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A P R I L 2 0 0 3

GLOBAL ACCESS TO GALLERIES AND ARTISTS

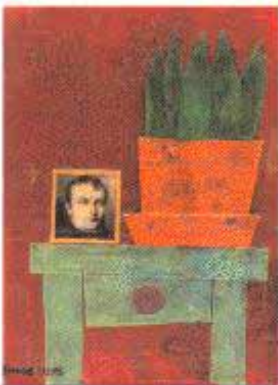


Larry Fredericks Collage 2000

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ARTISTS

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Larry Fredericks Collage 1999

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www.SellYourArt.net is the artists' and gallery's friend on the web.

Sell your Art.net Inc. Is pleased to announce our site is now entirely in Spanish as well as English.

Watch for the additions of another 10 (ten) new languages over the next four to six months . These languages will include Russian, Chinese (2 dialects), Japanese, Italian, French, Dutch, German, Hungarian, and Arabic .

E D I T O R I A L

the art trade is unlikely to ever be regulated because art itself resists definition.

In contrast to art, a stock is highly regulated. Companies that offer stock, brokers who sell it and investors who buy it, must follow specific rules established by the Securities Act. A stock is as intangible as art but it is definable.



Defining the profession of "artist" has assisted the Canadian federal government in creating better tax laws but it brings us no further in defining art. The Status of the Artist Act passed in 1992 distinguishes a professional artist from a hobbyist. At the heart of this definition is the "reasonable expectation of profit". This "expectation" is reviewed in Revenue Canada's Interpretation Bulletin No. IT-504R:

Section 9 of the [Income Tax] Act provides that a taxpayer's income for a taxation year from a business is the profit therefrom for the year. The concept of profit is critical in determining whether a taxpayer's artistic activity or literary undertaking constitutes the carrying on of a business or is merely the furtherance of a hobby or interest of the taxpayer that is of a personal nature....

And yet, we still cannot define art -- least of all by way of the financial 'profit' it generates. Van Gogh detested the idea of selling his art. Some artists produce installations, art that melts, disappears or doesn't even exist. In short, these artists do not necessarily expect to sell their art, at least not as you would expect to sell apples, armchairs, or audio gear. And as such, they are not professional artists according to Revenue Canada. And yet, they are considered to be making art. Art, moreover, seems to be valued in almost inverse proportion to its tangibility.

Such art by these artists is eligible for prizes and collected by museums. The Whitney has the first curator of digital art. A light going on and off won the coveted Turner prize. Canadian artist Jubal Brown's colourful vomit art on a Mondrian at the MoMA in 1996 didn't make him a cent. A perishable portrait made of human blood by Brit artist Marc Quinn was purchased by Charles Saatchi and kept in the collector's kitchen freezer. The £13,000 bust was art before it melted along with the Haagen Das -- power to the freezer was allegedly disconnected by a contractor renovating the kitchen.

To define art by the expectation or intention to make a commercial profit not only falls foul of the 'intentional fallacy,' but reduces art to base materialism. A more constructive 'reduction' (anti-idealisation) of art would be to a practical process with many potential uses - providing a livelihood being one. If we thought about art in terms of the 'business of questioning,' would that help us find a compromise between crass reduction and romantic idealism? Maybe, though the question would remain: could it be self-regulating?

COVER: Peter von Tiesenhausen (Canadian, b. 1959) *WATCHING*, etched tree. This is one of about 3,000 marked trees on the artist's 800 acre property near Grande Prairie, Alberta. See **News** item in this issue. Photo courtesy the artist.

A R T D E F E N C E

'cultural expression' used to battle oil and gas industry in Alberta

GRANDE PRAIRIE - Artist Peter von Tiesenhausen is using his land-based art to argue that his human rights and copyright should take precedence over the legal rights of the Alberta gas and oil industry. Government supports the right of industry to dig under private property without landowner consent.

Von Tiesenhausen's property in the Peace River district is just eight miles from that of Wiebo Ludwig whose bitter struggle with the oil and gas industry landed the Dutch immigrant in jail. Ludwig blamed the highly toxic sulphur dioxide fumes from the sour-gas wells around his property for miscarriages and deformities in livestock and human residents of his farm-commune.



Canadian artist Peter von Tiesenhausen first used his land based art as a defence four years ago to stop Alliance Pipeline from running a pipe through his property.

Von Tiesenhausen, whose 9 year old son was born with a heart defect, is faced with a growing number of sour-gas wells around his 800 acre property. Pollution from a gas plant one mile upwind has drifted across his land for the last 11 years. There are now 10 sour gas wells around his property. Studies on the effect of these pollutants on human health have yet to be done.

Von Tiesenhausen, 44, first used his art as a defence -- wooden figures, boats, icons embedded in the landscape -- four years ago to stop Alliance Pipeline from running a pipe through his property. The land is an integral part of his art, he argued, in a sense it is copyrighted. Mess with this land and you mess with not only the artist's ability to make a living but also Canadian cultural heritage.

Sculptures dot the artist's property. One of von Tiesenhausen's first artworks was an eight foot long fence. Every year he adds to it but never makes repairs. It documents the passage of time and his commitment to his art and the land. As well, 3,000 trees on his property bare iconic markings made by the artist. He has many woven works in the landscape including a 110 foot long ship and a 45 foot tower.

"I do a lot of museum work as well in Canada, New Zealand, France, Germany." He is represented by James Baird Gallery in Newfoundland and Trepanier Baer in Calgary where he sells his sculptures and drawings.

Eventually, the threat of a lawsuit from von Tiesenhausen made the fight more costly for the Alliance Pipeline than going around through a clear-

cut property. Oil and gas companies in Alberta have a legal right to trespass for the resources that benefit the common good. After this skirmish, requests for seismic lines -- 24 foot wide lines clear cut for miles through the forest enabling trucks, equipment to test for oil and gas -- stopped as did requests to buy his trees. Trees in northern Alberta sell for .60 cents each.

In 2002, however, mineral rights for the land adjacent to the artist's were sold to an American company, ConocoPhillips, which wanted to build sour gas wells near the artist's property boundary. At a hearing held by the Energy and Utilities Board, von Tiesenhausen argued again that the proximity of the wells compromised his property and thus his ability to produce art and make a living. No less were his concerns over the effects of increased pollution on his family and land. The EUB ruled against the artist.

"The EUB is a puppet show. They said that ConocoPhillips's case lacked 'cogency and credibility' and yet they were granted access," stated von Tiesenhausen.

This isn't the end of the story, however. The artist may take his case to the World International Property Organisation. The WIPO supports

"cultural expressions", tangible and intangible "folklore" such as dances, plays, paintings, sculptures that "represent an important part of the living cultural heritage of nations" that are "susceptible to various forms of illicit exploitations and prejudicial actions."

In addition, since the "cultural expression" in question is Canadian and the company is American the NGO International Network for Cultural Diversity www.incd.net is being brought up to speed on von Tiesenhausen's case. This Ottawa based organisation



A 110 foot long ship made from willow branches is one of many artworks that dot the artist's property.

www.tiesenhausen.net

states at their web site:

"Current trade agreements do affect the arts and cultural expression. We need to redress the imbalance between concerns for cultural diversity and economic imperatives and promote the full social, human and economic development aspects of a commitment to cultural diversity."

RAZZLE DAZZLE 'EM

Toronto Arts Council launches aggressive fundraising campaign

The Toronto Arts Council (TAC) has created a complex strategy to fill a \$45 million funding gap in its annual budget, a 21% increase in net annual operating revenues. Through its *Great Arts Equal Great City* campaign, the TAC will draw financial support from just about everyone to help lift the arts sector out of "chronic crisis mode".

The TAC campaign is an ambitious marketing strategy intended to stimulate consumer spending and encourage the city of Toronto to provide \$6 million more to the TAC budget over a 10 year period (as well as possibly dedicate a portion of gas, hotel and sales taxes to the Council). The first fly in the ointment came on Feb. 28/03 when the City

Council voted to increase the TAC funding for 2003 by only \$200,000. They had asked for \$1.4 million.



Famed urban planning theorist Jane Jacobs participated in the launch of the TAC Great Arts = Great City fundraising campaign.

Great Arts = Great City is the vision of TAC director Jim Garrard. Garrard, former artistic director of Theatre Passe Muraille, is determined to boost the small and struggling arts organisations.


"We've stopped dreaming. All we think about is survival," said Garrard. "During the 1990s, people paid lip-service to the arts. But things are changing. Community leaders are discovering the role the arts play in helping to create a

competitive city."

The multi-faceted campaign will include: a newsletter to raise awareness of the arts; a pay per use database of contacts; a coalition of volunteers; an online listing service of Toronto arts events; annual live and ongoing web auctions of art products and services; and an arts in the workplace program.

On hand at the launch of the campaign in early February/03 were Toronto celebrities including actor Paul Gross, star of *Due South*, ballet legend Karen Kain and theatre mogul David Mirvish. Writer Margaret Atwood, director Atom Egoyan, filmmaker Norman Jewison and urban planning theorist Jane Jacobs will serve on the campaign's advisory panel.

The participation of the American born Jacobs, in particular, introduces an important new argument for increased subsidy to the arts in Toronto. 85 year old Jacobs, a Toronto resident since 1968, has written and lectured on the importance of creativity in the health of cities.



In her 1987 *Cities and the Wealth of Nations* Jacobs suggests that a little capital goes a long way with prospective innovators. If their ideas are good, they will generate their own support.

“If we want a creative city, instead of a moribund city, we must nurture the arts - not only the heritage arts from the past, but those arts of the present,” said Jacobs who was on hand at the campaign launch.

This kind of argument sits well with Garrard.

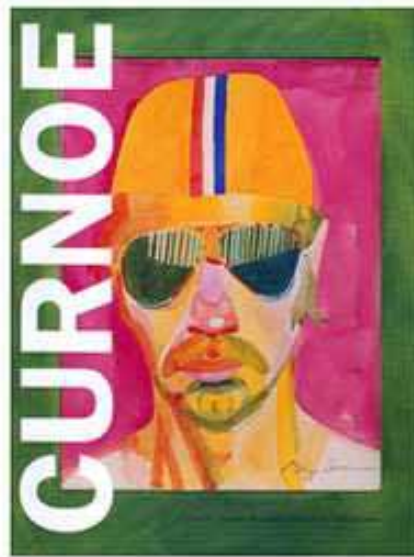
“The potential exists for us to reap all the benefits art can provide, but our artists and arts organizations are hampered by chronic revenue shortages that force them to operate well below their potential to dazzle.”

www.torontoartscouncil.org/downloads/PDFs/GREAT_Arts=Great_CITY.pdf

A R T B U S I N E S S

n e w s b r i e f s

PILLARS AND STUFF - Greg Curnoe exhibition at Museum London
LONDON, ONT. - The touring Art Gallery of Ontario exhibition *Greg Curnoe, Life and Stuff* is one of several celebrations now 'happening' in the artist's home town of London, Ont. This revival of Curnoe's views and art echoes contemporary concerns over globalisation and the need to protect diverse cultures. The exhibition is also the third in a series of major retrospectives of "senior Canadian artists" from the AGO which includes Paterson Ewen and Betty Goodwin. The series enhances both the intrinsic and monetary values of these "pillars of Canadian art history" as AGO director Matthew Teitelbaum called them in 1997.



AGO Senior Curator Dennis Reid and Director Teitelbaum have collaborated on a 220 page, hardcover catalogue (retail Cdn\$77.90) for the exhibition which opened at the AGO in 2001.

"My work is about resisting as much as possible the tendency of American culture to overwhelm other cultures," Curnoe said in 1982.

Curnoe, who died in a 1992 bicycling accident, was a vocal proponent of "oregional" art and antagonistic to the aping of American culture in Canada. What he knew best, his personal life and London are documented in his art. During his most vociferous years, the 1960s and 1970s, his 30s and 40s, Curnoe shaped the political landscape of Canadian art. In the "word paintings", block lettering painted without spaces onto a large canvas, he defied formalism, traditional landscape, any orthodoxy which stood in the way of his being true to his region.

Curnoe's ability to both motivate and anger people placed him at the centre of the London art scene. Any artist dubbed Mr. Art London today would be partnered with local politicians to generate an economic "engine of differentiation" not just an aesthetic one, to misquote Chris Dewdney from *Provincial Essays* (1984). At the time, however, Curnoe's views and art including his mural for Dorval airport commissioned by the Federal Dept. of Transport branded him an angry radical. When the first of 26 panels from this 110 foot mural of enamel on wood and steel, *Homage to the R-34*, was installed it drew complaints. Four days after the installation was complete, the Dept. of Transport removed four panels for their anti-American content. The entire work was removed soon thereafter and has been in storage at the National Gallery in Ottawa ever since. For the first time since its creation, the mural is on exhibit (at Museum London).

Curnoe may have been surprised by the appellation "pillar" of Canadian art history in 1997 since he wrote in 1991 that, "I feel that I am rapidly being written out of my own culture." (quoted by Robert Fulford in his March 2001 *Globe and Mail* column). That, however, was before Matthew Teitelbaum became Chief Curator and then Director of the AGO.

"[The Curnoe works] are worth nicely over \$1-million, not quite nudging \$2-million," stated Teitelbaum to the Globe and Mail in 1997. "But, it's really about building pillars of Canadian art history."

AGO Senior Curator Dennis Reid and Director Teitelbaum have collaborated on a 220 page, hardcover catalogue (retail Cdn\$77.90) for the exhibition which opened at the AGO in 2001.

ARTS MANAGEMENT HUMAN RESOURCES REPORT CALLS FOR ACTION by Anita Grace

OTTAWA - 'Face of the Future', a study released in January 2003 by the Cultural Human Resources Council (CHRC) identifies a growing problem in the cultural sector, namely the lack of Human Resources development.

But as Sherri Helwig, Executive Director of the Associated Designers of Canada pointed out, "the report in itself isn't a solution." Helwig was one of the many arts administrators who contributed informally to the study generated by Mercadex International. While she praised the report for laying out the human resources (HR) problems like recruitment and retention, access to training and cultural management, she said the next step will be to "move beyond labelling and toward concrete action plans."

To develop these concrete actions, CHRC has been holding regional discussions across Canada, which will wrap up with meetings in Fredericton, Moncton and Halifax at the end of April. The next step will be a national HR conference scheduled for November 21-22, 2003 in Ottawa.

It is here that a strategy session will hammer out an action plan. Susan Annis, CHRC Executive Director, explained that responsibility will be attached to each of the recommendations and a time line will be laid out for implementation.

It is no secret that the success of the implementation will hinge on support from key funders and policy makers: Department of Canadian Heritage (DCH), Human Resources Development Canada (HRDC) and the Canada Council.

Because of this, Annis said there will not be just arts organizations at the strategy session. Ministers and funders will be solicited and engaged. "They will find themselves fingered to come up with support needed to realize the objectives," she said.

Annis is optimistic that the resources will be made available and pointed out that HRDC and DCH commissioned the study and have already been looking at the issues with interest. "It's on everyone's agenda," she said from her Ottawa office. "It's not something we're calling for in the dark."

Even while recommendations are being refined and discussed over the coming months, many organizations are already taking steps to address their own HR issues. The Associated Designers of Canada is in the process of creating 'Theatre Behind the Scenes' - an HR/Labour Relations Awareness Tool. Helwig said this will be a useful resource for the organization's members, the majority of whom are independent contractors facing many of the issues identified in the 'Face of the Future' study, such



The CHRC has released a study "Face of the Future" which identifies a crisis in Human Resources development in the arts sector.

as employment uncertainty and instability, and the necessity of developing business alongside artistic skills.

Additionally, Canadian Artists' Representation Ontario, an arts service organization for the provinces professional visual and media artists, is revising the 1982 'Model Agreements for Visual Artists'. The new document, to be distributed electronically and in print form, will contain research on the best practices in business and contractual relationships for visual artists, case examples, sample contract forms and conflict resolution models.

With the continued efforts of CHRC and other stakeholders, cultural workers can expect to see similar resources being developed in various sectors. Hopefully they will also see an injection of funds needed to continue to move the identification of human resources problems into solutions.

MODERN PORTFOLIO THEORY - applying the Sharpe Ratio to visual art
LONDON - An article in the London Financial Times reports cautious optimism at the prospect of art as an investment. Economic theories used for traditional investments are now being applied to art. Some favour art in a diversified portfolio.

The LFT article published April 12/03 refers to the work of US based Nobel Prize winner in economics, Dr. William Sharpe, who developed the Sharpe Ratio. The Sharpe Ratio, widely used by investment specialists, is a number measuring the reward per unit of risk of an investment. The higher the Sharpe number, the greater the return an investor stands to earn for each unit of risk (based on the asset's performance history).

Sharpe ratio = (Asset Return - Risk-free Return) / Standard Deviation of asset

Standard Deviation: A statistical measure of the distance a quantity is likely to lie from its average value. In finance, standard deviation is applied to the annual rate of return of an investment, to measure the investment's volatility, or "risk".

The Ratio is calculated by comparing the returns of an investment to a "benchmark" or risk free investment such as a US Treasury Bill or Canada Bond. .

When the Sharpe Ratio is applied to a non-traditional investment like fine art the results are favourable but not startling. The LFT article reports that "the Sharpe Ratios for different types of asset class range from about 0.18 for bonds on their own, 0.33 for fine art and 0.47 for equities on their own. The Sharpe Ratio rises to about 0.48 for a diversified portfolio without fine art, but inches ahead to about 0.49 when fine art is added to the mix."

This good news, however, is tempered by the fact that the acquisition of "investment-quality art" requires highly specialised knowledge. Art also carries costs such as storage in an environmentally controlled location to preserve its value. Art is also illiquid, tying up cash without the benefit of financial dividend.

For some, however, art as an investment will carry other rewards -- the prestige in ownership and aesthetic pleasure.

CHRISTO OPPOSES NYC MAYOR IN STREET ARTIST CONTROVERSY
NEW YORK CITY - Inexhaustible conspiracy hunter and artist Robert Lederman has a new ally in his battle with NY City Mayor Michael Bloomberg, the Mayor's friends Christo and Jeanne-Claude.

In January 2003, Bloomberg announced that the city will permit New York artists Christo and Jeanne-Claude to create *THE GATES, CENTRAL PARK, NEW YORK, 1979-2005*, in which 7500 gates -- each 16 feet high with gold coloured fabric panels suspended from them -- will follow 23 miles of footpaths in Central Park. Pedestrians will pass under the fabric dangling from the gates. *THE GATES* is scheduled to be installed in February 2005.

Shortly after this announcement, a concerned Christo and Jeanne-Claude issued a letter critical of a separate art-related decision made by the Mayor. The artists wrote that they are opposed to a proposed law requiring artists who sell their art in parks to compete for a handful of permits.

Intro #160 proposes that NYC artists compete in lottery for a limited number of permits for which they must pay \$25 a month. Similar legislation was introduced by the parks department in 1998 but was overturned because street artists were proven, in a 1996 case launched by Lederman, to have the same First Amendment rights as booksellers.



Christo and Jeanne-Claude appeared with Mayor Bloomberg at a press conference in January/03. The Mayor announced the OK on the artists installations in Central Park. Drawings of *THE GATES* formed a backdrop to the event.

The brief letter from Christo to Bloomberg was widely circulated by Lederman but not thought to have made an impact on the Mayor. In it the artist asks Bloomberg to reconsider Intro #160:

Intro 160 would prevent artists of New York to exhibit and sell their work in public places.

Artists who sell in the streets and in the parks are counting on you to protect their civil liberties.

Artists must pay sales tax, YES, when they are lucky enough to sell. Give them a chance to sell.

That is a revenue to the City, and it should be the pride of the citizens to see many people engaged in creating Art.

Not all artists can find a gallery. Give artists a chance to show their work.

PRAVDA ARTICLE PROMPTS ANGRY DELUGE AT MUSEUM SECURITY NETWORK

MUSEUM SECURITY NETWORK, AMSTERDAM -- An article on the destruction of a museum during the war in Iraq posted by the Museum Security Network in its regular mailings resulted in a hail of angry letters to the list-serve manger. The service was temporarily halted.

The brief article in question "Precision weaponry destroys Museum in Baghdad" (<http://english.pravda.ru/usa/2003/03/29/45311.html>)

posted by MSN March 26/03 from Russian newspaper Pravda reported on a US/UK coalition bombing of the Palace of Peace and a former presidential palace that is now a museum. The brief item, however, reflected an anti-American perspective stating that the destruction was an "act of terrorism". The article further suggested that US Defense Secretary Donald Rumsfeld "gloated" over the bombings which killed civilians. The article closes with the highly inflammatory phrase, "Bullseye, Mr. Rumsfeld!"

In response to the posting, MSN moderator Ton Cremers received a flurry of messages which in turn were sent back out to the list readers. Some messages supported the notion of free speech and balanced view. Others believe that the list-server merely posts material of all kinds and that it is up to readers to censor themselves. However, a blistering series of long messages condemned the use of the list-serve as a means of disseminating Iraqi propaganda.

While the messages went beyond the purpose of the list-serve, they did point to the notion that the Iraqis are using antiquities and archaeological sites as shields for their military. The other consequence was to clog the inboxes of busy cultural workers. One UK reader in the fine art insurance industry who asked to be unsubscribed stated:

"... I'm happy for you to use the contents of this e-mail to let anyone know what effect that this whole ridiculous correspondence is having I may re-subscribe when I'm not so busy and the war is over!"

<http://www.museum-security.org/indexdefinitief.html>

UNESCO MEETS ON FUTURE OF IRAQI HERITAGE

PARIS - A High level communiqué from Office of UNESCO's Director General Koïchiro Matsuura was distributed regarding the fate of Iraqi heritage. At an April 17 meeting of UNESCO members in Paris, Matsuura proposed several initiatives to stem the flow of art and artefacts from Iraq.

Matsuura announced his intention "to request the Secretary-General of the United Nations to submit the question of illicit traffic to the Security Council so that a resolution can be adopted which imposes an embargo, for a limited period, on the acquisition of all Iraqi cultural objects and calls for the return of such goods to Iraq if acquisitions or exports of this kind have already taken place."

"This resolution could thus be made applicable to the 191 Member States of the United Nations and not only to the 97 States Parties to the 1970 Convention", he explained.

The Director-General stressed the necessity "to take emergency measures, such as the setting-up by the authorities on the ground of a nation-wide 'heritage police', entrusted with the task of watching over cultural sites and institutions, including libraries and buildings where archives are stored".

Matsuura also proposed that a database "be compiled as soon as possible, combining all of the archives, lists and inventories relating to the Iraqi

heritage, which would enable customs and police authorities, as well as art dealers and all concerned parties, to identify and check the status of a particular object.”

“Naturally, this database could only become operational once a precise appraisal has been made of the objects which have been stolen or destroyed, something that could only be done by an on-site mission”.

Expert and financial help has been offered from many countries including Italy, which was the first to offer a contribution of \$400,000 for the protection of the Iraqi heritage. This initiative was followed by many others from States including Qatar, France, Germany, the United Kingdom and Egypt, from institutions such as the United Nations Foundation and the Arab League Educational, Cultural and Scientific Organization (ALECSO), from scientific networks and from individuals. Such initiatives will boost the Special Fund for the Iraqi Cultural Heritage that Matsuura has just established.

The Director concluded, “Despite all your expertise and good will, the fate of Iraqi heritage does not lie in your hands. It lies in the hands of the international community as a whole, and the only way that we will be able to safeguard these treasures and give them back to humanity is if we can count on the cohesion, coordination and determination of all concerned, at every level.”

INTERPOL FORMS INCIDENT RESPONSE TEAM ON STOLEN IRAQI ART LYON (Interpol media release)- Interpol has responded to the widespread theft of art and antiquities from Iraqi museums by forming a special incident response team of senior officers to coordinate efforts to locate the missing items and arrest those responsible for the crimes.




Members of the team will travel later this month to Kuwait and other countries in the region to meet with government and law enforcement officials to gather further information and details of what has been stolen. The team will travel to Iraq as soon as this can be arranged with military officials.

Interpol has already alerted police in its 181 member countries to make national border guards, customs authorities, art dealers' associations, auction houses, and the wider public aware of the situation.

A special meeting of experts and other interested parties, including representatives of UNESCO, the International Council of Museums and the World Customs Organization, will be held in Lyon on May 5-6. The meeting will devise a common strategy to deal effectively and quickly with the theft of cultural property in Iraq.

'The conflict in Iraq has unfortunately resulted in large scale destruction and theft of the cultural heritage of the country,' said Karl-Heinz Kind, Interpol's specialist in the theft of art and antiquities. 'This may have serious consequences for the global cultural heritage.'



'Interpol is calling on organizations and institutions involved in conservation and trade of antiquities to categorically decline any offers of cultural property originating from Iraq. In case of doubts concerning the origin of certain items, these bodies should immediately contact Interpol and seek expert evaluation of what is being offered for sale.'

The theft and illicit export of Iraqi art constitutes a violation of the relevant provisions of the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and a 1970 UNESCO convention on illicit trade in cultural property.

Interpol has a long history of helping the world's police in the fight against the theft of cultural property, and offers law enforcement agencies a number of information and analysis services to help them solve such crimes. Details of the organization's work in this area, and a special backgrounder, are posted on the Interpol website.

Interpol was set up in 1923 to facilitate cross-border criminal police cooperation. Today, it is the largest international police organization in the world, with member countries spread over five continents.

<http://www.interpol.int>

PRINTS AS INVESTMENT

The Auction Market for Modern Prints: what have we learned about art as an investment?

by James E. Pesando, Professor of Economics, University of Toronto

Prints sold at auction are classified into three groups: modern, old masters, and contemporary. Old-master prints (Rembrandt, Durer, etc.) vary sharply in both condition and quality. Contemporary prints (Johns, Hockney, Stella, etc.), although likely to be in good condition and of



Pablo Picasso.
Bacchanale. Etching.
1970, 5 7/8 x 8 1/8
inches. Edition of 50
impressions, signed
with Picasso's stamp.

uniform quality, are less likely to have a history of sale at auction. For these reasons, the market for modern prints (Picasso, Chagall, Miro, etc.) is an especially attractive vehicle for examining the rate of return on art. Here, price differences due to "non-observed" variations in condition and quality are less important, and there is an established history of sale at auction.

The market for modern prints is now an integral part of the art market.

Because prints are typically published in editions of 50, 100 or more, different impressions

of the same print frequently appear at auction, often in the same season. As a result, one can use repeat sales of the same print to track the price of an "identical" art object over time.

Gordon's Print Price Annual was published for the first time in 1978, and has been published in every year since. Each *Annual* contains a complete record of the prints sold at the world's major auction houses (Sotheby's, Christie's, Hotel Druout, Hauswedell & Nolte, Kornfeld, etc.) during the previous year. The *Annuals*, compiled from the catalogues prepared in advance of the sales and the price lists released thereafter, currently contain more than 45,000 entries.

The frequency of repeat sales of modern prints, together with the availability since 1977 of an exhaustive data set on the prices of prints sold at auction houses world-wide, make it natural to ask what we have learned about art as an investment from this segment of the market. In a number of research articles, I have studied the investment performance of a diversified portfolio of modern prints. I have also

studied the investment performance of the prints by Picasso, the most prolific maker of prints among the modern masters. I have found the following:

1. The real return on a diversified portfolio of modern prints is between one and two per cent per year, comparable to that anticipated on Canadian and U.S. Treasury Bills. (This does, of course, imply that the price of modern prints is anticipated to increase over time at a rate in excess of the rate of inflation.)
2. The absolute risk of an investment in modern prints most closely resembles the absolute risk of an investment in stocks. However, the real return to a diversified portfolio of Canadian or U.S. stocks is far higher, at about 8 per cent.
3. There appears to be a limited role for modern prints to assist in the achievement of portfolio diversification.
4. Because of the significant buyer's and seller's premiums, an investment in prints requires a long-term investment horizon, so as to amortize these high transactions costs.

The importance of transactions costs merits emphasis. At present, the buyer's commission at Christie's is 19.5 per cent of the first \$100,000 and 10 per cent of the hammer price in excess of \$100,000. The seller, too, must pay a commission, by a more complicated formula. The clear implication is that investment in prints (and art) is relatively illiquid, and requires a long-term horizon in order to amortize these high transactions costs.

Finally, there remains the question of whether "active" investing in modern prints might prove profitable (i.e., attempting to identify a particular artist or the specific prints of a particular artist that the market may have undervalued). This is, of course, a quite different issue, with an exact parallel in the context of investing in common stocks.

In this context, I note the accumulating evidence that "masterpieces" do not outperform the market. If one purchased a portfolio of the most expensive prints by Picasso in 1977, the return on the portfolio would be no higher than if one purchased "entry level" prints by this artist. This result is contrary to the folklore of the art trade, which is that purchasing the most expensive works of the most established artists will prove to be the most profitable investment strategy.

The concept of an efficient market is well-known to investment professionals. In a well-functioning capital market, risk-adjusted rates of return are forced to equality. To the extent that owning an art object provides a flow of consumption services (in excess of storage and insurance costs), the equilibrium return on art for a given degree of risk should be lower than on traditional financial assets.

From this perspective, the fact that the monetary returns to art are low relative to risk is not surprising. Indeed, a natural measure of the "dividend" provided by consumption services is the excess of the return on financial assets (at a given degree of risk) over the observed return on art.

CREATIVE SUBCONTRACTOR

behind every successful public sculpture there is a skilled CAD designer

Canadian sculptor John McEwen, looking for someone who could punch one star into a hunk of Corten steel, stopped at shop in an industrial park in Barrie, Ont. Some design was required, he was told, but yes, not a problem. Satisfied, McEwen came back several days later with a design commissioned for Toronto's new Air Canada Centre. It required 1,000 stars.



McEwen's massive trio of cones, 30 tons of steel punched full of stars and topped with a polish stainless steel cap, was an unexpected and rewarding collaboration for the owners of MC Lights / MC Laser Werks, Mike and Cheryl Bilyk.

The Bilyks began their business in 1991 and bought their first laser cutter in 1995. Their bread and butter was and is made as a manufacturer and customer maker of lights for theatre, movies, television. They have just completed a \$250,000 lighting equipment contract with CBC television.

Mike Bilyk of MC Laser Werks in Barrie, Ont.

1-877-625-4448
www.mclights.com

Their growing reputation for unusual custom designs has meant a role, if small, as a sub-contractor of a subcontractor for NASA. Specializing in the one off "extra special stuff" has made MC invaluable to a growing number of artists.

"15% of our business is with artists," says Mike Bilyk, 42. "We are willing to work back and forth with the artist. It's his job to push the limits of creativity."

In the old days, master sculptors might have employed specialists in *cire perdu* and dealt with burly foundry workers. Today, the artist of public sculpture contracts workers skilled in AutoCadd, structural engineering and custom sheet metal fabrication using laser tools.

For the Air Canada Centre commission, the artist and the MC design engineer worked from wood sculptures, computer printouts and sketches in a back and forth until the design was complete. After seven or eight revisions, the design was transformed into computer models using CAD software by MC and a 30 centimetre scale model was laser cut from steel. With client approval, the artist then went ahead with specific designs for the fabrication process for the \$500,000 outdoor artwork.

The construction details for this massive job went smoothly. Since then, MC has helped McEwen build six sculptures including the giant *Canopy* for Cineplex Odeon in Toronto.

“On this job we were the general contractor,” explained Bilyk. “We bought the steel, cut it, installed the work, everything. For the Air Canada Centre we were a subcontractor.”

Through MC, the Bilyks have supported the MacLaren Art Centre and the city of Barrie. Ron Baird who created Barrie’s towering waterfront sculpture *Spirit Catcher* using MC services, gave permission for MC to replicate a series of miniature “catchers” to be sold through the MacLaren as a museum fundraiser. They have also participated in a museum auction of Muskoka chairs, donating a 300 pound steel chair with convincing wood faux finish. The finish was made with powder coating, another MC service.



MC Laser Werks was subcontractor to Canadian artist John McEwen’s outdoor sculpture at the Air Canada Centre, Toronto.

“There’s a big payback to working with the MacLaren and with the local college, Georgian,” states Bilyk.

“Every year we invite students in industrial design or visual art, for example, to tour our place. They are our future customers.”

In the meantime, the Bilyks will continue to expand their business with artists.

“You never know when one star will turn into 1,000.”

I N F O R M A T I O N

Exchange with the Arts Business Community
Send your announcements to editor@artsbusiness.com

HELP - Information needed

I'm looking for a print who uses soy inks. Please send information via editor@artsbusiness.com

DIGITAL LICENSING COURSE

LESLEY ELLEN HARRIS is teaching a course on Digital Licensing in NYC on Wednesday May 14, 2003. Full info is at www.nynma.org

For those who cannot make the NYC course, or would prefer to take the course online, I'm also teaching an online version of it, starting April 14, 2003. Full info is at www.acteva.com/go/copyright. The online course is primarily geared towards librarians and other licensees but would be appropriate for anyone who needs to know the basics and beyond re digital licensing. This is a 27 lesson course and will be more detailed than the 3 hour in-person course, and includes access to a "private" licensing listserv during the duration of the course.

Feel free to email me with any questions about the course.

Lesley Ellen Harris
lesley@copyrightlaws.com

NEXT DEADLINE FOR SUBMISSIONS TO THE FEATURE FILM PROJECT: APRIL 30th, 2003

Guidelines & Application packages are available for download from www.cdffilmcentre.com, by emailing ffp@cdffilmcentre.com or by calling (416) 445-2890.

An initiative of the Canadian Film Centre, the FFP offers the unique opportunity for emerging writers, directors & producers to develop and produce their low-budget feature with the benefit of mentorship in all areas and the opportunity for 100% production financing.

The FFP is designed for dramatic feature films at both the \$250,000 (Ultra-low budget) and \$500,000 (Low budget) range.

Films developed and produced through the FFP have so far earned a total of 24 Genie Award nominations and have screened at 46 festivals in 22 different countries worldwide.

ART HISTORY CONGRESS - AUGUST 2004

Every four years, the Comité International d'Histoire de l'Art holds a major Congress. The last one was held in London in September 2000. The 31st International Congress of the History of Art will take place in Montreal, August 22-26, 2004. It will be held at the Palais des Congrès de Montreal, and is being jointly organized by l'Université de Montréal, McGill University, l'Université de Québec à Montréal and Concordia University.

An advisory committee comprised of representatives from Art History programmes across Canada is also involved in the academic planning of the congress. The overall theme of the congress will be "Sites and Territories of Art History". Session themes (which must be approved by the board of the International Committee) are currently being developed, and will be announced as soon as they are confirmed.

Nicole Dubreuil-Blondin is chair of the Montreal committee that is doing the on-site organizing of the 2004 conference.

www.ciha2004.uqam.ca

ARTS AND CRAFTS WORKSHOP ON EXPORTING TO THE USA

www.artsyukon.com

WHITEHORSE - Experts from across Canada and United States will be in the Yukon from April 25 - 27th to present information on exporting arts and fine crafts to the United States.

"We are pleased to work with the federal government to host this workshop that will provide our arts and craft sector the information they need to grow their business and find new markets for their work," Minister of Tourism and Culture Elaine Taylor said.

The workshop will look at marketing and marketability, promotional tools, identifying your market, pricing, working with galleries and the process of exporting to the US.

The workshop is part of a series of five workshops being offered in preparation for the 2003 Buyers Show. The second annual Yukon Buyers Show is scheduled for September and offers an opportunity for arts and craft producers to meet with retailers and wholesalers from Canada, Alaska and the Northwest USA.

Anyone wishing to participate in the workshop should contact the Department of Tourism and Culture at (867) 667-5858 or toll free at 1-800-661-0408 ext. 5858 by April 18th. The workshop is free but space is limited.

E N D N O T E S

Ben Darrah's article "CROSS BORDER SELLING" was very thorough and I am glad he mentioned CARFAC's Certificates of Canadian Origin. For more information, see the Council of Canadians website at www.canadians.org

Bill Horne

Amazing Space Studio & Gallery, Wells, BC

Congrats on a such an informative newsletter! The editorials/features offer a perspective hard to attain from within the studio walls. It's a very public thing I do here in private.... Keep up the 'good' work.

Ruth Abernethy

Artist, Toronto

Love your newsletter.

Caroll Michels

Career Coach and Artist-Advocate, New York, www.carollmichels.com

Congratulations on your first anniversary. It is such an important milestone in a new endeavour. The newsletter is terrific and I look forward to each new issue.

Vicki Griffiths

Vicbar Marketing Limited, Toronto

Your Arts Business Exchange is truly USEFUL - which lots of magazines etc. are not ... thank you so much - I look forward to receiving it!

Sandy Brand

Artist, Toronto

Thank you for sending resource materials for Beyond Borders: A Craft Marketing Conference which was held in Nelson, March 28-30.

The conference was a great success attracting 250 delegates from across the country. Thanks Arts Business Exchange, and other conference supporters, our resource room was a very good addition to the event.

Helen Sebelius

<http://www.ksac.bc.ca/conference2.htm>

Thanks Heather, I can't wait for the next issue.

Karen Mader

Visual artist, Toronto

<http://www.karenmadersfineart.com>

The Magazine

The ABX newsletter is a digital publication (PDF) covering Canadian and international: art business news; art economics; art history; art law/art policies; art trends in Canada and abroad; art dealer and auction news. It is published 11 times a year by the *Arts Business Exchange*.

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