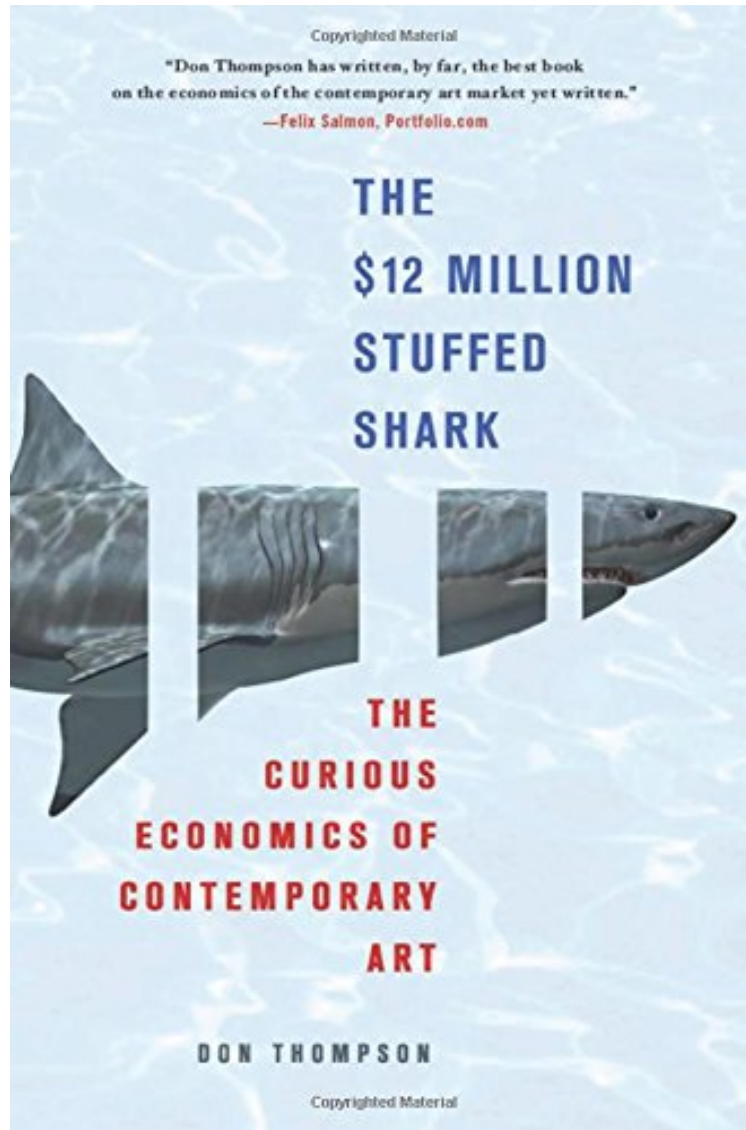


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Don Thompson

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#28589 in Books Don Thompson 2010-04-13 2010-04-13Original language:EnglishPDF # 1 9.10 x .3 x 6.191, .69 #File Name: 0230620590272 pagesThe 12 Million Stuffed Shark The Curious Economics of Contemporary Art | File size: 26.Mb

Don Thompson : The \$12 Million Stuffed Shark: The Curious Economics of Contemporary Art before purchasing it in order to gage whether or not it would be worth my time, and all praised The \$12 Million Stuffed Shark: The Curious Economics of Contemporary Art:

98 of 100 people found the following review helpful. A shark that is not alone swimming in those waters...By Reich

ClaudeWritten by an economist who had access to the most important actors (collectors, dealers, auctioneers, curators, art fair organizers...) while doing his research, this book is an in-depth study of the way the contemporary art market functions, the part played by auction houses, dealers, big collectors, museums, the sometimes incestuous relationship that exists between all of them, how art is priced, how auctions are organized (on and off the scene), how gallery shows are sold (or pre-sold), the importance of art branding in creating an artist's reputation (the brand being the auction house, the gallery, the artist himself, a museum, or even a collector if he is important enough)and, most importantly, how these art brands are created. One insightful conclusion is that the art market, and contemporary art in particular, is as much brand-driven as any other high-end luxury market. Through case studies (the dealers Larry Gagosian or Jay Joplin, the artists Damien Hirst, Tracey Emin, Jeff Koons or Andy Warhol, the auction houses Sotheby's and Christie's, the collectors Charles Saatchi or Ronald Lauder...) and broader considerations on the overall economics of art, the author manages to write a book which is at the same time well informed (with some slight spelling mistakes though, e.g. the Portuguese collector Jose Berardo becoming "Joe Bernardo", or the dealer Faggionato sometimes mistakenly spelt "Faccionato"), to the point and easy to read. Among the more than twenty books available on this topic on 's, this one is the best in my opinion (and I've read quite a few...).

2 of 2 people found the following review helpful. ... in Art nor do I own any art and enjoyed this book tremendouslyBy daniel guerra villarrealI am not in any way involved in Art nor do I own any art and enjoyed this book tremendously. Being in real estate and finance made this book ever more compelling to read. There are a lot of parallels in the psychology and economics of trading modern art, real estate and any other alternative asset which makes this book a great way to force lateral thinking between two, arguably, unrelated sectors. I couldn't recommend this book more to anyone involved in finance or the trading of securities and assets. I wish this author wrote about other industries as the book details just about every revenue stream, challenge and opportunity in the dealer, auction house market. Anyhow, do read this book. It is quite good.

2 of 2 people found the following review helpful. Very Good Book For Art CollectorsBy S. MorganI have recently read a number of books on art collecting and more specifically, contemporary art collecting. The \$12 Million Shark: The Curious Economics of Contemporary Art, as compared to other books on this subject, provides a 360 degree view of the contemporary art market. The book provides a view of the market from the perspective of the collector, dealer and auction house and really gives the reader a sense of how the market operates and the pros and cons of this unique manner in which art is bought and sold. I enjoyed this book so much that I decided to purchase Mr. Thompson's more recent book on the same topic - The Supermodel and the Brillo Box: Back Stories and Peculiar Economics from the World of Contemporary Art.

Why would a smart New York investment banker pay \$12 million for the decaying, stuffed carcass of a shark? By what alchemy does Jackson Pollock's drip painting "No. 5, 1948" sell for \$140 million? Intriguing and entertaining, "The \$12 Million Stuffed Shark" is a "Freakonomics" approach to the economics and psychology of the contemporary art world. Why were record prices achieved at auction for works by 131 contemporary artists in 2006 alone, with astonishing new heights reached in 2007? Don Thompson explores the money, lust, and self-aggrandizement of the art world in an attempt to determine what makes a particular work valuable while others are ignored. This book is the first to look at the economics and the marketing strategies that enable the modern art market to generate such astronomical prices. Drawing on interviews with past and present executives of auction houses and art dealerships, artists, and the buyers who move the market, Thompson launches the reader on a journey of discovery through the peculiar world of modern art. Surprising, passionate, gossipy, revelatory, "The \$12 Million Stuffed Shark" reveals a great deal that even experienced auction purchasers do not know.

"Don Thompson has written, by far, the best book on the economics of the contemporary art market yet written."--Felix Salmon, Portfolio.com "Don Thompson provides the single best guide to both the anthropology and the economics of contemporary art markets. This book is fun and fascinating on just about every page." --Tyler Cowen, "New York Sun" "If you read no other book about art in your life, read the one that's gripped me like a thriller for the past two days...it's called the "\$12 Million Stuffed Shark." --Richard Morrison, "The Times" (London)..it's lucid, well researched and, while carefully balanced, manages to retain a sharp edge ." --"Telegraph UK" "A new book by an economist named Don Thompson entitled "\$12 Million Stuffed Shark: The Curious Economics of Contemporary Art" ought to be required reading for collectors intending to wade into well publicized contemporary art auctions..." --"Economist.com" "[An] informative and occasionally hilarious look at the surreal contemporary art market... A clear-headed approach to a frequently high-pitched issue." --"Kirkus" Don Thompson has written, by far, the best book on the economics of the contemporary art market yet written. "Felix Salmon, Portfolio.com" Don Thompson provides the single best guide to both the anthropology and the economics of contemporary art markets. This book is fun and fascinating on just about every page. "Tyler Cowen, New York Sun" If you read no other book about art in your life, read the one that's gripped me like a thriller for the past two days it's called the "\$12 Million Stuffed Shark." "Richard Morrison, The Times (London)" it's lucid, well researched and, while carefully balanced, manages to retain a sharp edge . "Telegraph UK" A new book by an economist named Don Thompson entitled "\$12 Million Stuffed Shark: The

Curious Economics of Contemporary Art" ought to be required reading for collectors intending to wade into well publicized contemporary art auctions "Economist.com" [An] informative and occasionally hilarious look at the surreal contemporary art market... A clear-headed approach to a frequently high-pitched issue. "Kirkus" About the Author Don Thompson teaches marketing and economics in the MBA program at the Schulich School of Business at York University in Toronto. He has taught at the London School of Economics and at Harvard Business School. He lives in London and Toronto. Excerpt. Reprinted by permission. All rights reserved. January 13, 2005, New York One problem for the agent trying to sell the stuffed shark was the \$12 million asking price for this work of contemporary art.* Another was that it weighed just over two tons, and was not going to be easy to carry home. The taxidermy fifteen-foot tiger shark sculpture was mounted in a giant glass vitrine and creatively named The Physical Impossibility of Death in the Mind of Someone Living. It is illustrated in the center portion of the book. The shark had been caught in 1991 in Australia, and prepared and mounted in England by technicians working under the direction of British artist Damien Hirst. Another concern was that while the shark was certainly a novel artistic concept, many in the art world were uncertain whether it qualified as art. The question was important because \$12 million represented more money than had ever been paid for a work by a living artist, other than Jasper Johns more than for a Gerhard Richter, a Robert Rauschenberg, or a Lucian Freud. Why would anyone even consider paying this much money for the shark? Part of the answer is that in the world of contemporary art, branding can substitute for critical judgment, and lots of branding was involved here. The seller was Charles Saatchi, an advertising magnate and famous art collector, who fourteen years earlier had commissioned Hirst to produce the work for 50,000. At the time that sum was considered so ridiculous that The Sun heralded the transaction with the headline 50,000 For Fish Without Chips. Hirst intended the figure to be an outrageous price, set as much for the publicity it would attract as for the monetary return. The agent selling the shark was New York-based Larry Gagosian, the world's most famous art dealer. One buyer known to be actively pursuing the shark was Sir Nicholas Serota, director of London's Tate Modern museum, who had a very constrained budget to work with. Four collectors with much greater financial means had shown moderate interest. The most promising was American Steve Cohen, a very rich Connecticut hedge fund executive. Hirst, Saatchi, Gagosian, Tate, Serota, and Cohen represented more art world branding than is almost ever found in one place. Saatchi's ownership and display of the shark had become a symbol for newspaper writers of the shock art being produced by the group known as the Young British Artists, the yBas. Put the branding and the publicity together and the shark must be art, and the price must not be unreasonable. There was another concern, serious enough that with any other purchase it might have deterred buyers. The shark had deteriorated dramatically since it was first unveiled at Saatchi's private gallery in London in 1992. Because the techniques used to preserve it had been inadequate, the original had decomposed until its skin became heavily wrinkled and turned a pale green, a fin had fallen off, and the formaldehyde solution in the tank had turned murky. The intended illusion had been of a tiger shark swimming toward the viewer through the white space of the gallery, hunting for dinner. The illusion now was described as entering Norman Bates fruit cellar and finding Mother embalmed in her chair. Curators at the Saatchi Gallery tried adding bleach to the formaldehyde, but this only hastened the decay. In 1993 the curators gave up and had the shark skinned. The skin was then stretched over a weighted fiberglass mold. The shark was still greenish, still wrinkled. Damien Hirst had not actually caught the now-decaying shark. Instead he made Shark Wanted telephone calls to post offices on the Australian coast, which put up posters giving his London number. He paid 6,000 for the shark: 4,000 to catch it and 2,000 to pack it in ice and ship it to London. There was the question of whether Hirst could replace this rotting shark simply by purchasing and stuffing a new one. Many art historians would argue that if refurbished or replaced, the shark became a different artwork. If you overpainted a Renoir, it would not be the same work. But if the shark was a conceptual piece, would catching an equally fierce shark and replacing the original using the same name be acceptable? Dealer Larry Gagosian drew a weak analogy to American installation artist Dan Flavin, who works with fluorescent light tubes. If a tube on a Flavin sculpture burns out, you replace it. Charles Saatchi, when asked if refurbishing the shark would rob it of its meaning as art, responded Completely. So what is more important the original artwork or the artist's intention? Nicolas Serota offered Gagosian \$2 million on behalf of Tate Modern, but it was turned down. Gagosian continued his sales calls. When alerted that Saatchi intended to sell soon, Cohen agreed to buy. Hirst, Saatchi, and Gagosian are profiled later in the book. But who is Steve Cohen? Who pays \$12 million for a decaying shark? Cohen is an example of the financial-sector buyer who drives the market in high-end contemporary art. He is the owner of SAC Capital Advisors, LLC in Greenwich, Connecticut, and is considered a genius. He manages \$11 billion in assets and is said to earn \$500 million a year. He displays his trophy art in a 32,000 square foot mansion in Greenwich, a 6,000 square foot pied-à-terre in Manhattan, and a 19,000 square foot bungalow in Delray Beach, Florida. In 2007 he purchased a ten bedroom, two acre estate in East Hampton, New York. To put the \$12 million price tag in context it is necessary to understand how rich really rich is. Assume Mr Cohen has a net worth of \$4 billion to go with an annual income of \$500 million before tax. At a 10 percent rate of return far less than he actually earns on the assets he manages his total income is just over \$16 million a week, or \$90,000 an hour. The shark cost him five days income. Some journalists later expressed doubt whether the selling price for Physical Impossibility actually was \$12 million. Several New York media reported that the only other firm offer aside from that made by Tate Modern came from Cohen, and the actual selling price was \$8

million. New York Magazine reported \$13 million. But the \$12 million figure was the most widely cited, it produced extensive publicity, and the parties agreed not to discuss the amount. At any of these numbers, the sale greatly increased the value of the other Hirst work in the Saatchi collection. Cohen was not sure what to do with the shark; it remained stored in England. He said he might donate it to the Museum of Modern Art (MoMA) in New York which might have led to his being offered a position on the MoMA board. The art world heralded the purchase as a victory for MoMA over Londons Tate Modern. Londons Guardian newspaper bemoaned the sale to an American, saying: The acquisition will confirm MoMAs dominance as the leading gallery of modern art in the world. * * * I began the journey of discovery that became this book at the Royal Academy of Arts in London where on October 5, 2006, along with six hundred others, I attended a private preview of USA Today, an exhibition curated by the same Charles Saatchi. This was billed as an exhibition of art by thirty-seven talented young American artists. Many were not in fact American-born, though they were working in New York an illustration of how hard it is to label an artist. The Royal Academy is a major British public gallery. Founded in 1768, it promotes its exhibitions as comparable to those at the National Gallery, the two Tate galleries, and leading museums outside the United Kingdom. The USA Today show was not a commercial art fair, because nothing was listed as for sale. Nor was it a traditional museum show, because one man, Charles Saatchi, owned all the work. He chose what was shown. The work would appreciate in value from being shown in such a prestigious public space, and all profit from future sales would accrue to Saatchi. Saatchi is neither a professional curator nor museum official. Over a four-decade career he has been both the most talked-about advertising executive of his generation, and later the most talked-about art collector. He is wildly successful in reselling art he has collected at a profit, Damien Hirsts shark being but one example. There was criticism of Saatchi both for using the Royal Academy to advance the value of his own art, and because some considered the work decadent or pornographic. The artists present at the opening had no illusions about the nature of the event. One called the Royal Academy the temporary home of the Saatchi Gallery. Another said it was good to see his art on the wall because it might not be displayed again until it was offered at auction. Extensive promotion of the show produced huge press coverage. It was hyped pre-opening by every major newspaper in London, by the New York Times, the Wall Street Journal, and a dozen other major U.S. papers. Billed as an exhibition of shocking work, the show included a battle scene involving rats, and an image of a girl performing a sex act on a man. The theme of USA Today was billed as disillusionment with contemporary America. Critics and curators at the private opening had diverging opinions of the theme and the work. Some questioned whether the artists could properly be described as disillusioned, or even talented. Norman Rosenthal, the Royal Academys exhibitions secretary, said the work introduces a sense of political edge and anger mixed with nostalgia; this is an exhibition for our times. Critic Brian Sewell said: At least Sensation [Saatchis previous exhibition] made me feel nauseous. This made me feel nothing. Ivor Abrahams, a sculptor who sits on the RA exhibitions committee, added: Its schoolboy smut and a cynical ploy to get Saatchi even more noticed. Such is the range of opinion common to contemporary art. Saatchis own contribution was: Please be my guest at USA Today, and leave me a note if you think that anything there is truly more tasteless than so much we see around us every day. The next day the show opened to the general public. Ticket holders shuffled through the galleries in near silence, emotions muted. The crowd looked as if it was queuing to sign the condolence book before Princess Dianas funeral. As is true with much contemporary art, no one seemed anxious to admit they neither understood nor liked what was being shown. At the end people filed out, talking softly, absorbing the experience, neither pleased nor shocked. What kind of contemporary art did Charles Saatchi choose for the show? Jonathan Pylpchuk from Winnipeg, Canada showed a miniature army camp containing black American GIs with amputated legs some writhing, others dead. The title is Hopefully, I Will Live Through This With a Little Bit of Dignity. Beijing-born and Vancouver-raised Terence Kohs CRACKHEAD is a death fantasy of 222 glass vitrines with distorted black heads in plaster, paint, and wax, for which Saatchi said he had paid \$200,000. Koh also offered a neon rooster titled Big White Cock. French artist Jules de Balincourts US World Studies II is a map showing the United States upside down, with the Mississippi River dividing Democratic states on the left from Republican states on the right. The rest of the world, in small scale, is at the bottom of the map. An artist actually born in New York and improbably named Dash Snow, offered a work called F*** the Police, which consists of a collage of forty-five newspaper clippings discussing police misdeeds, over which the artist had sprayed semen his own presumably. Twenty-five-year-old Snow already had achieved earlier notoriety in the New York City art community for running a graffiti gang called Irak, and for performance art called The Hamsters Nest, which involved naked girls and hundreds of shredded phone books. By consensus, the most offensive work was Pakistani artist Huma Bhabhas wire figure with a primitive tail, dressed in a black garbage bag with outstretched arms and positioned in what seemed to be the Islamic prayer position (illustrated). Bhabha, forty five, makes sculptures of found materials which are, she says, about the human condition. Her work at USA Today seemed at first glance to be half-man, half-rat. However, critic Waldemar Januszczak said in the Sunday Times (London), Theres only one likely reading of this work . . . as a religious specimen in which evolution has gone into reverse. Hence the tail. Judging art is supposed to have less to do with the content of a work and more to do with an instinctive sense for what the artist has to say. Kirsten Ward, who is a physician and psychologist, says that art has the greatest impact when it makes the thinking part of the brain talk to the feeling part. Great work speaks clearly, while more trivial work does what critics

call going dead. The experienced art collector will take a work home before buying it, to look at it several times a day. The question is whether a week or a month hence, after the novelty disappears, the message and painters skill will still be apparent. Dealer prices for the work shown by Saatchi ranged from \$30,000 to \$600,000. For the 105 pieces the total was about \$7.8 million. Saatchi probably paid half that, because he is a high profile collector, and because the work was to be shown in a prestigious museum. Display at the Royal Academy would likely double the original retail value of each work, in which case the paper profit to Saatchi from the show was about \$11.7 million. Saatchi is thought to have contributed about 2 million to pay for mounting the show. So what was the significance of USA Today? Did the show reflect the reality of twenty-first century contemporary art, or just Charles Saatchi's preference for shock art? Did these works deserve to be shown in a major museum, in some cases only weeks after they were created? Jerry Saltz of the Village Voice offers a rule of thumb: 85 percent of new contemporary art is bad. Most of the art world agree with the percentage, but disagree on how any particular work should be ranked. As an economist and contemporary art collector, I have long been puzzled by what makes a particular work of art valuable, and by what alchemy it is seen as worth \$12 million or \$100 million rather than say, \$250,000. Works sometimes sell for a hundred times what seems a reasonable sum, but why? Dealers and auction house specialists do not claim to be able to identify or define what will become million-dollar contemporary art. They say publicly that prices are whatever someone will pay, and privately that art buying at the most expensive end is often a game played by the super-rich, with publicity and cultural distinction as the prize. That may be a good description of motivation, but it does not explain the process.* This and prices that follow in the book are quoted in the currency of the original transaction. As a rough average over the periods involved, assume that \$1.00 equals .77 or .55. From the Hardcover edition.