

## **Symbolic meanings of prices: Constructing the value of contemporary art in Amsterdam and New York galleries**

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**Abstract.** This article develops a sociological analysis of the price mechanism on the market for contemporary art. On the basis of in-depth interviews with art dealers in New York and Amsterdam, I address two pricing norms: one norm inhibits art dealers from decreasing prices; the other induces them to set prices according to size. To account for these pricing norms, I argue that price setting is not just an economic but also a signifying act: despite their impersonal, businesslike connotations, actors on markets manage to express a range of cognitive and cultural meanings through prices. Previously, meanings of prices have been recognized in signaling theories within economics. However, these meanings are restricted to profit opportunities. Within the humanities, by contrast, meanings of prices are restricted to contaminating or corrosive meanings. The sociological perspective I develop claims that prices, price differences, and price changes convey multiple meanings related to the reputation of artists, the social status of dealers, and the quality of the artworks that are traded.

The upsurge of economic sociology in the past two decades has resulted in a large number of sociological accounts of phenomena such as markets, financial institutions, firms, work, industries, consumption, and money.<sup>1</sup> The price mechanism, however, is one of the last domains of economic theory that sociologists have not been willing or able to enter. This article develops a sociological analysis of the price mechanism. The overarching argument is that pricing is not just an economic, but also a signifying act; in other words, I interpret the price mechanism as a symbolic system. Despite the impersonal, businesslike connotations of prices, I argue that actors in markets manage to express a range of cognitive and cultural meanings through them.

The analysis is based on qualitative data obtained from interviews with art dealers in Amsterdam and New York.<sup>2</sup> In addition, I rely on material from eclectic sources such as reviews in art magazines, interviews with artists, collectors or gallery owners published in books and magazines, and guidebooks to the art market for artists and art dealers. My study is limited to the primary market, that is, the market

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where contemporary artworks are sold for the first time. The secondary or resale market, where auction houses are the main parties, is in other words excluded. Primary market dealers tend to represent artists on a commission basis; in exceptional cases, they buy artworks from artists, and try to sell these to collectors at a profit. The artists the dealer represents are usually selected on the basis of referrals from other artists; also, dealers actively approach artists at art fairs and graduation exhibitions of art schools. The gallery hosts solo shows of each artist, which last six weeks on average; sales of artworks are not limited to the duration of the show.

Both Amsterdam and New York are centers of the national art market they are embedded in. The most widely used gallery guides of New York and Amsterdam list 536 and 165 galleries respectively. As far as reliable figures are available, they indicate that the average turnover of American galleries is at least twice as high as the average annual turnover of Dutch galleries (\$497,000 and \$240,000 respectively). Whereas New York galleries are in some cases large, profitable institutions, employing over 50 people, the majority of galleries in the Netherlands do not even provide a living wage to their owners.<sup>3</sup> In spite of these quantitative differences between galleries of the two cities, this study does not have a comparative dimension. Instead, the similarities that prevail in the setting of prices by art dealers in both cities are emphasized; factors such as the presence or absence of subsidization schemes that lead to minor differences in pricing patterns are excluded from the analysis.

This article neither provides a complete account of pricing decisions nor of the way art dealers market contemporary art.<sup>4</sup> Instead, my aim is to address two major anomalies of the price mechanism on the market for contemporary art that follow from the application of specific pricing norms. I show that prices are not set on a case-by-case basis, but result instead from conventions of setting prices that are shared by art dealers and their transaction partners. These pricing norms are an instance of what Paul DiMaggio and Walter Powell have called “institutional isomorphism”; deviating from these norms may produce confusion among transaction partners, may damage the reputation of the dealer, and may ultimately affect sales negatively. The first norm I discuss is the avoidance of price decreases at all times. From an economic perspective, this norm seems anomalous, because dealers ignore the concept of price elasticity and behave more like *price* maximizers than like *profit* maximizers. The second norm is to avoid pricing

artworks of the same size within the oeuvre of an artist differently, even if art dealers know that some works are easier to sell than others. This means that dealers fail to differentiate prices according to either quality or demand. Thus, a journalist for *The New Yorker* alluded to this norm in the 1970s as one of the “odder tribal rituals of the art world.”<sup>5</sup>

In addressing these anomalous pricing norms, the article largely follows the conceptual framework Viviana Zelizer has laid out with respect to intimate economic transactions and markets for contested commodities; Zelizer has shown how markets for “sacred” goods are infused by non-market values and extra-economic logics that modify the alleged instrumental orientation of the market.<sup>6</sup> However, both economists and their critics have failed to grasp this cultural embeddedness of markets. Following Zelizer’s overarching framework, I show in the first section that, for economic theory, the art market provides just another example of rational, self-interested, utility-maximizing action; with respect to prices for artworks, the key proposition of economic theory is that prices are *nothing but* perfect and neutral representations of cultural values. In case of uncertainty or asymmetrically distributed information, economists have also understood prices in terms of the quality signals they send out.

In the second section, I elaborate on a long and rich tradition in the humanities that has been concerned with the art market and opposes the economic perspective. Because the unique value of art is “trivialized” by pricing it, art historians, art critics, and other cultural experts subscribe to what Zelizer has called a *hostile worlds* perspective: to come to terms with the market as a commensurating process, they have dichotomized price and cultural value of art. This dichotomization breaks down into two separate models, which I call here an *independent spheres* model and a *contamination* model. According to the first model, economy and culture constitute two unrelated spheres. It is taken for granted that the price of an artwork is established by the “impersonal forces” of supply and demand; however, these forces do not influence the aesthetic or cultural valuation of art because price and value inhabit independent spheres. In the *contamination* model the emphasis is put differently; relations between the two spheres are allowed for, but these relations lead price to contaminate the cultural value of art. Although “the essence of culture is discrimination,” as Igor Kopytoff has put it, the market turns art into a homogeneous commodity whose value is in no sense unique.<sup>7</sup>

Although some sociologists, starting with Max Weber, have paid attention to the price mechanism, I show in the third section that a full-fledged sociological alternative is lacking. In particular, the symbolic dimension of prices remains by and large ignored in economic sociology. In the fourth section, I develop an alternative understanding of the price mechanism grounded in the interviews I conducted. My claim is that anomalous pricing norms on the art market can be understood by taking symbolic meanings of prices into account. My ethnographic material shows that prices are suspended in a web of meanings, of which their impersonal, businesslike connotation is only one. This web of meanings relies on mental accounting schemes that are composed of cognitive associations and which connect prices with quality, reputation, and status. These mental accounting schemes are established through a process of semiotic socialization. Members of the art world who have detailed knowledge about prices and pricing norms can interpret or “read” these, notice deviations, and extract meaning from them. The price mechanism is, in other words, not just an allocative system, but also a semiotic, communicative system akin to language.<sup>8</sup> In the last two sections, I highlight the differences between this symbolic approach to prices, and *nothing but* and *hostile worlds* perspectives respectively.

Apart from contributing to the analysis of prices within economic sociology, my argument builds on literature in the sociology of the arts, which states that aesthetic, artistic, or cultural values are socially constructed, and that the appreciation of an artwork is dependent on the social context in which it is seen. In particular, the value of an artwork does not reside in the work itself, but is produced and constantly reproduced by the artist, intermediaries, and the audience. As Howard Becker has argued, this process is subject to numerous conventions and cultural codes of art worlds. To rephrase my argument in terms of the sociology of the arts, the price mechanism is part of the social construction of cultural value. Whereas according to Pierre Bourdieu the value of an artwork is produced by means of the symbolic capital of “cultural businessmen,” which provides them with the “power to consecrate” artworks and artists, my research suggests that not just the consecration process, but also the very exchange process, contributes to the production of belief in the value of art.<sup>9</sup> Symbolic meanings of prices constitute, in other words, an intimate connection between price and cultural value.

### Economics of the art market

In economic theory prices are interpreted as an expression of people's willingness to pay for a specific good. As Alfred Marshall, the founding father of modern economics, argued: "[t]he desire to obtain anything that is ordinarily bought and sold for money, is . . . measurable by the price that people are willing to pay for it." By "voting" on the market place with money, consumers reveal their preferences; the price system translates these individual monetary votes into supra-individual market prices.<sup>10</sup>

A key presupposition of this approach is the unconditional commensurability of goods. As the early neoclassical economist Léon Walras put it: "necessary, useful, agreeable, and superfluous, all that for us means only more or less useful. Morality or immorality of the needs to be satisfied by a useful good have not to be taken into account . . . . Others can bother very much about the reason why a substance is required, by a physician to heal a patient or by a murderer to poison a family. We, on the contrary, are totally indifferent." In the twentieth century, similar statements about the irrelevance of distinctions between major and minor decisions or the irrelevance of "ultimate values" have been put forward by Lionel Robbins and Gary Becker. According to this "commodified conceptual scheme," as legal philosopher Margaret Radin termed it, the most valuable good has the highest price by necessity. Thus, either the distinction between price and value is not made at all in neoclassical economics, or price is perceived as a perfect representation of value.<sup>11</sup>

Prices for artworks are no exception to these principles. Cultural economists have argued on numerous occasions that economic behavior of artists, collectors, and art dealers is no different from behavior of actors on any market. No matter how unique the good being sold, the art market is *nothing but* any other market where individual agents act rationally in order to maximize utility. With respect to prices, Heilbrun and Gray write in their textbook on the economics of art and culture: "[a]s is the case in any other market, the resulting price [on the primary market for art] reflects the operation of the forces of supply and demand."<sup>12</sup>

No doubt the strongest *nothing but* statement is by cultural economist William Grampp; in his book *Pricing the Priceless*, Grampp argues that "works of art are economic goods, that their value can be meas-

ured by the market, that the sellers and buyers of art – the people who create and benefit from it – are people who try to get as much as they can from what they have.” Because of the aesthetic qualities of the work (aesthetic value), because the owner derives status from its possession (social value), or because it is a sound economic investment (investment value), art generates utility to consumers. Thus, prices of artworks represent the willingness of consumers to pay for the status the possession of artworks confers, the aesthetic pleasure they provide, as well as their expected monetary returns. Grampp concludes that “[e]conomic value, strictly speaking, is the general form of all value, including that which is aesthetic and that which is not aesthetic but is value of another kind.... To say that aesthetic value is ‘consistent’ with economic value is to say no more than that the particular comes within the general, or that aesthetic value is a form of economic value just as every other form of value is.”<sup>13</sup> In other words, aesthetic value is *nothing but* a subset of the general category of economic value.

Surely neoclassical micro-economics, which has long viewed itself as “price theory,” has contributed more to the analysis of prices than the notions of willingness to pay and of supply and demand. Particularly relevant in the context of meanings of prices is signaling theory, which emerged out of the work of recent Nobel Laureates Michael Spence, George Akerlof and Joseph Stiglitz. These authors introduced “signaling” and related terms like “screening” and “efficiency wages” into the analysis of markets such as the art market, where the quality of goods is difficult to assess and asymmetric distribution of information prevails. The overarching argument is, in the words of Stiglitz, that “price serves a function in addition to that usually ascribed to it in economic theory: it conveys information and affects behavior.” In particular, prices are used to judge the quality of a good, or, to put it in other words, quality is “screened” by means of the price level. This signaling effect is not confined to uninformed parties who lack other sources of information to estimate the quality of goods. Michael Spence, who was one of the first economists to recognize the relevance of signaling in markets, argued that sellers correlate the quality of goods within a product line with the price on the basis of experience. As a result, price changes send quality signals to informed, frequent buyers of those goods.<sup>14</sup>

### Commodity context

If economists praise the market because it reduces all values to price and thus enhances the optimal allocation of scarce resources, the commensurating effect of the market is deplored by art historians and cultural experts. Pierre Bourdieu has rightfully characterized the art market as “a trade in which things have no price”: the economy of the arts is negated.<sup>15</sup> The reason is that outside the domain of economics, prices for artworks are perceived as far less neutral. Art historians and cultural experts in particular have time and again subscribed to a *hostile worlds* view with respect to the relationship between the arts and the economy by insisting upon the incommensurability of art. In fact, opposition against the art market is as old as the scholarly study of art itself. In the seventeenth century, the Dutch art historian *avant la lettre* Karel van Mander criticized art dealers for converting qualities into mere numbers. As Agnew remarked in a book on the joint history of market and theatre: “[a]esthetics and economism effectively cartelized the social world by dividing cultural exchange and market exchange into separate disciplinary jurisdictions.”<sup>16</sup> More precisely, according to the humanities, either prices contaminate the incommensurable value of art (*contamination model*), or price and value are located in two separate spheres (*independent spheres model*).

The first model is grounded in a Marxist conception of value. Members of the *Frankfurter Schule*, like Max Horkheimer, Theodor Adorno, and Herbert Marcuse argued against commodification of culture because it “stifles our critical faculties, induces alienation, degrades artworks, and protects the capitalist system against internal challenges.”<sup>17</sup> Arnold Hauser, author of a classic text in Marxist art history, has likewise characterized the free market for art in seventeenth-century Netherlands as a contaminating force. According to Hauser, the anarchy that the market embodied resulted in financial uncertainty for the artist; because of the emergence of the art dealer in the seventeenth century, the artist was, furthermore, estranged from his public. As a result of this stretched relationship between artist and public, buyers increasingly valued artworks as comparable to any other good that could be bought at one’s discretion for investment purposes. The primary source of value shifted from the cultural to the economic sphere.<sup>18</sup>

Artist Ian Burn expressed his dissatisfaction with the market as follows: “What we have seen more recently is the power of the market to distort all other values, so even the concept of what is and is not

acceptable as 'work' is defined *first and fundamentally* by the market and only secondly by 'creative urges.'" Among art critics, Robert Hughes is one of the main contemporary representatives of the *contamination* model. Although Hughes acknowledges at the beginning of an essay on Art and Money that "money does artists much more good than harm," the fact that artworks command high market prices burdens them with a fetishist connotation: "Twenty-five years ago it was easier to appreciate works of art in their true quality; what the masterpiece, laden with fetishistic value, has lost today is a certain freedom of access – a buoyancy, an availability to the eye and the mind. It has been invested with a spurious authority, like the façade of a bank." Thus, the innocence of the artwork is lost while the visual experience and the aesthetic meaning of the work "collapses ... under the brute weight of price." Indeed, a distinguishing feature of the *contamination* model is that the distorting effect of the price mechanism is considered to become more and more pervasive. As an art critic expressed his concern about the commercialization of the art world in the late 1980s: "In the midst of the most quantitative era in the history of man, when figures are compiled and stored on every aspect of life and love, art has become the dearest of quantities. No quantitative shift of such magnitude can fail to carry qualitative implications. Of course, the making and meaning of art is transformed.... The precious but fragile notion that art is 'above' the world, an ideal once nourished in countless poems, classroom lectures and aging textbooks in which art is considered useless and beautiful, like a flower in a field, may be about to crack."<sup>19</sup>

It is noteworthy that these accounts of the market share the idea that the market reduces all value to price with the neoclassical *nothing but* account. The two accounts oppose each other fiercely, however, in their normative assessment of this commensurating process. That the *contamination* model is not confined to the humanities is illustrated by economist Arjo Klamer, who argues that artists and collectors try to avoid quid pro quo arrangements and measurement of the value of artworks for the reason that such measurement would devalue artistic experience. Therefore, gift transactions are preferred by Klamer and other critics in the *contamination* model to the quid pro quo character of market transactions. The starting point of artist Lewis Hyde is, for instance, that art is a gift and not a commodity: "if it is true that in the essential commerce of art a gift is carried by the work from the artist to his audience, if I am right to say that where there is no gift there is no art, then it may be possible to destroy a work of art by converting it into a pure commodity."<sup>20</sup>

The second humanistic critique of the price mechanism, the *independent spheres* model, is rooted in the so-called formalist tradition in art history. Formalism is centered around the notion of autonomy and claims a separate sphere for the arts, elevated “above the stream of life.” Rather than prices contaminating the art world, the intrinsic values of the arts and the instrumental values of the economy are radically separated in this model: “[f]or, just as there are distinctive and irreducible economic, moral, intellectual and religious values, so there are and must be wholly discrete and irreducible aesthetic values: values that cannot be explained in terms of any other values, and in terms of which we properly respond to works of art.” The American art critic and protagonist of abstract expressionism Clement Greenberg interpreted the rise of modern art likewise as a withdrawal from bourgeois society and “the markets of capitalism”; since the values of capitalism and the values of modern art oppose each other, art that failed to withdraw from society degraded to kitsch.<sup>21</sup>

Although the formalist tradition, which has been represented by famous art historians and critics like Clive Bell, Roger Fry, Clément Greenberg, and Michael Fried, is no longer flourishing, the tendency to dichotomize price and value of art “possesses greater staying power than meets the eye.”<sup>22</sup> Whereas its *independent spheres* model denies *nothing* but explanations of economists by claiming that value is irreducible to price, it reconfirms the economic perspective at the same time by granting that the art market and the price mechanism are essentially a-social and non-cultural phenomena.

### **Sociological analyses of prices**

Neither *nothing but* nor *hostile worlds* approaches to prices are effectively countered in sociological accounts of the price mechanism. In fact, the price mechanism has been by and large ignored by economic sociologists. Following Karl Polanyi, the standard assumption is that prices are determined by tradition or command in the “embedded” economies of pre-industrial societies, but by the “impersonal” forces of supply and demand in “disembedded” modern economies. The idea that pricing goods involves social activity and cultural interpretation is, in other words, neglected. Some sociologists have even emphasized the sharp contrast between socially embedded action and the “atomized market governed by the price system,” suggesting that price formation is essentially a non-social and disembedded economic process.<sup>23</sup>

Some notable exceptions exist, starting with Max Weber, who presented “money prices” in *Economy and Society* as “the product of conflicts of interest and of compromises; they thus result from power constellations.” In other words, Weber saw prices as the expression of the market struggle between relatively autonomous economic units. Anthropologist Robert Prus found that, “[d]espite its ‘depersonalised’ ... referents,” price setting on “ordinary” retail markets is a “socially derived activity.” Likewise, Charles Smith has convincingly argued that even auctions, which should approximate the economic model most closely because of their alleged transparency, deviate significantly from this model. Contrary to the assumptions of economic theory, bidders do not know the economic value of objects for sale; their estimates tend to be based on collective opinions that are highly subject to modification. As a result, prices do not reflect a simple composite of individual evaluations, but rather complex, collective evaluations, which are subject to intra-group influences.<sup>24</sup>

Furthermore, a number of recent, either social structuralist or institutionalist, studies of prices have elaborated on Weber’s remark that prices result from power constellations, conflicts of interests, and compromises. Harrison White has argued on a number of occasions that they are social formations or social constructions, which function by virtue of established rules of the game that producers tacitly obey. This means that prices do not “mysteriously emerge from ‘the market,’” but are instead “part of the terms-of-trade and are socially constructed by the actors involved in the exchange.” Patrick Aspers applies White’s perspective to the Swedish market for fashion photography, and concludes that price differences must be seen as status differences among photographers. Reversing the neoclassical economic approach, Neil Fligstein argues in his “Markets as Politics” approach that price competition is a source of instability in markets, which firms therefore try to avoid rather than enhance. Valery Yakubovich, Mark Granovetter, and Patrick McGuire argue that the uniform pricing schemes that came about in the late-nineteenth-century electricity sector reflected intra-industry political struggles, power configurations, and social networks rather than economic pressures propelling toward increased efficiency. Thus a sub-optimal rate system for electricity came into being, which was subsequently locked in for the century to follow; Ezra Zuckerman argues that firms pay an “illegitimacy discount,” that is, a lower stock price than their industry companions, if they fail to manage their identity properly. The mechanism is that such failures lead to a “coverage mismatch,” i.e., a situation in which stock analysts

do not recognize the firm as belonging to the industry the analyst covers. Given the influence stock analysts have, this depresses the price of the stocks; Wayne Baker has shown how volatility of stock prices depends on the social structure of the market and the size of networks in which traders operate; Joel Podolny argues that the status of a firm within the market has consequences for both costs, benefits, and the prices charged.<sup>25</sup>

Privileging the role of social structure, these studies have left cultural aspects of markets by and large unexamined.<sup>26</sup> In particular, they do not recognize that prices are embedded in webs of meaning rather than just in social networks. My interview data suggest, however, that prices have a symbolic dimension, that economic actors attach cognitive and cultural meanings to prices, and that they communicate these meanings to others. In the next section, I show that cognitive meanings of prices are related to the valuation of artworks. Afterward, I show that the meanings that prices convey are not just related to artworks, but also to the actors who trade them; in particular, prices are expressive of the identity of producers, consumers, and distributors of art; they serve as status symbols for these actors; and prices enable these actors to enact their role in the market.

### **Economic anomalies**

My interview data suggest that prices for contemporary art convey meanings that rely on cognitive processes involved in evaluating art. These cognitive processes help us explain two major anomalies of the price mechanism on the market for contemporary art. The first anomaly is the existence of a strong taboo on price decreases. This particular feature of the art market has been widely recognized in academic literature on the art market, it appears in artist's guides to the market; and it is universally acknowledged by the dealers I interviewed.<sup>27</sup> When I questioned them about price decreases, I received answers like: "a work of art is never decreased in price, never" (US14), "the problem is that if your prices are very high, you cannot go back anymore" (NL16), or "I have a moral responsibility to maintain the price, a responsibility towards the community I am involved in" (US11) [Note: parenthetical references are to numbered US and NL interviews – see endnote 2.]. In fact, art dealers and artists seem to behave more like *price* than like *profit* maximizers. In their everyday models of the art market, the concept of price elasticity, which is so central to eco-

conomic theory, plays a subordinate role. From an economic perspective this may make sense as far as the negative effect of price decreases on the investment potential of art is concerned. At the same time, the finding must be puzzling for economists because it inhibits the movement of the market into equilibrium: if lowering prices is really impossible, the market cannot be cleared in case of excess supply.

The second anomaly is that artworks of equal size within the oeuvre of one artist almost invariably have the same market price.<sup>28</sup> An American dealer explained forcefully: “You cannot price works differently. During the artist’s lifetime, whatever you exhibit has to be described as of equal merit. Everything an artist shows is of equal merit” (US14). Even if both the artist and the art dealer agree that some works are better than others, or excess demand can be anticipated for some works (for instance because it appears on the cover of the exhibition catalogue), this pricing norm is applied. Dealers who abstain from applying this norm are fully aware of this and are ready to provide a legitimization for their deviating behavior. One old, established Dutch dealer argued for instance that she could not intervene in the practice of some of her artists who price according to quality rather than size, given their standing, age, and exclusivity. They price masterpieces higher (NL12). An American dealer said that occasionally, when an artist has an established reputation, she considers deviating from pricing according to size. In those cases she would price according to “importance” or “difficulty” (US17).

To price according to size is another economic anomaly since prices for individual works are not differentiated according to demand for those works. This does not just mean that efficient allocation of resources is inhibited, but also that art dealers miss out on a price premium on works they expect to sell more easily; they fail to exploit excess demand for some works, in other words. This is indeed acknowledged by the dealers I interviewed. As one of them put it: “there is always somebody’s favorite piece in the show that you can sell ten times over” (US8). Furthermore, it runs counter to the tendency of artists to price works according to the emotional bond they have with it. “Some artists price one work higher than the other work of the same size. I oppose that practice, because I think it has to do with an emotional bond the artist feels for the work, which is actually irrelevant.... The buyer has to be able to choose between equal artworks with equal prices,” a Dutch art dealer complained (NL7).

To explain these two anomalies, we first need to understand the radical uncertainty about the value of contemporary art. An important characteristic of the art market is that individual actors do not know the value of objects, and that criteria to evaluate the quality of the work are lacking. As Stuart Plattner has argued in his ethnography of the St. Louis art market, “the bankruptcy of art criticism and evaluative art theory traced historically to the triumph of the impressionists and the dealer-critic system that marked them, means that value is mysterious, socially constructed, and impossible to predict a priori without an experts’ knowledge.”<sup>29</sup>

Commensurating values, in this case by pricing artworks, provides a means of managing uncertainty. In particular, my interviews show that mental associations exist between prices, cultural value, and the status of artists and dealers. I found that prices, price differences, and price changes are associated with changes and differences in quality of the work; these associations are based on conventions, which are learned through a process of “semiotic socialization,” as cognitive sociologist Eviatar Zerubavel calls it.<sup>30</sup> Thus the economic entity of price becomes a *signifier* that refers to non-economic *signifieds* such as the quality of an artwork or the status of the artist; prices come to signal quality or status, in other words.

My claim is not that price signals are the only signals in the construction of value and of status hierarchies in the art world. They interfere with other signals as diverse as previous acquisitions of the artist’s work by museums and leading collectors, the location of the gallery, the design of advertisements and sales catalogues, the language that is used to qualify the artist’s oeuvre, or the dressing and speech codes of the artist and the dealer. What distinguishes price signals and the cognitive meanings they convey from these other signals, however, is the numerical quality that makes them relatively easy to read and interpret. As Wendy Espeland and Mitchell Stevens have argued, “one virtue of commensuration is that it offers standardized ways of constructing proxies for uncertain and elusive qualities.”<sup>31</sup>

### **Cognitive meanings of prices for art**

How do these cognitive meanings account for the anomalous pricing rules on the art market? When setting prices, dealers take into account that collectors infer judgments about the quality of the work from its

relative price or from a price change. First of all, I found that, according to art dealers, the danger of low prices is that collectors do not take the work seriously. If a work is priced lower than the conventional or expected price level, collectors may be pleased, but at the same time it incites distrust about the quality of the work. As an American dealer said: “Sometimes you can find work that is greatly undervalued, and people say ‘wow, is that only that price?’ [Confidential tone:] that makes them nervous, they think it should be a higher price. It is a psychological factor” (US10).<sup>32</sup> This property of art markets has been recognized in previous research on art markets. Plattner argued that “[i]n the absence of a well-defined set of rules for judging quality, price and how widely the work is distributed are taken as a signal of excellence.” In her study of the French art market, Moulin noted similarly that “[g]iven the confusion of values that currently prevails in the world of art, confused buyers who admit their incompetence to make up their minds see high prices as a guarantee of aesthetic quality.”<sup>33</sup>

The second manifestation of the constructive, meaningful role of prices is encapsulated in the norm of pricing according to size. The rationale to avoid pricing works of the same size differently is that, by allowing for price differences, dealers would convey implicit messages about differences in quality of the works exhibited. Such messages are avoided for a number of reasons. First of all, they would create a sense of disorder in a market where uncertainty already reigns. As one dealer put it: “Let me miss out on that upper part of the price I am not able to ask. Stability is more important than that extra bit of money” (NL9). Also, many dealers question whether their own value judgments are similar to those of their customers; they said that they cannot predict how collectors will evaluate individual pieces in a show. By pricing all artworks equally, dealers seek to let buyers decide themselves what they like. Says a Dutch dealer: “Who am I to determine that this painting is more interesting than the painting of the same size hanging next to it? It has frequently happened that I think ‘I would buy this and that work,’ but that the first work people buy is one I would never have guessed” (NL6). Another dealer argued that to make such distinctions in quality by means of price differences is “doing art history rather than dealing in contemporary art” (NL11). Finally, a straightforward economic rationale for this pricing norm is that attaching a higher price to one work may lead to difficulties selling the lower-priced works in a show. One of my respondents, for instance, admitted that pricing according to size rather than quality means that “the real hits” are less expensive than they could be, but, he continued, “you violate another

system if you would comply with that. You will have a more difficult time selling the rest. In fact, you reconfirm that the rest are less desirable” (NL9).

The third contribution of prices to the construction of value is related to price changes rather than price differences or absolute price levels. Contrary to other markets, including those for cultural products such as literature or music, success on the art market is measured in terms of rising prices rather than rising sales.<sup>34</sup> An increase in the price level of an artist’s work therefore conveys the message that his career is developing or that his art is being accepted in the art world; simultaneously, it makes collectors feel secure about the acquisitions they have made in the past or that they intend to make in the future. The positive meanings of increases induce dealers to be price rather than profit maximizers: since rising prices are perceived as a sign of success and as a confirmation of the quality of the work, dealers and artists have an incentive to produce scarcity actively. This provides a tentative explanation for the fact that galleries, both in the past and in the present, deliberately restrict the number of works they hang in an exhibition; for the fact that even highly successful artists like Mark Rothko, Francis Bacon, or Picasso left a large number of works when they died; and for the fact that art dealers are eager to restrict the edition size of photographs and prints. All these practices suggest that artists and their dealers aim at maximizing prices.<sup>35</sup>

The opposite argument applies to price decreases. Price decreases affect more than just the financial return on investing in art. In fact, such a direct economic effect was not even mentioned in the interviews. Instead, dealers were concerned about the meanings that those decreases convey to collectors. However strong the economic logic of a price decrease may be, by lowering the price an art dealer conveys a message about the worth of an artist’s work. They create “suspicion in the audience,” as one dealer put it; as a result, collectors will “distrust your instincts” and will “lose faith.” Given the wording they choose, dealers apparently consider the collector’s appraisal of art to be fragile. If the collectors’ belief in the artistic value of the work is harmed because of a price decrease, the consequences can be dramatic. One dealer said that “if [the price] is going down, they will start asking what’s wrong with it. That can have a huge backlash and can destroy a career at the beginning” (US8). Another dealer confirmed with regret that “[y]ou drop the artist, because you cannot drop the price” (US19). Art dealers are particularly reluctant to decrease prices because they

expect that information about such decreases will spread quickly in the art world.<sup>36</sup>

The dramatic consequences of price decreases on the collector's appraisal generate an incentive for art dealers to start low and increase prices only cautiously.<sup>37</sup> Nevertheless, in the unfortunate situation of prices that are higher than the market "bears," there is a repertoire to decrease prices less visibly. The repertoire lacks the legitimacy of most other pricing norms, which means that dealers only make use of it in emergency situations. First of all, the size of the work which the artist and the dealer select for an exhibition can be increased while keeping prices on the same level; de facto this reduces the selling price per unit of size, albeit in a concealed way.

The second strategy is to "restructure" the prices of an artist's work once he changes galleries. If an artist, either voluntarily or involuntarily, leaves a gallery and finds representation at another one, the taboo on price decreases is temporarily annulled, which makes it legitimate to start from scratch with prices. As a director of a large, multinational art dealership affirms: "Because of a kind of bubble or inflated period in time, an artist can be doing fantastic prices, and then show no activity.... That is an opportunity to bring on very good people who are already very established, who need representation and will agree to lower their prices.... Some artists can be very well known, and still come and take a cut in their prices.... There were certainly some people who left [during the crisis of the art market in the early 1990s]. The other ones who entered the gallery were very well known, and agreed to restructure their prices. So when there is a recessionary period, you jumble around and readjust" (US2).

The third component of the emergency repertoire that I encountered is to decrease prices when an artist experiments with a new technique or develops a new body of work. Finally, the most frequently used technique to achieve price decreases is to award discounts. Although this practice is only enacted when the market dictates it, discounts provide dealers the best of both worlds: on the one hand discounts allow dealers to maintain high prices as a sign of quality, on the other hand they reaffirm social ties between dealers and collectors.

### **Beyond signaling**

At this point, the question seems warranted of what a sociological analysis of prices in terms of cognitive meanings adds to the *nothing but* economic approach discussed before. In particular, my findings merely seem to confirm signaling theories, which hold that price signals quality in case of uncertainty. Furthermore, the norm to avoid price decreases can be seen as a manifestation of the widespread phenomenon of price stickiness, which has been a major concern of Keynesian economists. With respect to labor markets, my findings resemble the phenomenon known as wage rigidity. Just as price decreases are avoided on the art market, economists have long recognized that wages do not fall in cases of unemployment. Keynes stated in chapter 2 of the *General Theory* that workers are mainly concerned about relative wages, that is, their own wage compared to those of others. As a result, employers would avoid wage decreases, unless all firms cut wages simultaneously. Other explanations of such rigidities by economists like Robert Solow and Georg Akerlof suggest that price decreases have a negative effect on the morale of workers. Wage decreases may result, in other words, in lower productivity. Stiglitz argued that employers refrain from hiring workers who offer their services for a lower wage in case of unemployment, because they interpret these lower wages as a harbinger of low productivity. Thus, in a situation of excess supply on a labor market, price decreases will be difficult to achieve because they send out a negative signal about the quality of the labor supply.<sup>38</sup>

Finally, my finding that dealers prefer price discounts to price decreases could be interpreted as a manifestation of what Harvey Leibenstein has called a “Veblen effect”: Leibenstein argued that the utility consumers derive from certain goods not only depends on its inherent qualities, but also on the price paid for it. For this reason, it is necessary to distinguish the real price and the conspicuous price of a good: since consumers derive utility from the conspicuous price, but want to buy the good at a bargain nevertheless, middlemen have an incentive to set posted prices high, and subsequently discount them.<sup>39</sup>

Nevertheless my claim is that a sociological analysis of meanings of prices does lead to a richer understanding of the price mechanism than these economic explanations do. First of all, price signals do not just serve the economic purpose of making sales to collectors or maximizing productivity of artists. As I show, a) meanings of prices and price

changes prompt dealers to enact their multiple roles of gatekeepers, confidants and patrons of artists; b) these meanings contribute to establishing status hierarchies among collectors and artists and expressing their identity; c) they structure the art world on a supra-individual level; d) also, I show that meanings of prices are always contextual and equivocal.

### *Enacting roles*

The fact that art dealers refuse to price according to quality is not just related to the signaling effect of prices. They also refuse to do so in order to enact their role as gatekeepers of the art market. This gate-keeping role not only implies that dealers function as a selection mechanism for new artists entering the market, it also means that art dealers perceive the gallery as the main screening device for every individual artwork that enters the market. This role requires setting prices according to size. By accepting price differences, dealers would implicitly admit that differences in quality exist in the works for sale. Thus, their gate-keeping role would be undermined. As an American dealer explains: “[pricing works differently] implies that the integrity of the artist is not consistent throughout, that he has made this one piece better. I think that that is playing an immoral role, it is an inappropriate role. You make sure he is not going to put in a piece of crap; you make sure he is going to edit his work himself, and that the dealer does so as well” (US8). The moral nature of the pricing norm was likewise underscored by a Dutch dealer who argued that pricing works differently “is condescending towards the audience, because it presupposes that you determine on your own what is good and what is not . . . . It may be true that you like one work better than another, or that it is easier to sell, but nevertheless you have to guarantee that if somebody buys at your gallery, he won’t buy rubbish. No second rate art” (NL16).

Conversely, the norm of avoiding price decreases symbolizes the dealer’s role as a confidante of his collectors. In this role, dealers are supposed to provide collectors with trustworthy advice on the basis of their superior knowledge of the art market. Even when a collector has already acquired a work, and has no intention of reselling it, rising prices are crucial, because they provide a sense of reassurance to collectors who spend vast amounts of money on goods that have no apparent utilitarian value. Says an American dealer, who advises a small number of billionaires in their acquisitions of artworks, sometimes over \$1 million

each: “They permanently have to explain to themselves why they spend so much money on art, sometimes up to 40 percent of their total net worth. So they want to hear all day long that it makes sense, what they do” (US2).

The norm of pricing low and avoiding price decreases not only symbolize the dealer’s role as gatekeeper and confidant of collectors, but also his caring role toward artists. Especially young artists, who have high expectations and whose self-confidence has grown once they find a gallery, are eager to price their work high; they lack experience regarding pricing strategies and knowledge regarding customary price levels. Dealers told me that they see it as their duty to “protect” these artists against themselves and against their market. Instead of granting those artists the sweet pleasure of high prices, an art dealer can provide them other sources of self-esteem, such as taking their work to art fairs, or achieving critical attention from museums and critics. Such forms of attention serve as a less risky substitute for high prices.

This caring role of dealers vis-à-vis artists provides an additional reason to avoid price decreases: they negatively affect the self-esteem of artists. Says an *éminence grise* of the New York gallery scene: “[A price decrease] has a caustic reverberation. If the artist goes down, it means the gallery has lost confidence in him, or the collectors have lost confidence, or he lost his audience. Those are the implications, and you must never allow for those implications, because if you continue to exhibit him, it means that you continue to have faith in him. And if you continue to have faith in him, that means you believe that the artist’s progress is ongoing. It is injurious to an artist if he finds that he cannot sustain his price level. That is a blow to his self-esteem” (US14). Indeed, even the most reputed dealers I interviewed, representing well known artists who sell works to museums for \$100,000 or more, confirmed that prices are a “personality issue,” which implies that price decreases need to be avoided.

### *Plentiful and cheap*

Price levels also express identities of art dealers, collectors and artists and contribute to establishing status hierarchies among them. Thus, prices not only refer to objects, as economists assume, but more so to the people who produce, distribute, and consume them. That high prices of artworks turns them into a status symbol was noted by the

institutional economist Thorstein Veblen in the *Theory of the leisure class*. Veblen argued that consumption behavior of the leisure class is governed by “pecuniary canons of taste,” which induced members of the class to value objects in proportion to their monetary costs: “the utility of these things to the possessor is commonly due less to their intrinsic beauty than to the honour which their possession and consumption confers, or to the obloquy which it wards off.”<sup>40</sup>

My findings suggests that not just the price, but also the difference between the current market price and the original acquisition price serve as a status symbol. Rising prices enable collectors and art dealers to express their “aesthetic eye” and the heroic role they play in the art world: by contrasting the low level of the original acquisition prices with the high present market value of their holdings, actors on the art market convey how early they were able to spot the quality of an artist’s work. The Dutch collector Frits Becht, for instance, recounted in an interview with a Dutch weekly how he bought a work by the Dutch artist Co Westerik for €75 in the 1950s, and emphasized that he could sell it 30 years later for 1,000 times that price. Likewise Sidney Janis, a famous post-war gallery owner in New York, remarked in an interview how difficult it was to sell works of abstract expressionist painters when they had their first exhibitions in his gallery. Work by Willem de Kooning was sold for \$1,800, while a work by Jackson Pollock cost \$8,000 in 1952. Janis comments: “Twenty years later I bought it back for 350,000 dollars and gave it to the Museum of Modern Art. We sold *Blue Poles*, a somewhat smaller picture, for \$6,000, and eventually it was sold to the Canberra Museum in Australia for a reputed \$2 million.” In another interview, Janis emphasized how “over the past decade the works of every one of the artists [he represented] have at least tripled in value, while those of several have gone up eight or tenfold.”<sup>41</sup> For him, as for many collectors, the gap between the original acquisition price and the present market value functions as a status symbol.

This also implies that some collectors are triggered by low rather than high prices when they buy art. Keen on potential increases in value, and reassured of their own capability to “spot quality,” they refuse to buy for high prices. The American collector Paul Cummings, for instance, likened the excitement of collecting paintings to buying “strawberries ... when they’re plentiful and cheap.”<sup>42</sup> Thus, dealers need to have contextual knowledge in order to know in which cases they should signal quality by means of high prices, and in which cases

they should emphasize the discoverer character of low prices. One of my respondents said he priced art as low as possible in order to make sure that “people look with their eyes, and do not pay attention to status” (NL4). A colleague of his claimed likewise: “Look at the difference between something that costs €10,000 or €50,000: you will get another audience with either price level, and you may find one sort of public nicer than another, to put it in general terms. Maybe it is more pleasant to sell things that cost €10,000, because the people that can afford it are nicer to deal with and speak to” (NL11).

Just as the difference between the original and the present market value of art is a status symbol for collectors, prices establish status hierarchies among artists. The cultural economist Ruth Towse argued that “monetary payment is a ranking device; if artist A is paid more than artist B, he feels more valued thereby. Many artists accept the judgment of the market.” In her research on the art market of the 1980s, Krystyna Warchol noted likewise: “High prices are read as messages sent by the student to the community which say – as one student put it – ‘I am pretty damned good, I am better than you are.’” Given that artists interpret such rankings as judgments of their self-worth and the quality of their work, they are fiercely contested. During group exhibitions, the ranking effect of prices is particularly evident, and may be a source of dispute among artists. An eminent New York art dealer spoke of the tension that “permeates the entire art community, that certain artists are achieving very high prices, and that other artists think they are not worthy of those prices” (US14).<sup>43</sup>

### *Structuring the art world*

Another phenomenon that signaling theories in economics do not account for is that price signals do not just concern the level of individual artists and their artworks, but also entire artistic movements or the hierarchical position of countries in the international art world. By confirming the rise and decline of artistic movements, the price system structures or provides order to the art world historically and geographically. To give examples of historical price-based structuring: in 1914, the outstanding collection of a small group of French investors known as *La Peau de l'Ours* came up at auction at the Parisian Hôtel Drouot. The group had bought new, predominantly cubist artworks by artists such as Picasso before their careers had been established. The success of the auction was perceived by art

critics as “a confirmation of the art’s importance that their own aesthetic evaluations could not confer.” When abstract expressionism rose in New York after World War II, this was at the expense of an older generation of American artists whose prices subsequently plummeted. In the late 1990s, to give another example, record prices for artistic photographs were likewise interpreted as the ultimate confirmation that the medium of photography was finally taken seriously in the art world. An instance of geographical structuring is a recent report commissioned by the French government, which interpreted the fact that prices of contemporary French artists are lagging behind the international standard as a sign of the sorry state of the contemporary French art world. This in contrast to the nineteenth-century predecessors of contemporary French artists.<sup>44</sup>

Apart from structuring the art world internally, high prices also structure the relationship of the art world to the remainder of society. Art historian Frances Haskell has pointed out that historically high prices “raised the whole status of art in the eyes of the world.” This status-raising effect of prices has practical, unintended consequences. For instance, it results in a concentration of scarce resources directed at preserving artworks rather than other objects that societies have manufactured throughout history. Thus, high prices contribute to the preservation of art for future generations. As a gallery owner claims: “There is a very important moral function carried out by high art prices, by the fact that this makes art valuable. A society can preserve only things that are valuable . . . the great moral contribution the market makes to art is the value it imputes to art which in turn leads to its preservation.”<sup>45</sup>

### *Contested meanings of prices*

A final critique of economic signaling theories is that they presuppose a mechanistic relation between price and quality. Instead, I found that the meanings that price signals convey are far from unequivocal, and always need to be interpreted by actors. They are based on conventions that need to be learned: without knowledge of prices for art, a certain price difference, price level, or price change will be meaningless. Prices only become meaningful through a process of “semiotic socialization,” which largely coincides with becoming part of the arts community. Conversely, an outsider to the arts community will not understand or will contest the cognitive and cultural meanings that prices convey.

Thus, when sociologist David Halle studied artworks on display in private houses in New York and asked their owners about the meanings these works had for them, he recorded the following statements: “Some of the modern stuff is o.k., but a lot of the stuff is either ugly or a put-on. These million-dollar price tags are a big put-on. Most of the French Impressionists could paint; they really did wonderful things. But a lot of the modern artists can’t paint. Jackson Pollock is a big hoax. It’s ‘Nothing But’ drips.” Another respondent said: “I stand looking at two blobs, trying to find a meaning in it. The meaning is that they can get fantastic sums of money for the works!” In the Netherlands, museum acquisition of paintings by modern artists like Piet Mondrian and contemporary artists like Jeff Koons and Bruce Nauman were followed by heated media debates over the legitimacy of high prices paid by art museums. As the Dutch art critic Sven Lütticken argues in a review of these debates: “The prices modern artworks received were always an efficacious instrument to make an issue of the aversion to them. It made that abject modern art even more repulsive.” Such disputes serve to reinforce the communitarian character of the art world; they mark its difference from the remainder of society, and create a boundary between those who understand the legitimacy of high art prices, and those who don’t.<sup>46</sup>

Also within the art world, the price mechanism may lead to confusion, misunderstandings and contestation. This becomes apparent when an artist is insulted by the low price a dealer sets for his work, when collectors mistrust prices that are either lower or higher than they expect, or when dealers ridicule the high prices that a colleague has set. I ran into dealers who thought of an artist and her cautious pricing preferences as too modest, and into others who interpreted their artist’s demands for high prices as a symbol of a misplaced sense of superiority. As an American dealer told about one of the artists she represents: “a painter I work with constantly wants me to raise the prices, raise the prices. She is very confident, thinks she is the best painter alive. Well, I am not sure.... Her prices are around \$20,000, but she wants them at 25 or 30.... I’d rather keep them lower, even if it is frustrating for her. But her argument is, look at Cecily Brown [a successful artist at the time]. At auctions her work has gone for \$75,000 because people are crazy, and I cannot make that happen for her” (US17). Market prices are not definite, specific or concrete at all for actors on markets. Contrary to what economic signaling theory presupposes, prices may have many different meanings simultaneously.

Disputes over meanings of prices are particularly outspoken between an “avant-garde,” artistic, or supply-oriented circuit and a “commercial,” demand-oriented circuit for relatively easily accessible art. Dealers, artists, and collectors in the latter circuit, dispute the high prices that artworks achieve in the former. For them, the high prices of the avant-garde circuit symbolize the vacuity of modern art. Art critic Diederik Kraaijpoel commented, for instance, in a Dutch weekly about the Stedelijk Museum’s acquisition of a light sculpture by Bruce Naumann, which depicts several men engaged in promiscuous sex: “Something that costs 800,000 guilders cannot be funny; you do not pay that much for a good joke. A large expensive artwork has to carry a considerable amount of cultural luggage. It does not have to be the Sistine Chapel right away, but the ambitions of the maker, the gallery owner and the buyer will have to tend in that direction.”<sup>47</sup>

### **Price as a sacrifice**

Adherents of a *hostile worlds* point of view may argue at this point that, in responding to economic arguments, the commensurating and contaminating effect of prices has merely been underscored. The findings regarding meanings of prices could, in other words, confirm *hostile worlds* ideas that the way artists, collectors, and dealers relate to each other and to their art, is cast in numbers. My claim is, however, that commensuration is more complex, and that its effects are more varied than the *hostile worlds* view allows for. Let me here elaborate on meanings of prices that go unrecognized from a *hostile worlds* perspective.

To begin with, the price mechanism reinforces rather than just undermines the incommensurability of art. The reason is that the large amounts of money for which artworks are bought and sold set them apart from other goods. Indeed, as Georg Simmel argued in *The Philosophy of Money*, monetary measurement has the opposite effect of commensurating value if prices are high: “it must be emphasized here that what is generally true is that the degradation and humiliation of human value decreases if the purchase prices are very high. For money value in very great sums contains an element of rarity which makes it more individual and less interchangeable and thus more appropriate as an equivalent of personal values.” These sums install a good with “that ‘superadditum,’ with fantastic possibilities that transcend the definiteness of numbers.” Anthropologist Kopytoff argued likewise that “[i]n a pluralistic society, the ‘objective’ pricelessness of

the Picasso can only be unambiguously confirmed to us by its immense market price.... Singularity, in brief, is confirmed ... by intermittent forays into the commodity sphere, quickly followed by re-entries into the closed sphere of singular 'art.'"<sup>48</sup>

Simmel's *Philosophy of Money* counters *hostile worlds* resistance against monetary measurement and against the uniformity of prices in a second way. Value, Simmel maintains, comes into being only when something needs to be sacrificed to obtain it: "The valuation arises only from the fact that something must be paid for a good: the patience of waiting, the effort of search, the application of labor-power, the abstinence of things otherwise desirable." Usually, however, the sacrifice is made by paying a price in monetary terms. Thus, Simmel concludes that value does not come into being without price. Studying the habits of the heart of art collectors in the Netherlands, the Dutch sociologist Renee Steenbergen encountered such a notion of sacrifice in the decisions of collectors, whose passion for collecting forced them to raise mortgages or to take loans. These collectors denied themselves luxury expenses such as new cars or frequent holidays; some of them performed manual labor such as painting their house in order to save money for their art addiction.<sup>49</sup>

These sacrifices are experienced not just by the collectors who have to make them, but also by the artists who benefit from them. The successful Dutch artist Sam Drukker claimed that he gets "a kick out of the fact that people are willing to give three monthly salaries for a painting of mine." Their remarks suggest that the price collectors are willing to pay for the efforts of artists does not corrupt their self-esteem, but provides them with an emotional reward. In turn, collectors themselves feel inclined to demand a sacrifice from others who want to obtain a work from their collection. Take the case of the American couple Tremaine, who ranked among the world's biggest collectors in the 1980s. When they donated work to a museum, which they did with some frequency, the Tremaines often saw it disappear in storage space. Displeased with this outcome, the couple decided to sell work to museums rather than donate to them: "With good reason, Emily [Tremaine] thought the museums appreciated works most if they had to pay for them. When the Metropolitan paid a great price for a work, people came to see it, and even if tainted by commercialism at the moment, it was displayed as a major work of art with the full prestige of the museum behind it." The fact that a museum had to make a sacrifice, to purchase an artwork, induced curators to exhibit the work

more frequently than donated works for which no apparent sacrifice was made.<sup>50</sup>

Apart from transmitting a notion of sacrifice, prices can be a more clear-cut and therefore more meaningful type of praise or recognition for artists than reviews by critics and peers, attention from cultural institutions, or compliments by collectors and dealers. This meaning of prices invokes the notion of a “market experience” as political scientist Robert Lane calls it. Lane argues that apart from generating income, participating in the market and its social fabric is a source of emotional satisfaction in itself: it contributes to human development and to establishing a sense of worth.<sup>51</sup>

Take the case of Tim Robbins, a critical New York artist who, being highly influenced by Marx, was concerned about the wasteful culture that capitalism created. To counter what he calls “waste of human resources,” he established the art program *Kids of Survival* (K.O.S.) in 1982; this program was directed at developing the innovative and creative talents of learning-disabled and emotionally handicapped teenagers in the New York neighborhood of the South Bronx. In an interview with the magazine *Art in America*, Robbins expressed his pride in the commercial success of the program, since it enriched the material life of a group of teenagers, whose future would otherwise have been destitute. His pride was not only related to economic success, but also to artistic success. Because of the exceptional group of collaborators, Robbins recounts how he “had to defy the expectations and prejudices that people generally have about a bunch of kids and a schoolteacher.” To show that they have accomplished that, the artist talks prices in the interview: “I think we have done that – from \$5 bricks in 1981 to over \$150,000 for a major work today.”<sup>52</sup> In other words, Robbins, his Marxist background notwithstanding, conveys the artistic achievement of himself and the South Bronx teenagers by referring to the price increases as a summary of their artistic success and of their acceptance by the cultural community.

Finally, unlike the *hostile worlds* perspective assumptions, artists are not passive victims of the meanings that prices convey, but instead can shape these meanings to put them actively to their own use. The American sculptor David Smith, for instance, set prices so high that only a very small group of most persistent admirers could afford to buy his work; thus he expressed “a scornful attitude to a world that he believed had too long ignored and disdained him.” With a more playful

or ironic twist, a number of avant-garde artists have scrutinized meanings of prices in the work they make. An example is Yves Klein's solo exhibition "The Blue Epoch" in a Milan gallery in 1957. Although the works that Klein, one of the major post-war French artists, exhibited in the gallery were identical in all respects, including size, the prices for the works were different. "Of course," Klein explained, "thus I am looking for the real value of the picture." Klein saw his project succeed. In a mystifying language common to the artist, he argued that since buyers were willing to pay different prices for identical pictures, "the pictorial quality of each painting was perceivable by means of something else besides the material appearance." Stephen Keene, a New York artist, ridiculed the snobbism of the art world and the status effect of high prices for art in *The Miracle Half-Mile: Ten Thousand Paintings by Stephen Keene*, a solo exhibition at the respected Santa Monica Museum of Art. Keene painted 10,000 canvases, which visitors to the exhibition could buy on the spot for prices ranging between \$3 and \$100. Thus he commented on the art world's focus on high prices.<sup>53</sup>

### Conclusion

In a recent series of articles on the status quo of art history in the established journal *Art Bulletin*, the question was raised whether one can "ever hope to assess an object's aesthetic worth without taking into account its economic worth." Likewise, journalist Carter Ratcliff complained in the art journal *Art in America* that "as nonchalant about art and money as we have become, we still try to make that separation. We still assume that a price tag is one thing and a critical evaluation is another thing entirely. They are not."<sup>54</sup> In this article I have argued how economic theory, which argues that cultural value is *nothing but* another form of economic value, has impeded analysis of the way economic and cultural value become intertwined on the art market. So has the *hostile worlds* perspective of the humanities, which essentially dichotomizes price and value of art.

On the basis of a thick, qualitative description of the price mechanism, I have argued how, in a world that opposes commercial values, people find ways of communicating non-economic values via the economic medium of price. Prices, I argued in this article, tell stories that are not only about money, value in exchange, or monetary measurement. By listening to the way art dealers talk when they deal with prices and by observing what they do when they market art, I found that prices tell

rich stories about the caring role dealers want to enact, about the identity of collectors, about the status of artists, and the artistic value of art. They succeed in twisting and turning prices in different ways to make sense of their economic life.

The most striking phenomenon of the price mechanism for contemporary art is a taboo on price decreases. Economic theory has so far failed to provide a convincing explanation for this phenomenon; prices would adjust themselves automatically to the impersonal forces of supply and demand in either direction. In this article, however, I have argued that to come to a proper understanding of price formation, we have to take cognitive and symbolic meanings of prices into account. A price increase of the work of a certain artist may mean that demand exceeds supply from a conventional economic point of view, but taking meanings of prices into account it may as well be interpreted as a sign of quality to collectors or as a source of self-esteem for this particular artist. Conversely, because of the uncertainty about cultural or aesthetic value that prevails on the art market, price decreases will diminish belief in the value of the work an art dealer has carefully built up; price and value are in other words constituted simultaneously.

The question is how representative the contemporary art market is for other historical as well as modern markets. Anthropological research on *bazaar* economies indicates that cultural understandings of prices are pertinent to the bargaining rituals that accompany price setting in these economies. With respect to modern markets, marketing researchers have argued that pricing of consumer goods like food is more complex than economic theory assumes. In particular, their studies confirm my findings that cognitive meanings of prices are relevant when uncertainty about the quality of goods is high. As Neil Dorward argues: “[w]hile economics has concentrated on the allocative role of pricing, consumer research literature has emphasized the informative role played by price whenever consumers make brand choices in markets subject to product quality differences. The accepted marketing view is that when consumers have very little information on the product, they tend to regard price as an index of quality.”<sup>55</sup> In the end, however, because sociologists have so far neglected the symbolic dimension of prices, the generalizability of my findings is contingent upon further research. Thus, future ethnographies of specific markets and thick descriptions of pricing practices should bear out how unique the rich, symbolic meanings of prices for art are.

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## Notes

1. For review articles of recent literature in economic sociology, see Neil J. Smelser and Richard Swedberg, "The Sociological Perspective on the Economy," in Neil J. Smelser and Richard Swedberg, editors, *Handbook of Economic Sociology* (Princeton: Princeton University Press, 1994); Geoffrey Ingham, "Some Recent Changes in the Relationship Between Economics and Sociology," *Cambridge Journal of Economics* 20 (1996): 243–275; Richard Swedberg, "New Economic Sociology: What Has Been Accomplished, What Is Ahead," *Acta Sociologica* 40 (1997): 161–182; Bruce G. Carruthers and Brian Uzzi, "Economic Sociology in the New Millennium," *Contemporary Sociology* 29/3 (2000): 486–494.
2. Between April 1998 and March 2001, I conducted 18 semi-structured, in depth interviews with art dealers in Amsterdam, and 19 interviews with art dealers in New York. In both cities, the same questionnaire was used. The interviews lasted 45 minutes to an hour on average. The selection of galleries was made on the basis of two factors: first, diversity in terms of age and location of the galleries is maximized; second, the sample is partially based on a snowball method, because interviews with some dealers were made on the basis of recommendations of gallery owners I had already interviewed. Transcripts of the interviews have been coded (in the text (NL) refers to Amsterdam art dealers and (US) to New York dealers, and the interviews are numbered, as in (NL2)). The textual analysis focuses on two main American art magazines, *ARTnews* and *Art in America*. Since comparable journals are lacking for the Dutch art market, most articles cited are from two daily newspapers with extensive coverage of the visual arts, *De Volkskrant* and *NRC Handelsblad*.
3. *Gallery Guide New York*, January 2002; *Alert. Galerie Agenda Amsterdam & Omstreken*, 19/2, (February 2002); for the turnover figures, see *1997 Economic Census of the U.S. Census Bureau* (National Endowment for the Arts, Washington, 2001); Ingrid Janssen, "Van kunstenaar naar koper. De spilfunctie van de galerie in de particuliere markt voor hedendaagse kunst," in Truus Gubbels and Ingrid Janssen, editors, *Kunst te koop! Artistieke innovatie en commercie in het nederlandse galeriebestel* (Amsterdam: Boekmanstudies/Mondriaan Stichting, 2001). The American census data on gallery turnover also include secondary market dealers, which tend

to have higher turnover, whereas the Dutch data are restricted to primary market dealers.

4. For such full accounts of the market for contemporary art, see, e.g., Raymonde Moulin, *The French Art Market. A Sociological View* (New Brunswick: Rutgers University Press, 1967 [1987]); Stuart Plattner, *High Art Down Home. An Economic Ethnography of a Local Art Market* (Chicago: Chicago University Press, 1996); Bernard Rouget, Dominique Sagot-Duvaurox, and Sylvie Pflieger, *Le Marché de l'Art Contemporain en France. Prix et Stratégies* (Paris: La Documentation Française, 1991); D. Sagot-Duvaurox, S. Pflieger, and B. Rouget, "Factors Affecting Price on the Contemporary Art Market," in Ruth Towse and Abdul Khakee, editors, *Cultural Economics* (Berlin: Springer, 1992); Olav Velthuis, *Talking Prices. Contemporary Art, Commercial Galleries, and the Construction of Value* (Erasmus University Rotterdam: Unpublished dissertation, 2002).
5. Paul J. DiMaggio and Walter W. Powell, "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields," *American Sociological Review* 48 (1983): 147–160; John Brooks, "Why fight it? Profiles: Sidney Janis," *The New Yorker*, 11.12.1960
6. Viviana A. Zelizer, *Morals and Markets. The Development of Life Insurance in the United States* (New York: Columbia University Press, 1979); Viviana A. Zelizer, "Beyond the Polemics on the Market: Establishing a Theoretical and Empirical Agenda," *Sociological Forum* 3 (1988): 614–634; Viviana A. Zelizer, "The Purchase of Intimacy," *Law & Social Inquiry* 25/3 (2000): 817–848.
7. Igor Kopytoff, "The Cultural Biography of Things: Commoditization as Process," in Arjun Appadurai, editor, *The Social Life of Things. Commodities in Cultural Perspective* (Cambridge: Cambridge University Press, 1986), 73.
8. Eviatar Zerubavel, *Social Mindscapes. An Invitation to Cognitive Sociology* (Cambridge: Harvard University Press, 1997); Richard H. Thaler, "Mental Accounting Matters," *Journal of Behavioral Decision Making* 12 (1999): 183–206.
9. Vera L. Zolberg, *Constructing a Sociology of the Arts* (Cambridge: Cambridge University Press, 1990), 25; Janet Wolff, *Aesthetics and the Sociology of Art* (Boston: Allen & Unwin, 1983); Howard S. Becker, *Art Worlds* (Berkeley: University of California Press, 1984); Pierre Bourdieu, *The Field of Cultural Production. Essays on Art and Literature* (Cambridge: Polity Press, 1993).
10. Alfred Marshall, *Principles of Economics* (London: MacMillan, 1890), 83; George J. Stigler, *The Theory of Price* (New York: MacMillan, 1987).
11. Walras cited in Gianfranco Mossetto, *Aesthetics and Economics* (Dordrecht: Kluwer, 1993), 40; Lionel Robbins, *An Essay on the Nature and Significance of Economic Science* (New York: New York University Press, 1932), 10; Gary Becker, *The Economic Approach to Human Behavior* (Chicago: University of Chicago Press, 1976), 7; Margaret Jane Radin, *Contested Commodities* (Cambridge: Harvard University Press, 1996), 8–9; see also Elizabeth Anderson, *Value in Ethics and Economics* (Cambridge: Harvard University Press, 1993), 8; Robert L. Heilbroner, *Behind the Veil of Economics* (New York: Norton, 1988), 104; see also Philip Mirowski, "Learning the Meaning of a Dollar: Conservation Principles and the Social Theory of Value in Economic Theory," *Social Research* 57/3 (1990): 689–717.
12. James Heilbrun and Charles M. Gray, *The economics of art and culture. An american perspective* (Cambridge: Cambridge University Press, 1993), 152.
13. Grampp, *Pricing the Priceless*, 8, 20–21.
14. Joseph E. Stiglitz, "The Causes and Consequences of the Dependence of Quality on Price," *Journal of Economic Literature* 25 (1987): 1–48; Michael Spence, *Market*

- Signaling: Informational Transfer in Hiring and Related Screening Processes* (Cambridge: Harvard University Press, 1974), 114; George A. Akerlof, "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism," *Quarterly Journal of Economics* 84 (1970): 488–500; John G. Riley, "Silver Signals: Twenty-Five Years of Screening and Signaling," *Journal of Economic Literature* 39 (2001): 432–478. Apart from quality signals, Spence distinguishes status signals, in which case "a large part of the price of the good can be attributed to exclusion costs, rather than to production and marketing costs"; cognitive meanings of economic processes have also been recognized by the Austrian school in economics. Peter Boettke, for instance, argues that "[t]he market process solves the problem of economic calculation by generating "signals" of individuals to orient their behavior to one another. The institutions of the market society serve as "aids to the human mind" in their capacity as guideposts to human action within a complex and uncertain world." See Peter J. Boettke, "Interpretive reasoning and the study of social life," in David L. Prychitko, editor, *Individuals, Institutions, Interpretations* (Aldershot: Avebury, 1995), 66.
15. Bourdieu, *The Field of Cultural Production*, 74.
  16. Neil De Marchi and Hans J. van Miegroet, "Art, Value, and Market Practices in the Netherlands in the Seventeenth Century," *Art Bulletin* 76/3 (1994): 451–464; J.C. Agnew, *Worlds Apart. The Market and the Theater in Anglo-American Thought, 1550–1750* (Cambridge: Cambridge University Press, 1986), 6. These accounts confirm Espeland and Mitchell's hypothesis that "the most frequent and most durable claims about incommensurability occur at the borderlands between institutional spheres, where different modes of valuing overlap and conflict." Wendy N. Espeland and Mitchell L. Stevens, "Commensuration as a Social Process," *Annual Review of Sociology* 24 (1998): 332.
  17. Tyler Cowens, *In Praise of Commercial Culture* (Cambridge: Harvard University Press, 1998), 10–11. As Adorno characterized capitalist society: "All of bourgeois society stands under the law of exchange, of the 'like for the like', of calculations which leave no remainder. By its very nature, exchange is something atemporal, like the ratio itself.... But this means no less than that memory, time, and recollection are liquidated as a kind of irrational remnant" (cited by Peter Bürger, *Theorie der Avantgarde* (Frankfurt am Main: Suhrkamp, 1974), 59).
  18. Arnold Hauser, *The Social History of Art* (New York: Random House, 1951).
  19. Ian Burn, "The Art Market: Affluence and Degradation," in Charles Harrison and Paul Wood, editors, *Art in Theory. 1900–1990. An Anthology of Changing Ideas* (Oxford: Blackwell, 1975 [1996]), 908; Robert Hughes, *Nothing If Not Critical. Selected Essays on Art and Artists* (London: Collins Harvill, 1990), 400, 20; Douglas Davis, "The Billion Dollar Picture?" *Art in America*, July 1988: 21–22. This confirms Zelizer's characterization of the humanistic critique of the market: "First, price and value are seen as entirely dichotomous categories; second, economic concerns are constantly and inevitably enlarging; and third, the power of price to transform (usually corrupt) values is unquestioned, while the reciprocal transformation of price by value is seldom conceptualized." See Viviana A. Zelizer, *Pricing the Priceless Child. The Changing Social Value of Children* (Princeton: Princeton University Press, 1985 [1994]), 19.
  20. Arjo Klamer, "The Value of Culture," in Arjo Klamer, editor, *The Value of Culture* (Amsterdam: Amsterdam University Press, 1996); Lewis Hyde, *The Gift: Imagination and the Erotic Life of Property* (New York: Random House, 1983), xiii. See also Hal Foster, *The Return of the Real. The Avant-Garde at the End of the Century* (Cambridge: MIT Press, 1996).

21. Clive Bell, "Significant Form," in J. Hospers, editor, *Introductory Readings in Aesthetics* (New York: Free Press, 1914 [1969]), 91; Christopher B. Steiner, "Can the Canon Burst?" *Art Bulletin* 78/2 (1996): 213–217; Clement Greenberg, "Avant-garde and Kitsch," in S. Everett, editor, *Art Theory and Criticism. An Anthology of Formalist Avant-Garde, Contextualist and Post-Modernist Thought* (Jefferson: McFarland & Company, 1939 [1991]).
22. Thomas L. Haskell and Richard F. Teichgraeber, "Introduction," in Thomas L. Haskell and Richard F. Teichgraeber, editors, *The culture of the market. Historical essays* (Cambridge: Cambridge University Press, 1993), 1.
23. Richard Swedberg and Mark Granovetter, "Introduction," in: Mark Granovetter and Richard Swedberg, editors, *The Sociology of Economic Life* (Boulder: Westview Press, 1992), 8–12; the authors also review Arthur Okun's and Marshal Sahlin's theory of prices. Brian Uzzi, "Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness," *Administrative Science Quarterly* 42 (1997): 49.
24. Max Weber, *Economy and Society. An Outline of Interpretive Sociology* (Berkeley: University of California Press, 1922 [1978]), 108; Robert Prus, "Price-Setting as a Social Activity. Defining Price, Value, and Profit in the Marketplace," *Urban Life* 14/1 (1985): 59–93; Charles W. Smith, "Auctions: From Walras to the Real World," in Richard Swedberg, editor, *Explorations in Economic Sociology* (New York: Russell Sage Foundation, 1993), 181; Charles W. Smith, *Auctions. The Social Construction of Value* (New York: Free Press, 1989).
25. Harrison C. White and Robert G. Eccles, "Producers' Markets," in John Eatwell, Murray Milgate, and Peter Newman, editors, *The New Palgrave Dictionary of Economic Theory and Doctrine* (London: Macmillan, 1987), 985; Harrison White, "Where Do Markets Come From?" *American Journal of Sociology* 87 (1981): 517–547; Patrik Aspers, *Markets in Fashion. A Phenomenological Approach* (Stockholm: City University Press, 2001); Neil Fligstein, "Markets as Politics: A Political-Cultural Approach to Market Institutions," *American Sociological Review* 61 (1996): 656–673; Valery Yakubovich, Mark Granovetter, and Patrick McGuire, "Electric Charges: The Social Construction of Rate Systems," unpublished paper (2001); Ezra W. Zuckerman, "The Categorical Imperative: Securities Analysts and the Illegitimacy Discount," *American Journal of Sociology* 104 (1999): 1398–1438; Wayne E. Baker, "The Social Structure of a National Securities Market," *American Journal of Sociology* 89/4 (1984): 775–811; Joel M. Podolny, "A Status-Based Model of Market Competition," *American Journal of Sociology* 98/4 (1993): 829–872.
26. On the neglect of culture in economic sociology, see Viviana A. Zelizer, "Enter Culture," in Mauro F. Guillen, Randall Collins, Paula England and Marshall Meyer, editors, *The New Economic Sociology: Developments in an Emerging Field* (New York: Russell Sage Foundation, 2002).
27. Moulin, *The French Art Market*; Plattner, *High Art Down Home*; Ulrike Klein, *The Business of Art Unveiled. New York Art Dealers Speak up* (Frankfurt a. Main: Peter Lang, 1994); Betty Chamberlain, *The Artist's Guide to the Art Market* (New York: Watson Guptill, 1983), 81; Carole Katchen, *Promoting & Selling Your Art* (New York: Watson Guptill, 1978), 80.
28. For quantitative evidence of this phenomenon, see, e.g., Merijn Rengers and Olav Velthuis, "Determinants of Prices for Contemporary Art in Dutch Galleries, 1992–1998," *Journal of Cultural Economics* 26 (2002): 1–28.
29. Plattner, *High Art Down Home*, 195; Espeland and Stevens, "Commensuration as a Social Process," 317; cf. Olav Velthuis, "Meanings of prices for art. Determining the value of contemporary artworks in Amsterdam galleries," in Karlijn Ernst, Marliet

- Halbertsma, Susanne Janssen, and Teunis IJdens, editors, *Trends and Strategies in the Arts and Cultural Industries* (Rotterdam: Barjesteh & Co's, 2001).
30. Zeruvabel, *Social Mindscapes*, ch. 5. For a general theory of cognition, value, and price, see Henry K. H. Woo, *Cognition, Value, and Price: A General Theory of Value* (Ann Arbor: University of Michigan Press, 1992).
  31. Espeland and Stevens, "Commensuration as a Social Process," 316; on the relevance of general codes and conventions in the art world, see Becker, *Art Worlds*; for a statistical analysis of the relationship between acquisitions by museums and the economic value of artworks, see Bruno S. Frey and Werner W. Pommerehne, *Muses and Markets: Explorations in the Economics of the Arts* (Oxford: Blackwell, 1989). For the construction of belief in an artist and its impact on prices, see Holger Bonus and Dieter Ronte, "Credibility and Economic Value in the Visual Arts," *Journal of Cultural Economics* 21(1997): 103–118.
  32. Guidebooks for artists also state that money is a measure of success. Therefore, they advise artists to price their work high rather than low; Carole Katchen, *Promoting & Selling Your Art* (New York: Watson Guptill, 1978), 78. In 1999, the Courtauld Galleries in London exhibited artworks in pairs, which were made by the same artist, depicted a similar scene, or were comparable in some other respect. Visitors were requested to estimate which of the two was more valuable. After making their estimate, they could check the actual economic value, which was printed behind a shutter. Sarah Hyde, the curator of the exhibition, said that her purpose was "to investigate the ways in which our responses to works of art are affected by our expectations about their value." See Carol Vogel, "Inside Art; So, How Much For the Degas?" *The New York Times*, 7-9-1999.
  33. Plattner, *High Art Down Home*, 15; Moulin, *The French Art Market*, 157.
  34. This applies not only to actors in the field, but also to academic analysis. Marxist art historian Hauser, for instance, argued that the art trade "has a disastrous effect on production by the systematic whittling down of prices"; Hauser, *Social History of Art*, 469. To illustrate his argument he quotes prices of works by, among others, the Dutch seventeenth-century painters Jan Steen and Jan van Goyen, which strike him as unjustifiably low; however, he categorically ignores the quantities these artists sold of their work.
  35. Grampp, *Pricing the Priceless*; Malcolm Gee, *Dealers, Critics, and Collectors of Modern Painting. Aspects of the Parisian Art Market between 1910 and 1930* (New York: Garland Publishing, 1981).
  36. Ruth Towse found likewise that a singer struggling to get employed at the bottom end of the market will indicate, by lowering his fees, that he has trouble being hired; as a result, potential demand will be put off rather than attracted; Ruth Towse, "The Earnings of Singers: An Economic Analysis," in Ruth Towse and Abdul Khakee, editors, *Cultural Economics* (Berlin: Springer Verlag, 1992), 213–214.
  37. Cultural economists have argued that dealers "underprice" artworks because it is difficult to attract the one buyer willing to pay the exact equilibrium price on a thin market such as the art market; Heilbrun and Gray, *Economics of Art and Culture*, 153. This strategy of "underpricing" has been discussed frequently in economic literature, in particular with respect to the pricing of equity at an Initial Public Offering (IPO). Because of a company's underpricing strategy, investors can make an excess return by buying the IPO and selling it as soon as the equity appears on the open market. One explanation for this excess return is that buyers need to be enticed with a lower price to buy the stock because they are uncertain about its value; another explanation is that companies are risk averse, and therefore set the

- price low enough for investors to get interested. Neither explanation for underpricing is related to a taboo on price decreases; Mario Levis, "The Winner's Curse Problem, Interest Costs and the Underpricing of Initial Public Offerings," *Economic Journal* 100 (1990): 76–89.
38. On price stickiness, see Alan S. Blinder, Elie R.D. Canetti, David E. Lebow, and Jeremy B. Rudd, *Asking About Prices: A New Approach to Understanding Price Stickiness* (New York: Russell Sage Foundation, 1998); John Maynard Keynes, *The General Theory of Employment, Interest and Money* (New York: Harvest/Harcourt Brace Jovanovich, 1936); Thomas F. Bewley, *Why Wages Don't Fall During a Recession* (Cambridge: Harvard University Press, 1999); Chris Tilly and Charles Tilly, *Work under Capitalism* (Boulder: Westview, 1998); Stiglitz, "Causes and Consequences."
  39. Harvey Leibenstein, "Bandwagon, Snob, and Veblen Effects in the Theory of Consumers' Demand," *Quarterly Journal of Economics* 64 (1950): 203.
  40. Thorstein Veblen, *The Theory of the Leisure Class* (London: Dover books, 1899 [1994]), 79.
  41. Rudie Kagie, "Interview met Frits Becht," *Vrij Nederland*, 49, 6/4/1988; John Brooks, "Why fight it? Profiles: Sidney Janis," *The New Yorker*, 11/12/1960; Laura de Coppet and Alan Jones, *The Art Dealers. The Powers Behind the Scene Tell How the Art World Really Works* (New York: Clarkson N. Potter, 1984), 39; "A portrait of Sidney Janis on the occasion of his 25th anniversary as an art dealer," *Arts Magazine*, November 1973.
  42. Renee Steenbergen, *Jets Wat Zo Veel Kost, Is Alles Waard: Verzamelaars Van Moderne Kunst in Nederland* (Amsterdam: Vassallucci, 2002); A. Deirdre Robson, *Prestige, Profit, and Pleasure. The Market for Modern Art in New York in the 1940s and 1950s* (New York: Garland Publishing, 1995), 197.
  43. Ruth Towse, "Partly for the Money: Rewards and Incentives to Artists," *Kyklos* 54 (2001): 487; Krystyna Warchol, *The Market System of the Art World and New Art: Prices, Roles and Careers in the 1980s* (Philadelphia: unpublished dissertation, University of Pennsylvania, 1992), 324.
  44. M.C. Fitzgerald, *Making Modernism. Picasso and the Creation of the Market for Twentieth-Century Art* (New York: Farrar, Straus and Giroux, 1995), 17; Gee, *Dealers, Critics and Collectors*, 22–23; Serge Guilbaut, *How New York Stole the Idea of Modern Art. Abstract Expressionism, Freedom, and the Cold War* (Chicago: University of Chicago Press, 1983), 179; Richard B. Woodward, "Racing for Dollars, Photography Pulls Abreast of Painting," 3/24/2001; Alain Quemain, *Le rôle des pays prescripteurs sur le marché et dans le monde de l'art contemporain* (Paris: Report commissioned by the Ministry of Foreign Affairs, 2000).
  45. Haskell cited by Fitzgerald, *Making Modernism*, 6; the gallery owner is quoted by Klein, *The Business of Art Unveiled*, 65–66. The late New York art dealer Leo Castelli argued that an important side-effect of high market prices is that they draw the attention of potential collectors and get them involved with art: "Now the news about high prices has captured [the public's] attention. This has its unfavorable side, of course. Yet some who became interested in a superficial way have gotten truly involved with art"; Carter Ratcliff, "Dealers Talk," *Art in America*, 76/7, July 1988, 78–79.
  46. David Halle, *Inside Culture. Art and Class in the American Home* (Chicago: University of Chicago Press, 1993), 125, 127; Sven Lütticken, "Prijs en waarde. De moderne kunst onder vuur," *De Witte Raaf*, 78, March–April 1999, 23–25.
  47. Kraaijpoel quoted in Sven Lütticken, "Prijs en waarde. De moderne kunst onder vuur," *De Witte Raaf*, 78, March–April 1999, 23–25; a famous historical instance of

such a negative symbolic value of a price, is the case between John Ruskin and James Whistler. Art critic and artist Ruskin wrote the following about Whistler's canvas *Nocturne in black and gold: The Falling Rocket*: "I have seen, and heard, much of cockney impudence before now; but never expected to hear a coxcomb ask two hundred guineas for flinging a pot of paint in the public's face." Whistler sued Ruskin and won but, because the damages he was granted were negligible and the costs of the trial were high, he had to file for bankruptcy.

48. Georg Simmel, *The Philosophy of Money* (London: Routledge, 1900 [1999]), 374; Simmel quoted by Zelizer, *Pricing the Priceless Child*, 163; Kopytoff, *Cultural Biography of Things*, 82.
49. Simmel, *The Philosophy of Money*, ch. 1; Steenbergen shows that these collectors actively restrain themselves by setting annual budgets, by pre-determining a ratio of their income that can be devoted to art, or by allowing themselves to buy only a certain number of works per year. The upshot is that their passion can only be dealt with by actively regulating it with the help of mental accounting schemes. Renee Steenbergen, *Iets Wat Zo Veel Kost, Is Alles Waard: Verzamelaars Van Moderne Kunst in Nederland* (Amsterdam: Vassallucci, 2002).
50. Annemarie Sour, "Beleggen in kunst," *Safe. Beleggingsblad van Robeco*, 49–54; Coppet and Jones, *The Art Dealers*, 168.
51. Robert E. Lane, *The Market Experience* (Cambridge: Cambridge University Press, 1991).
52. Lilly Wei, "Making art, Making Money. Artists Comments," *Art in America*, July 1990, 178.
53. Daniel Grant, *The Business of Being an Artist* (New York: Allworth Press, 1991), 17; Thierry de Duve, "Yves Klein, or the Dead Dealer," *October* 49 (1989): 78; Daniel Akst, "Let 70,000 Canvases Bloom in the Art World," *The New York Times* 1/7/2001. Likewise the Boston *gallery@greenstreet* organized a show in 1999 called "100 × 100," in which 100 artists exhibited 100 works, each priced \$100. A journalist for the English based *Art Newspaper* interpreted the show as a gimmick, and therefore read the selling price as an indicator of the poor value of the work. The journalist did not know that the artists, whose work almost invariably costs far more than the selling price, had donated them to the show. James Hull, founding director of the gallery, defended himself in the subsequent issue of the *Art Newspaper* as follows: "The common practice in the art world today of equating the sale price of a work of art with its artistic value or historical importance has taken the place of scholarly appraisal of a contemporary work of art's innovation and cultural value.... We think that accessibility should include an economic component – what better way to encourage collecting than to have events where artwork is exceptionally affordable"; *The Art Newspaper*, no. 99, January 2000, p. 73; *The Art Newspaper* no. 100, February 2000, p. 3.
54. Steiner, "Can the Canon Burst?" 216. Carter Ratcliff, "The Marriage of Art and Money," *Art in America*, July 1988: 27–33.
55. See, e.g., Clifford Geertz, "Suq: the bazaar economy in Sefrou," in Clifford Geertz, Hildred Geertz, and Lawrence Rosen, editors, *Meaning and order in Moroccan society* (Cambridge: Cambridge University Press, 1979); Frank S. Fanselow, "The Bazaar Economy or How Bizarre is the Bazaar Really?" *Man* 25/2 (1990): 250–265; Jennifer Alexander and Paul Alexander, "What's a Fair Price? Price-Setting and Trading Partnerships in Javanese Markets," *Man* 26/3 (1991): 493–512; Neil Dorward, *The Pricing Decision. Economic Theory and Business Practice* (London: Harper & Row, 1987), 128.