

LONDON

How are the scales tipping between the centres of artworld power?

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NEW YORKS.

WHAT GREATER CLICHÉ COULD ONE OFFER AT THE MOMENT THAN THE MINDLESS PLATITUDE 'It's a global artworld now', as if the 'artworld' had always and only ever been constrained to some little strip of real estate tucked away into a corner of the Western hemisphere. It is, however, a paradox of our era of globalisation – by which we mean a new phase in capitalism's visibility – that our attention is increasingly focused on those nodal points of the global economy that go by the names New York and London. You may buy it in Beijing or in Buenos Aires, but it goes on the block in the Big Apple or the City on the Thames.

But between these Atlantic capitals there has existed an uneasy tension. From a New Yorker's perspective (my own), New York has long been considered the Capital of Capital, and London its friendly trading partner across the Pond. As one gallerist noted in response to an earlier issue of the Power 100 and its perceived tipping of the scales in Europe's favour, "C'mon guys, 80 percent of the art market *is* New York", a sentiment apparently confirmed in our newest rankings. Nevertheless, recently it has been difficult to fight the feeling of an easterly momentum, a London ascendant. Consider the following:

Frieze Art Fair vs. Armory Show

Frieze is in its fifth successful year as London's premier art fair, and the only one produced by the publishers of an art magazine, which has always given it something of an edge over fears of art fairs becoming just another tradeshow. With Matthew Slotover and Amanda Sharp at the helm, one remains (reasonably) sure that the art comes first, and will continue to do so for some time to come. Plus, Regent's Park is by far one of the more beautiful settings for any circus of this sort, especially when compared to the Hudson River pier that New York's Armory Show has called home since 2001. And given the latter's near sale to Merchandise Mart Properties, the Armory may soon have to work hard to dissociate itself from 'National Kitchen and Bath Month'

Hirst vs. Koons

During the early 1990s, Jeff Koons and Damien Hirst embodied the impulses of Eros and Thanatos for the artworld: Koons gave us his *Made in Heaven* series (1989–91) and all of its many 'shots' of the artist coupling with his then-wife-cum-porn-star-cum-Italian-Parliament-candidate Cicciolina; Hirst gave us an encased cow's head (*A Thousand Years*, 1990) and then an oversize fishtank filled with formaldehyde and one unfortunate shark (*The Physical Impossibility of Death in the Mind of Someone Living*, 1991). And more than any other artists of their generation, Koons and Hirst gave us a new medium: the market. Sure, the 1980s had flooded the contemporary art market with new money, but Koons and Hirst seemed to recognise that, again, it was visibility which mattered: visibility would quite literally 'make' the market and the art to go with it.

As with any artistic medium once discovered, though, the challenge became one of how to manipulate it, of how to put it through its paces and to exercise its full possibilities. No one can doubt that Hirst has risen to the challenge and confronted it 'head-on', so to speak, with his \$100 million luxury provocation, *For the Love of God* (2007). Koons, however, appears to have regressed into a fantasyland of childhood escapism, one apparently populated by balloon animals, paintings of the Incredible Hulk and a 161-foot-tall choo-choo train. Eros? More like infantile.

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GB Pound vs. US Dollar

Of course million-dollar artists and art fairs alone do not a market make. Anyone looking at the relative economies of New York and London won't fail to notice that the dollar has dropped to its lowest against the pound since the latter's heights in late 1980. What the current roughly two-to-one ratio means in practice is that New York is essentially on sale for the British (not to mention for all citizens of euro-denominated countries). This keeps New York collectors at home and looking only to their own market, while their counterparts across the Atlantic can cast their nets far and wide, not only at auction but also on the primary market, where works by American artists are effectively 20 percent less than what they were as recently as 2001.

Of course, the dollar's decline could also hamper London's rise, especially if the 80 percent of the art market that just "is New York" decides to stay home. Which is why the purchase of London's Haunch of Venison by Christie's, and its opening of a new Haunch space in New York, appears that much more timely. Christie's gets a highly touted outlet through which to route both primary and secondary market private sales, and Haunch gets a forum in which to court American collectors who may be a bit insecure about their limping currency. What is more, it is only Christie's that has to weather charges of 'conflicts of interest' with its entrance into the primary market for contemporary art. As far as HOVNY is concerned, it's business as usual.

'Non-Doms' vs. Capital Gains

If currency is a two-way street, tax policy is not, and at the moment, both New York and London have been the beneficiaries of tax loopholes that cater to the kinds of people who like expensive things, or can learn to. In New York (and the US more generally), the loophole has to do with what partners at hedge funds and private equity firms declare as long-term capital gains, which are taxed at a 15 percent rate for the highest tax bracket, and what they declare as income, which is taxed at a rate of 35 percent for the highest earners. Since most of these funds follow what is referred to as a '2 and 20' fee structure – where the funds charge 2 percent of all assets under management and take 20 percent of any profits (some of the best-performing funds take even more) – the partners in these operations claim not to be earning any 'income' at all; rather, they only realise capital gains, and so take home 20 percent more of their earnings at the end of the day.

Not a bad racket. But not quite as good as the deal these same fund managers and private equity partners could get if they moved to London and declared 'non-dom' status. 'Non-doms', or non-domiciled foreign nationals, pay zero tax on capital gains. What this means is that London (and the UK in general) has effectively become one of the biggest tax havens in the world. Small wonder then that the London auction markets did not dry up last year when Britain finally harmonised its *droit de suite* laws with its fellow EU member states. A 5 percent artist's royalty on the purchase of works of visual art is easy to swallow when your bank account grows by upwards of 30 percent for a simple change of address.

Of course, New York remains unmatched when it comes to the size of its contemporary art scene. It is still the first stop for most artists fresh out of their MFA programmes (sorry LA); and with the expansion of new spaces to the Lower East Side, and the continued dominance of Chelsea as a Mecca of artistic visual pleasures, there is only so far the Big Apple can fall. As the critic Ken Johnson (now once again with *The New York Times*) noted of art being made 'at the margins': 'If it's any good, and it hasn't made its way here yet, it will.' I think I'll stick around. •