

CHINA-EUROPE FORUM, THESSALONIKI, GREECE – MARCH 2009

JAMES GOODWIN'S LECTURE SUMMARY

First guest speaker was James Goodwin who is the art market lecturer at Christie's Education and various European universities and author of *The International Art Markets*. In 25 minutes he set about answering the forum's introductory questions summarised as follows:

- What is the nature of the art and art market crisis?
- Are these crises homogenous or similar/different in time and space?
- How do the socio-cultural conditions influence these crises?
- How can today's crisis be understood?
- Is art capable of expressing the art market crisis?
- What rationality links art and its market?
- What misconceptions are created if we approach art through the market?
- What will become of art and its market after the crisis?
- Is it possible to conceive of art beyond the market?
- Proposals for the Chine-Europe Forum in Nanjing in July 2009?

He began by doubting if there really is an economic crisis or if this is just a correction after ten years excess. Today, he feels that terms like crisis are overused by a story hungry 24 hour media eager to gain the lead in its own overcrowded market. Turning the problem on its head, he recalled Britain's last real economic crisis in the 1970s which led to a creative musical outpouring that established the country's foremost position in today's music industry.

Goodwin's ongoing research into art's value includes an investigation into what conditions are best for art and its market. He demonstrated that the second part of this question can be half measured using auction sale data but so far concludes that it remains our only reliable answer to the first. For now, he believes more historical price data should be gathered to attract more money into the art market. This is necessary to make further progress understanding why one artwork is favoured over another.

Believing in history's semi cyclical nature he demonstrated how prices in the international art market needed to fall by up to 40% to return to their 45 year trend. Since the conference, figures for the most popular art auctioned in the USA (which is itself 35% of the world's art market) have shown them falling by that amount in the six months to March.

He further demonstrated using international trade data how the Chinese contemporary art market has benefitted from the country's economic growth and as an investment opportunity. The idea being that free trade leads to greater wealth creation and a larger more competitive art market. But he questioned the Chinese contemporary art market's sustainability since most is traded outside the country as part of the post war and contemporary art market boom now most affected by the economic downturn. Goodwin sees art recessions (the last was in 1990-95) as periods when the best art is separated from the rest in a process that takes longer to evolve than in other markets because the best art rarely comes onto the market during a downturn.

Using price data for Chinese ceramics traded internationally since 1820 (the West has traded Chinese ceramics since the 16<sup>th</sup> century making it the world's oldest surviving art market), Goodwin showed that the general economy and the art market lag each other. In four major peaks and troughs over two hundred years the art market boomed after a period of above average economic growth. Moreover, from an investment perspective, during minor recessions and wars the art market falls less than shares and can outperform other assets on a long term basis.

Looking to the creative or art side of the question, Goodwin asked if necessity is the mother of invention or whether better economic times make good art or just make it better known. Is it a question of where and when you were born (and who you know) more than what you can do. He recalled the words of the British art historian Kenneth Clark who wrote that 'a margin of wealth is helpful to civilisation but too much can be destructive'.

One such period demonstrating this was from the mid 19<sup>th</sup> century until World War I and after World War II. Looking to the Far East, Japan's emergence as an international economy after the mid 19<sup>th</sup> century soon led to an exchange of creativity with Europe, especially in France and Britain. During the next hundred years this led to an accelerated trade in Japanese art and impressionist paintings especially from the 1960s culminating in the spectacular market boom and bust of 1985-90. Impressionist paintings remain the bellwether of the international art trade. Similar cross cultural influences can be traced among some Chinese artists from the 1870s and 1980s.

Goodwin then turned his attention to the social value of art. He showed how economic and cultural capital influences taste from the top down. For example, the elite in society are more likely to buy and promote abstract art while the middle class tend to have more traditional tastes. Equally, artists from this background or educational tend to do better in the art market because they can understand and influence the prevailing fashion among themselves or to the masses.

Because of this, the question of what great is has been a source of tension between artists and art dealers or society's insiders and outsiders throughout recorded history. Based on written evidence, among the first 50 artists since the Renaissance to whom scholars have devoted space, one half has been recognised at all times. Moreover, since 1875 on average only two artists have emerged per year whose work has increased in value over time, according to USA auction records. In other words, the art market is a narrow reference point or filter for art as a whole. Paradoxically, most art buyers claim to do so for aesthetic rather than financial reasons.

Looking ahead, Goodwin outlined the technological developments which might help answer our question about art and its market (though he doubts whether knowing is possible or even desirable). On one hand, the internet and online auctioneering appear to be bringing art to a wider audience at lower cost. On the other, evidence so far indicates that taste still remains a top down process now further underpinned by a middle to lower priced online auction market.

Two further interesting developments with far reaching consequences are attempts to deconstruct prices into its constituent parts in relation to the wider economy, in a method known as hedonic regression. Studies of artists and viewers' actions and tastes using cognitive science will take this a step further.

James Goodwin  
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