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Excerpt
More Information

1 Auctions

Institutional Form and Interactional Organisation

> Going, going gone. £40m record price for money, money, Monet. High drama at Christie's in London sent the largest of Monet Waterlilies ever sold to an astonishing £40.1 million, a record price for artist. Art's miracle in 2008 of climbing ever higher into the sky while the real economy crumbles on the ground saw no fewer than 11 bidders join in the Monet scramble last night. "Twelve million pounds to start it!" cried Christopher Burge, the auctioneer and chairman of Christie's America. At racing speed he galloped the bids so fast that arms were waving at him. Some of the desperate super-rich waited for calm before entering late. "26 million new bidder!" cried Mr Burge when we were already far above the Monet record.
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Each year some billions of pounds of art, antiques and objets d'art are sold at auction. We have become accustomed to reading of the spectacular prices that the work of certain artists such as Rembrandt, Picasso and Warhol achieve at auction, and yet it still comes as some surprise when a Lucian Freud, a Damien Hirst or a Lucio Fontana sells for many millions of pounds. These 'tournaments of value', to borrow Appadurai's (1986) splendid phrase, with their drama and intensity, frequented by the international super-rich or as they are sometimes known, high-net-worth individuals, have achieved an almost mythical status, providing a momentary glance into a world way beyond our wildest dreams. These high-profile sales, however, are just a small fraction of the tens of thousands of auctions of art and antiques that take place every year – from small salerooms in provincial towns in the west of England selling numerous lots worth little more than £100 to the sophisticated emporia found in the leading international auction houses in London and New York.

Auctions appear a somewhat anachronistic method of selling goods, more common perhaps to traditional agrarian societies than post-industrial capitalism. Merchandise of differing quality is presented to a gathering of prospective buyers, and an auctioneer rapidly announces the price in response to bids received from interested parties. The bids themselves rarely consist of little more than a gesture or a nod of the head, and yet the price of the goods may rapidly increase to five sometimes ten times the starting value. The price increases until only one bidder remains, and at that point the goods may be sold on the strike of a wooden hammer or gavel on the rostrum. This seemingly crude mechanism is successfully used to sell merchandise worth little more than a few pence or goods worth many millions of pounds ranging, at least in the area of antiques and art, from fine English furniture to nineteenth-century lemonade bottles, from neoclassical garden urns to the most charming Fragonard drawing. The sale of each lot typically takes little more than thirty seconds, and yet it provides interested parties with the opportunity to, literally, show their hand, and to buy the goods if they are willing to pay the highest price. And despite the relative absence of legislation in many countries governing auctions and auctioneering, surprisingly few disputes or difficulties arise.

Auctions markedly differ from the more familiar methods used to establish price and enable transactions in contemporary society. Put very simply, the most common arrangement is the fixed price mechanism through which the seller sets the price that the buyer or consumer pays for the particular goods in question. Prospective buyers may reject the price by not purchasing the merchandise. The price is not subject to negotiation, and price adjustments are made over a period of time. In contrast, private treaty involves negotiation in which the final price of the merchandise is the outcome of offers and counter-offers, with adjustments made until both buyer and seller can agree on a price. Auctions differ from both these methods. In auction, at least the form of auction discussed here, the price of the goods or service is the outcome of direct competition among prospective buyers who attempt to outbid each other. The final price is dependent upon the highest bid received and expresses the buyers' demand for the merchandise. Unlike more familiar processes of exchange, therefore, in which the price of goods or services reflects complex processes of valuation, in auctions value is constituted at least in part by virtue of the price that buyers are willing to pay on a particular occasion (see, for example, Cassady 1967; Smith 1989, 1991). Auctions are ideally suited to transactions that involve the sale of merchandise that varies significantly in terms of quantity, quality and supply, be it fish, cattle or in the case at hand, art, antiques and objets d'art.

Auctions provide a solution to a social problem. They enable the price of goods of uncertain value to be systematically established through open and direct competition and provide a vehicle through which legitimate transactions are secured between a seller and a buyer. As a social arrangement that enables a particular form of market activity, auctions have become increasingly institutionalised over many years, and in the case of art and antiques, auction houses are now responsible for a significant proportion of the annual transactions and sales. Moreover, in terms of the value of works of art or antique objets d'art, auction prices, rather than retail prices, have increasingly become the principal source of valuation, the 'reference values', and form the basis to various lay and professional price guides, market analyses and indexes. How auctions and auction houses have come to achieve such a dominant position in the market for art and antiques deserves a study in its own right (see, for example, Learmount 1985; Herrmann 1980; Herbert 1990; Lacy 1998; Towner 1971; Cooper 1977; Watson 1997), but here we are concerned with rather a different matter. Despite a substantial corpus of research within the social sciences, mainly within economics and econometrics, we know little of the interaction that arises at auctions and still less of the ways in which the auctioneer, in concert and collaboration with buyers and others, deploys an organisational arrangement that enables the price and exchange of goods to be legitimately accomplished in seconds. In other words, the complex social and interactional organisation that underpins and enables auctions remains largely neglected. Before discussing one or two studies that have begun to draw our attention towards this 'seen but unnoticed' organisation, Garfinkel's (1967), it may be helpful to provide a brief history of auctions of art and antiques and how this particular form of social arrangement has become increasingly institutionalised over the past few centuries.

A Brief History of Auctions of Art and Antiques

The first known reference to auctions is found in *Histories of Herodotus*, in his discussion of the customs of the Babylonians where he describes the annual village sales of women of marriageable age. The custom is dramatically portrayed in Edwin Long's enormous *The Babylonian Marriage Market* (1875), a painting that achieved a record price in 1882 of sixty-three hundred guineas and was owned until recently by one of the colleges of the University of London. It is the Romans, however, who are largely credited with first formalising auctions; arguably the importance of auctions derived in part from the need to efficiently dispose of general merchandise plundered by Roman armies. Indeed it is said that 'business agents accompanied military expeditions in order to be on the spot when these auctions were held' (Learmount 1985: 8).The word *auction* derives from the Latin *auctio*, meaning an increase, and the Romans established a range of terms to describe the key participants including the *argetarius*, who organised the sale; the *praceo* or promoter, who served as the auctioneer; the *dominus* and *emptor*, namely the seller and the buyer; with the sale held in an *atrium auctionarium*. It is suggested that the method of selling was much like auctions today, with auctioneers announcing successive increments in response to bids from prospective buyers. Following the decline of the Roman Empire we find little reference to auctions of general merchandise and works of art until the fifteenth century in Venice and a little later in the Low Countries, in particular the towns of Antwerp and Amsterdam in the sixteenth century.

In his insightful analysis of the records of the Orphan and Bankruptcy Chambers in Amsterdam in the late sixteenth and early seventeenth centuries, Montias (2002) demonstrates the increasing importance of the auction to the sale of household belongings as well as works of art, with dealers in particular buying stock at auctions or buying on behalf of clients. Masters of a particular chamber or guild, such as the Orphan Chamber, undertook the sales. On different occasions, sales involved one of two different methods to sell goods by auction. On one hand, the English or Roman auction method was used – the model most familiar to us today, characterised by an ascending price that increases in response to bids from prospective buyers, with the goods sold to the party willing to pay the highest price. On the other hand, the Dutch auction method was also used; sometimes known as the 'upside-down auction'. The auction begins at a high price with the auctioneer announcing successively lower prices until a buyer calls out '*mijnen*', or 'mine'. It is the method still used for flower auctions in Amsterdam, by some street traders in England (see Clark and Pinch 1995) and more curiously perhaps, by a number of television shopping channels. In the Dutch auction method, the first, and in some cases the only, bid secures the lot in question. It is suggested that the Dutch method was prone to dispute, with participants arguing as to who called out '*mijnen*' first, and despite remnants of the Dutch method appearing in contemporary auctions, sales of art and antiques overwhelmingly follow the English or ascending price method.

It is interesting to add that the auctions of general merchandise held in the Low Countries beginning in the sixteenth century reflected many of the conventions and difficulties associated with auctions to this day. For instance, the vendor (or vendor's estate) paid a commission for the selling of merchandise and chambers provided buyers with a period of credit to facilitate the purchase of goods. Problems of collusion arose, and the existence of 'rings' dampened the credibility of auctions. Evidence suggests that vendors or their agents placed bids in order to 'puff up auction prices above the competitive value of the objects sold' (Montias 2002: 25) – a practice that, for example, has caused eBay and other Internet auction sites some difficulties in recent years. Indeed, it is said that Rembrandt attended a sale in 1636 or 1637 to bid up the price of paintings by his friend Jan Uijl and received a small payment for his trouble.

Alongside the increasing importance of auctions of general merchandise including pictures and works of art in the Low Countries, we find the French government passing an act in 1556 to establish the Huissiers Priseurs (Baliff Auctioneers), who had the exclusive right to undertake auctions of property left by death or taken in execution, a civil position that remained in place, much to the frustration of the international auction houses, until recently. An early seventeenth-century charter in England attempted to restrict selling by auction to an officer called an *outroper*, but these restrictions were soon abandoned. By the end of the seventeenth century, encouraged in part by a Dutch king on the throne in England, we find an increasing number of references to auctions. Perhaps most familiar in this regard are the extracts from Pepys' diaries and his descriptions of the 'sales by candle' held in coffeehouses. These auctions primarily used the English or Roman auction method, but to restrict the length of the auction, an inch of candle was lit at the beginning of the sale and the person who made the highest bid before the flame went out secured the goods in question. The annual sale of French wines is still held in this way, but more surprising perhaps is the way in which eBay and other Internet sites have introduced a similar procedure (though without candles). At the beginning, the auction of each lot specifies the precise time at which the sale will end. As with eBay and other Internet auction sites, however, it was soon found that the majority of bids were submitted during the final few moments of the sale. It was also said that experienced participants could cunningly anticipate the flame going out and place a bid at the final moment – a seventeenth-century version of what is now commonly known as 'sniping'.

Towards the end of the seventeenth century and the first half of the eighteenth century we witness the emergence of the auctioneer and auction house dealing not only in general merchandise but also in more specialist goods including pictures, art, jewels, china and books. We also find the development of auction catalogues describing the lots and the conditions, including, for example, forbidding vendors from bidding on their own goods in order to raise the price. The English or Roman auction method, without lighting candles to prescribe a time period, became the principal method for sales by auction of general merchandise, including art and antiques. Learmount (1985) suggests the most important figure at this stage was Christopher Cock, who established his 'Great Room' in Covent Garden in the 1720s and foreshadowed the emergence of the auction house as we know it today – a specialised institution with permanent rooms with sales undertaken by a professional or at least a celebrity auctioneer. Learmount states that Christopher Cock was 'more than simply the first major auctioneer, he is in fact the link between the world as it was and the auction more or less as we understand it today' (Learmount 1985: 27). Parallel developments emerged in France, transforming the auction from a casual to a full-time business with the establishment of auction rooms in which to present goods and undertake sales.

By the mid-eighteenth century in England, two leading auction houses came to dominate sales of art and antiques throughout the world and do so to this day. Sotheby's was founded by bookseller Sam Baker and held its first auction in 1745, and James Christie established his auction rooms in 1766 (Figure 1.1). Both Phillips and Bonham's, who still hold an important position in sales of art and antiques, were founded towards the end of the eighteenth century. From the outset, Christie's held sales that dealt with a broad range of goods; one of its first auctions featured household furniture, pier glasses, Madeira, china, carpets and the like, albeit of some quality. In contrast, Sotheby's specialised in book sales and indeed only following the First World War did it begin to hold regular auctions of art and antiques, a strategy that flourished from the 1950s onwards. Aside from establishing permanent rooms and holding specialist auctions, a number of key elements begin to emerge that are now commonplace amongst the leading auction houses of art and antiques. These include the provision of specialist expertise that enables auction houses to discriminate, discover and evaluate goods – expertise increasingly reflected in the sophisticated catalogues that accompany auctions of art and antiques. It involves a widespread, increasingly global, network of clients, both vendors and buyers, that enables auction houses to secure merchandise and market sales to those with the interest, resources and wherewithal to purchase works of art and antiques – be they wealthy individuals, dealers or private or public sector institutions (including leading museums and galleries). It also includes 'professional' auctioneers who are able to conduct auctions with authority and not infrequently to secure high prices for the goods in question. In the eighteenth century, for example, James Christie – nicknamed 'the King of Epithets' (Cooper 1977) – was renowned for his rhetoric

Figure 1.1. *The Auction* by George Cruickschank (late eighteenth or early nineteenth century).

and powers of persuasion, and today auctioneers such as Tobias Meyer of Sotheby's and Christopher Burge of Christie's have become celebrities in their own right.

Notwithstanding the growing institutionalisation of auction houses in the nineteenth century and their growing influence on the market of art and antiques, problems remained concerning the integrity of the auction process and the trustworthiness of auctioneers. The general scepticism towards auctions and auctioneers is exemplified in the ways in which they are portrayed in novels and pictures, particularly nineteenth-century caricatures. In *Middlemarch*, for example, George Elliot describes the ways in which a provincial auctioneer attempts to cajole the innocent to bid for goods of little value:

> Meanwhile Joseph had brought a trayful of small articles. 'Now, ladies' said Mr Trumbull, taking up one of the articles, 'this tray contains a very recherchy lot – a collection of trifles for the drawing room table – and trifles make the sum of human things – nothing more important than trifles. This I have in my hand is an ingenious contrivance – a sort of practical

> rebus I may call it: here you see it looks like an elegant heart-shaped box, portable – for the pocket; there again it becomes like a splendid double flower – an ornament for the table; and now … 'a book of riddles! No less than five hundred printed in beautiful red … Four shillings sir? Four shillings for this remarkable collection of riddles with the et caeteras…. Four and sixpence – five shillings. The Bidding ran on with warming rivalry. (Elliot 1871–2, 1992: 653)

There have been successive attempts to regulate auctions and auctioneers with the introduction of licensing for auctioneers in England, first in the 1770s and once again in 1845 (the Auction Act), though some argue this was more concerned with generating revenue for the exchequer than trying to regulate auctions. Doubts concerning the legitimacy of auctions and the integrity of auctioneers are perhaps exemplified by the anti-auction movement that arose in America in the early nineteenth century with pamphlets issued entitled 'Reasons Why the Present System of Auction ought to be Abolished', with a similar movement emerging in England some years before that included explicit references to Christie's and Sotheby's. Learmount quotes from a pamphlet published in London concerned with the 'Ruinous Tendency of Auctioneering' that includes a reference to 'that irresponsible body of men called Auctioneers, who know no laws or restrictions in their mode of business' (Learmount 1985: 94). It continues:

> Ruinous as this system is to trade, it is perhaps not so mischievous in that point of view, as for the grudging and grovelling spirit it engenders in that portion of society which ought to be above illiberality and meanness. What progress can we make in the work of civilisation, when we see a clergyman, a barrister, or a physician, truckling among a parcel of 'low fellows' at Squibb's, Robins's or Leigh and Sotheby's, for permission to get a fortunate nod at the Auctioneer, that is to enable him to save a few shillings in the purchase of trinkets and books? (1812 pamphlet quoted in Learmount 1984: 95)

Despite widespread reservations concerning auctions and those who bought at auctions, exacerbated perhaps by the ability of certain auctioneers to charm, persuade, cajole and even mislead buyers, there are few restrictions, at least in Britain, 'placed upon carrying on the business of an auctioneer, and no special formal qualifications required' (Harvey and Meisel 2006: 35). The 1848 Licensing Act was repealed and – notwithstanding legislation designed to curtail 'rings' or coalitions among buyers between the

Wars (1927 Auction Bidding Agreement Act) and to outlaw fictitious or mock auctions (Mock Auction Act 1961) and the emergence of a host of regulations at the national and European levels to protect consumers – auctions and auctioneering remain surprisingly unregulated. In the United Kingdom, a number of professional associations have emerged, including the Auctioneers' Institute of the United Kingdom, RICS (Royal Institute of Chartered Surveyors) and SOFA (Society of Fine Art Auctioneers and Valuers), yet there is no necessity, or widespread commitment amongst the auction houses, for auctioneers to belong to these associations. Moreover, members of the leading international auction houses are not formally members of the associations and certainly are not required to be so in the terms of their employment. Even in the United States, for example, where particular states such as New York regulate and license auctioneers, Sotheby's and Christie's have an 'arrangement' empowering them to 'license' their own members of staff to take sales. In Britain, anyone, with no formal qualification or license, can establish an auction house and become an auctioneer as long as they place their name and address over the door of the premises. And while one or two of the leading auction houses have introduced training courses for their auctioneers, most auctioneers with whom I have spoken received little or no training. Indeed, they claim to have 'learnt the hard way'; 'one day I was clerking and the next told to climb on the rostrum and take over the sale'. It is not surprising that we have heard auctioneers jokingly say 'we're just a bunch of public-school Del boys' – the name of a character in a popular British television programme who lives by his wits, wheeling and dealing.

Even in the second decade of the twenty-first century, some 350 years after they became increasingly institutionalised in Britain and elsewhere in Europe, auctions of art and antiques provoke scepticism and even protest. Only recently, for example, we find a Sotheby's sale of modern and contemporary art disrupted by a group opposing the 'orgy of the rich', a group which then staged a mock auction on the street outside in which £50 notes were thrown into the air.

Beginning in the 1950s, a small number of leading auction houses increasingly dominated the market for art and antiques. Through the extraordinary energy and influence of its director, Peter Wilson, Sotheby's recognised the potential of the international market for modern paintings, and, following the de-restriction of the U.S. wartime currency regulations, held its first sale devoted entirely to Impressionist paintings in 1955. By the 1960s, Sotheby's opened an office in New York and purchased the leading U.S. auction house, Parke-Bernet. According to Cooper, these developments:

> changed the whole balance of the art market, which had previously favoured international dealers such as the Duveens, the Kugels, the Partridges and the Wildensteins, and which now allowed the auctioneer to assume a natural right to many of the major deals. (1977: 90)

Notwithstanding the financial difficulties that emerged in the 1970s by virtue of the oil crisis, the late 1950s onwards brought – at least until the last decade or so – an extraordinary expansion of the leading international auction houses and a flourishing of provincial salerooms dealing in art and antiques in Europe and North America. Sotheby's and Christie's developed a range of specialist departments and for some years expanded both the number of sales and the range of merchandise they sold at auction under the broad rubric of art and antiques and objets d'art. We saw, for example, the subdivision of picture sales into a number of specialist subcategories, including old masters, watercolours, Impressionist and contemporary art and old master prints, as well as the creation of new 'disciplines' and accompanying sales specialising in costumes, toys, scientific instruments, cameras, photographs, posters and the like. These developments were funded through substantial increases in turnover, year on year, and the growing number of million-dollar sales. Both houses developed an increasingly global market for certain goods and opened offices and salerooms in many major European cities and cities in the Far East, Australia and, more recently, in Russia, India and China. The net turnover of Sotheby's in 1938 was just over £3 million and reached £98 million in 1976. In 2007, it peaked at $1.9 billion (U.S. billion).

Despite these developments – the growing institutionalisation and internationalism and their increasing domination of the market for art and antiques – there remains some mistrust of auctions and auctioneers. The price-fixing scandal of the early 1990s involving Sotheby's and Christie's, the introduction of guarantees for vendors to enable the auction houses to secure major works of art and collections, loan arrangements, 'financial interests' in some of the goods sold, the increase in commission rates and the introduction of the 'buyer's premium', the substantial profits of the leading auction houses – all served to cast doubt on the operation of auctions and the validity of the prices, and, in some cases, the transactions that arose. How these matters of trust and legitimacy are resolved within the practicalities of the auction and the interaction that arises poses an important question for those of us interested in the ways in which this seemingly simple method of selling goods transacts sales worth billions of pounds each year.