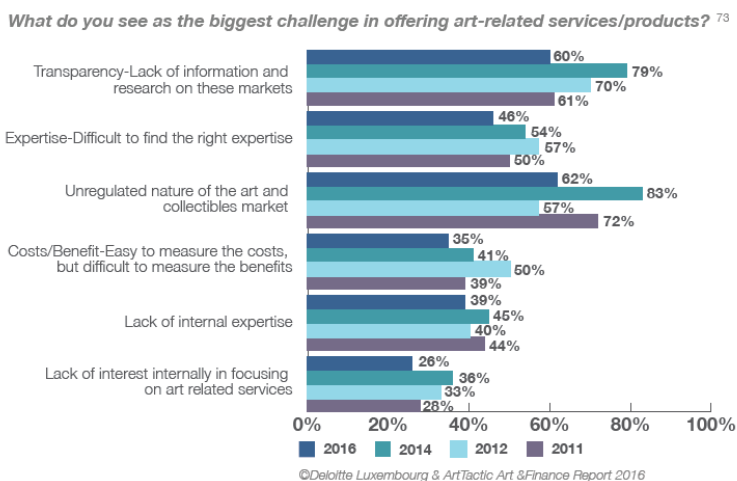
DEMOCRATIZATION OF ART: THE RISE OF A NEW ART MARKET’S PARADIGM

*Democracy is the art of thinking independently together.*

by Alexander Meiklejohn

Pronounce the word “art”, to conjure up the image of an intellectual and sensitive practice reserved only to the upper class and aristocracy. A sacred aura still attaches to the word. Yet the notion of art as elitist is decades out of date. So out of date, in fact, that a new paradigm is emerging, and has been since about the turn of the millennium. The essential nature of art and the importance of creative expression has not changed though, it has just begun to expand and become more accessible and more democratic. As a result, the process by which art is now been commercialized results in a legitimate questioning regarding the massive offer and the necessity of trustworthy art advisors.

This paper examines the art market consequences resulting from art’s democratization and responds to the critiques leveled by Deloitte’s *Art and Finance Report 2016* which states that “The art market is opening up to new audiences –this is the biggest challenge, but is also the biggest opportunity. Democratization of art does not mean dumbing won; it means increasing access. But at the same time, the increase in the offer makes more difficult to find trustworthy expertise.”<sup>1</sup>



To tackle this situation, first, we need to briefly analyze, how we got to this point? The conception of democratized art is at least as old as the French Revolution of 1789. By the mid-1800s, an understanding of museums as educational institutions was attracting increased attention both as a means of countering the social impacts of industrialization and urbanization, and of fostering positive and

<sup>1</sup> Picinati Di Torcello, Adriano. *Deloitte Art & Finance Report 2016*. Deloitte Luxembourg and ArtTactic. p. 92 and p. 65

progressive social change; resulting in the introduction of free admission and open-evenings. The social potential and even moral virtue of engaging with art and museums during the 19th century became more popular between 1895 and 1905 when the narrative of “bringing art to the people” or the democratization of culture emerged in France. This narrative drew upon the model of the French Republic, linking art with workers. Once again, these ideas were embraced, but this time by the artists themselves during the mid-1900s; though contemporary manifestations of art’s social mission only emerged during the post-World War II economic boom. The growth of the middle class, in conjunction with postwar immigration and emerging patterns of social exclusion, obliged the state to play a key role in the pursuit of culture’s social

mission. However, it was not until the 1970s, that this mission, alongside with the need for museums to increasingly demonstrate their worth, became a central part of cultural policy in Britain, France, and suddenly worldwide.<sup>2</sup> Furthermore, artists began inserting themselves into pop-culture and mass media formats for disseminating information and accessing wider audiences, beginning to revolutionize the idea of the art inserted in the everyday life.<sup>3</sup>



Pablo Helguera, *Untitled* (2008)

Today, the democratization of art has reached to its maximum level through the use of Internet. When Walter Benjamin wrote his famous essay *The Work of Art in the Age of Mechanical Reproduction*, he shone a light on the cultural and economic changes inherent in technology’s ability to infinitely reproduce and distribute art. One of the most important consequences of this development was the democratization of art’s availability, allowing the general population to experience artwork that they would otherwise be unable to access.<sup>4</sup>

The artwork’s unlimited visual exposure given by the museum and Internet’s democratic access maximizes the number of potential buyers, whose ownership desire over the masterpieces raises considerably their price tag. The expanded competition among buyers, the multitudinous offer, and the vastly increased speed of the art market, has led to many of the most active collectors to employ

<sup>2</sup> Booth, Kate. "The Democratization of Art: A Contextual Approach." *Research Gate*. University of Tasmania, July 2014. Web. 26 Aug. 2016. [https://www.researchgate.net/publication/280171119\\_The\\_Democratization\\_of\\_Art\\_\\_Contextual\\_Approach](https://www.researchgate.net/publication/280171119_The_Democratization_of_Art__Contextual_Approach)

<sup>3</sup> Cavanaugh, Thomas B. "The Work of Art in the Age of Mechanical Production." *Irma International*. Embry-Riddle Aeronautical University, USA, 2015. Web. 26 Aug. 2016. <http://www.irma-international.org/viewtitle/29508/>

<sup>4</sup> Benjamin, Walter, and Alicia Entel. *La Obra De Arte En La Era De Su Reproductividad Técnica Y Otros Textos*. Buenos Aires, Argentina: Ediciones Godot, 2012.



professional art advisors to help them sort out the opportunities and help them to make a decision. The tradition of advising art collectors is actually quite long and distinguished. Some great art advisors include not only famous connoisseurs like Bernard Berenson, but also great artists like Marcel Duchamp. Duchamp may be considered as one of the most influential art advisors of our century, helping to build some of the greatest collections such as the Arensberg, Katherine Dreier and Peggy Guggenheim.<sup>5</sup>



First row: Stanley William Hayder, Leonora Carrington, Frederic Kiesler, Kurt Seligmann. Second row: Max Ernst, Amadee Ozenfant, Andre Breton, Fernand Leger, Berenice Abbott. Third row: Jimmy Ernst, **Peggy Guggenheim**, John Ferren, **Marcel Duchamp**, Piet Mondrian

Nevertheless, not everything in life is like a bowl of cherries. Since there is no necessity of a degree or license to operate, the art advisory practice is being saturated with unqualified practitioners. As long as good jobs remain scarce, it is likely that more and more people with talent and connoisseurship – and some with the lack of both – will find their calling as art advisors. Occasionally, the art advisor is also an art dealer with whom the collector has a close relationship. Sometimes, the art advisor might be a museum curator who hopes that the collector will lend or donate one of the acquisitions to a museum. There is a growing bank of professional art market advisors, some of whom are former professors, auction house staffers, or even people without any real qualifications except the ability to get along with socialites and millionaires. In Georgina Adam’s book *Big Bucks*, she quotes “Anybody with an iPhone and a pair of Louboutin’s can call themselves an advisor.”<sup>6</sup> Even financial professionals have gotten into the act. For example, Karen Boyer who had professional experience in the hedge-fund business, has recently

<sup>5</sup> Caplin, Lee Evan. *The Business of Art*. Englewood Cliffs, NJ: Prentice-Hall, 1982. Print. p. 280

<sup>6</sup> Adam, Georgina. *Big Bucks: The Explosion of the Art Market in the Twenty-first Century*. Farnham: Lund Humphries, 2014. Print.



run an art advisory in her Manhattan apartment with Wall Street collectors among her clients.<sup>7</sup> According to the Association of Professional Art Advisors, there are 140 members, a third of whom have joined in the last four years.<sup>8</sup> And interviews with the art world professionals say that the numbers are swelling well beyond that.

The multiplicity in the art advisory offer has complicated the identification of a trustworthy expertise, which can lead to serious danger to the art investor and collector. For example, one of the biggest menaces of an unqualified art advisor is the possibility of lacking a code of ethics, which might result into information trafficking, or being implicated in a situation with conflict of interest. With this in mind, price manipulation in the art market is easy. A collector can never be sure whether the work is being recommended on its merits, or because of the gallery bonus. It is not always possible to find out whether the art advisor you are transacting with has a financial stake in the artwork, or how they get remunerated. And if advisers with a conflict of interest don't disclose it to their clients, they can be legally liable of breaching their fiduciary duty. For instance, the prominent German art advisor Helge Achenbach was sentenced in 2015 to six years in prison, after being found guilty of fraud against Babette Albrecht, widow of the late billionaire, Berthold Albrecht, one of Germany's wealthiest men. The 24-page complaint alleged that the art advisor defrauded the family of at least €18 million. An audit revealed some inconsistencies between the invoices and the agreed commission. The family accused Achenbach of altering invoices and adding unqualified markups to some works' prices.<sup>9</sup> That is why professional institutionalized art advice is so important. To Artemundi Group, professionalism means an avoidance of conflict of interest. We maintain lawful practices, exercising due diligence in researching the provenance of recommended acquisitions, and refusing any requests by clients or vendors to subvert the law in any fashion. Additionally, we advocate for price transparency, due diligence and fiduciary duty in each transaction.



Helge Achenbach

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<sup>7</sup> Pogrebin, Robin, and Graham Bowley. "Soaring Art Market Attracts a New Breed of Advisers for Collectors." *The New York Times*. 22 Aug. 2015. Web. 26 Aug. 2016. [http://www.nytimes.com/2015/08/23/arts/design/soaring-art-market-attracts-a-new-breed-of-advisers-for-collectors.html?\\_r=0](http://www.nytimes.com/2015/08/23/arts/design/soaring-art-market-attracts-a-new-breed-of-advisers-for-collectors.html?_r=0)

<sup>8</sup> "Code of Ethics." *APAA* RSS. N.p., n.d. Web. 26 Aug. 2016. <http://www.artadvisors.org/>

<sup>9</sup> Forbes, Alexander. "€18 Million Fraud Claim Against Art Adviser." *Artnet News*. N.p., 03 July 2014. Web. 26 Aug. 2016. <https://news.artnet.com/art-world/eur18-million-fraud-claim-against-art-adviser-53746>



Given these points, as the art market becomes bigger, faster and complex, more collectors find themselves in the need of an art advisor. As they do with their lawyers or investment bankers before completing business deals, collectors are increasingly in the need of discussing the merits of a contemplated art purchase with a well-informed professional advisor. It seems that the market is just beginning to wake up due to the overdue demand of a new breed of investor and collector. With the essentially conflicted nature of the marketplace better understood, as well as the many potential pitfalls of doing business in such an environment, the potential investor should search for a more institutionalized third-party with proven track record and impeccable reputation such as Artemundi, facilitating the identification of trustworthy art advisory. Reliable and professional art advisory enables fresh consumers to navigate the murky waters with more confidence. To stay on the top of the fast-moving art market and avoid the counterfeit art advisors, Artemundi has promoted a disciplined compliance to our investors backed by over 30 years of expertise. Connoisseurship is developed by seeing as much art as possible, good and bad. It involves a tremendous effort to keep moving around the world through the art fairs, auctions, museum and gallery exhibitions to keep up with the market and keep sharpening one's connoisseurship. The more one sees, the sharper one's eye becomes, the deeper one's understanding develops and the easier it gets to identify the best trustworthy opportunities. Art connoisseurship eventually becomes not just a profession, but a way of life.

**By Giovana Edid and Javier Lumbreras**

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