The Santa Fe Art Market

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THE SANTA FE ART MARKET

Martin Shubik with the assistance of Julie K. Shubik

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The empirical work for this study was done from January to May 1992 while the author was resident at the Santa Fe Institute in Santa Fe. The information presented here is based on extensive interviews by Martin and Julie Shubik of dealers, artists, museum staff, administrators and others involved in the Santa Fe art and/or cultural activities. The material obtained from interviews and from reading was supplemented by some questionnaires to dealers and artists. The number of questionnaires completed was relatively small, consisting of sixteen (out of forty) hand delivered to dealers from Santa Fe, as well as fifteen from Albuquerque and thirteen from Taos. A separate questionnaire was answered by eighteen artists. These are relatively small samples when (depending on the definition one uses) there may be between 100 to 400 art galleries in the three locations in total and (again depending on the definition) between 500 to 5,000 artists. Furthermore as the sampling was done on a shoestring, the samples were biased by opportunity. Hence the Taos sample consisted of dealers and artists whose curiosity was high enough to make them more or less self-selected by coming out to listen to a talk. The Albuquerque sample came from dealers responding to a letter of April 24, 1992 from the Albuquerque Art Business Association and the Santa Fe sample came through the good offices and telephone calls of two major dealers.

The variances in the replies are large, and no attempt is made in this document to stress spurious accuracy. If some of the numbers presented were interpreted as being high or low by a factor of two, they still would indicate the considerable importance of the art market to the cultural and economic life of Santa Fe and Taos, and to a lesser extent, Albuquerque.

In 1986 a survey entitled the Economic Impact of the Arts in New Mexico (Av Shama and Associates, Albuquerque) was sponsored by the New Mexico Arts Division of the Office of Cultural Affairs with funds provided by the National Endowment for the Arts. In that study the key findings for then estimated 300 galleries for all of New Mexico were that gross sales were estimated at around $45 million, two thirds of the sales were of the works of artists in New Mexico and the industry had around 1,100 part- and full-time employees. This study concludes that the art market is now far larger and may still be growing, as part of the cultural infrastructure that appears to be of considerable importance to the size and nature of New Mexico tourism and immigration.

A major motivation in carrying out this study was to consider the growth of an industry from the viewpoint of innovation and cultural and economic benefits its increase contributes to the area. As well as to consider how important other cultural and economic activities are to its growth. Why should the art market grow faster in this area as contrasted with Colorado Springs or Carmel or Cape Cod? The study suggests an answer.
1 THE CONTEXT

1.1 Questions and purposes

In this study we examine the growth of the art market in Santa Fe and Taos; consider why this should have taken place in New Mexico as opposed to Colorado or elsewhere; consider how large it is and consider the general importance of the cultural structure of Santa Fe and Taos to their economy.

Combined with these concerns are the desires to characterize the economics of museums, other cultural institutions, dealers and artists, and to understand their interrelationships. This involves considering the growth of both markets and cultural and communication networks. Neither the view of the guardians of high culture nor the view of the exponents of a simple laissez-faire market system provide an adequate view alone. Why the cultural activities of the arts (and the sciences) have become important to the New Mexico economy and how they may develop in the next decades requires an understanding of the dynamics of both the markets and the web of communication and cultural activities which feed into and are fed by the markets.

1.2 Overview: The general environment

New Mexico is the 5th largest state of the union in size. It is 37th in population. In 1910 the population of the United states was 92,000,000 and New Mexico was 327,300. By 1950 they were respectively 150,700,000 and 681,200 and in 1990 248,700,000 and 1,515,000.

An overall picture of population growth for the major art centers is as follows:

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<tr>
<td>New Mexico</td>
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<td>1,302,894</td>
<td>1,515,969</td>
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<tr>
<td>Albuquerque</td>
<td>201,189</td>
<td>244,501</td>
<td>331,767</td>
<td>384,736</td>
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<tr>
<td>Santa Fe</td>
<td>33,394</td>
<td>41,167</td>
<td>49,953</td>
<td>55,859</td>
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<tr>
<td>Taos</td>
<td>2,163</td>
<td>2,475</td>
<td>3,369</td>
<td>4,065</td>
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The 1987 state income was $17,510 billion and the per capita income was $11,673 placing it as 45th in the fifty states.

Tourism has become increasingly more important as a source of state income, especially in Santa Fe and Taos. In 1990 the recorded estimated number of tourists visiting Santa Fe
was approximately 600,000 (estimated from Lodger's tax, SF Marketing Plan giving 1,495,000 hotel days divided by a guesstimated 2.5 day stay). From information on group bookings for the fiscal year 1990-1991 there were 612 tours and 1,012 meetings with around 45,000 delegates with estimated expenditure of approximately $125 per day per capita.

Some rough magnitudes concerning cultural institutions and activities may help to set context for consideration of the art market.

1.3 Museums

In 1992 there were four major branches of the Museum of New Mexico in Santa Fe: The Palace of the Governors (History); The Museum of Fine Arts; the Laboratory of Anthropology and Museum of Indian Arts and Culture and the Museum of International Folk Art. Total attendance for 1991 was estimated at around 644,000 with 2,527 hours open to the public (or 48.6 hours a week). The breakdown of attendance among the museums for January 1991 (a relatively slow month) was 12,377 in total split 3,420 at the MFA; 2,300 at the Indian; 3,569 at the Folk Art and 3,088 at the Palace of the Governors.

In 1991 the number of full-time paid museum staff was 238, part-time paid, 15 and part-time unpaid, 416. The total (non-Federal operating income) for 1991 was approximately $9,000,000 with revenues from admissions of around $1,000,000 and other earning sources $1,100,000.

There are also three other institutions: the Wheelwright Museum, the Institute of American Indian Arts and the Children's Museum.

1.3.1 The Wheelwright Museum

The Wheelwright which is a private foundation originally devoted to Navajo Ceremonial art founded in 1937 by Mary Wheelwright in collaboration with Hosteen Klah a famous Navajo medicine man is housed in a building shaped like a Navajo Hogan. In 1989 it had total revenues and support of around $850,000 and in 1990 $907,000. Around 60% of this sum was accounted for by the profits of the museum store, a store of 1,500 square feet designed as an Indian trading post, which in 1991 had around $1,600,000 in sales. The exhibition and store areas are around the same size. The museum employs a little over 8 FTEs (full-time equivalent) and the store employs 6.5 FTE. It has around 3,000 artifacts as well as 30,000 photos. It is the only major museum in Santa Fe with free admission and a recorded
number of visitors in 1991 of around 86,000. Visitor direct contributions were around $30,000 in 1991.

The library and archives are of importance. In 1976, for instance the museum was able to return to the Navajo twelve sacred medicine bundles for use by practicing medicine men.

1.3.2 The Institute of American Indian Arts

The Institute of American Indian Arts founded in 1962 is now essentially a professional art school which at first encouraged its students to branch out away from traditional Indian art, yet maintain an Indian identity. The students are now predominately but not exclusively native Americans. This institution is an accredited two-year Fine Arts college with over 3,000 alumni. It has 140 acres for a new campus and has ambitious plans to expand into a four year program with as high as 600 students.

The IAIA has a museum with over 8,000 items of contemporary Indian art with a new location on the plaza, as of summer 1992.

1.4 Other cultural institutions

The other cultural institutions of importance are the Santa Fe Opera, the Santa Fe Symphony orchestra with an audience of around 9,000; revenues of around $100,000 and total expenditures of $300,000 and the Orchestra of Santa Fe with an audience of around 7,000-8,000 and a budget of around $350,000.

1.4.1 The Santa Fe Opera

The Santa Fe Opera was founded in 1956 by John O'Hea Crosby (a graduate of the Los Alamos Ranch School and Yale). It required an initial investment of around $200,000 with $85,000 going for land and $125,000 for the theater. The first year budget was around $100,000 with a deficit of around $10,000. The first season's ticket sales were $40,700 and 12,850 people attended with ticket prices from $2.40-4.80. By the tenth season (1966) sales were $197,500 with 27,000 patrons of whom 25% were out of state.

Like the founding of the New Mexico Museum and the Wheelwright the opera depended considerably on the driving force of a dedicated individual. In the opera's 1991 season it had audiences of approximately 72,000 (around 99% of capacity, with maybe around 2-3% of the tickets gratis -- it has been around capacity for over ten years), ticket sales of $3,286,000; ticket prices ranging from $6-7 for standing room up to $88 and expenditures of around $7,500,000; in 1981 the budget was around $2,500,000.
In 1991 directly earned income accounted for around 58% of expenses.

Both the audience and performers appear to contain a high percentage of long term "faithfuls" with probably about 50% being dedicated opera buffs and only 10% those who are there because it is a thing to do in Santa Fe. The audience appears to be around 60% from out of state; 40% from in state broken down into 18% Santa Fe, 12% Albuquerque and 10% others. Currently (and for the last twenty years) five operas are produced for a brief season from June to August.

The active apprentice program (with around forty young singers and around sixty apprentice technicians selected from around 1,200 requests for application for the 12-week program) has helped to build "faithful" performers. The orchestra has tenure and is recruited from all over the country.

Considerable fund raising will be required to expand and redo the facility and to cover the large deficit (which relative to other operas is small both in magnitude and as a percentage of costs covered by earnings). Items such as the opening gala celebration in 1991 netted around $400,000.

1.4.2 The New Mexico Repertory Theater

The New Mexico Repertory Theater had audiences in 1990-1991 ('91-92) of around 40,000 (31,000) split on two parts, 16,000 (15,000) in Santa Fe and 24,000 (16,000) in Albuquerque. Current budget is of the order of $900,000.

The theater was originally created in 1984 by Andrew Shea. They were heavily in debt by 1992 but managed to raise $70,000 to save themselves from closing.

Ticket prices were from $13.50-23.50. They had 2,900 subscribers accounting for 40% of sales at around $70 per subscription.

They provide 13 performances of each of five (previously six) productions in Santa Fe and in Albuquerque. In Santa Fe the hall holds 340 (around 50% is filled) and in Albuquerque the hall seats 755 (around 33% is filled).

In Santa Fe they pay a symbolic rent of $1 for the rental of the theater.

The audience is a different audience from the opera. It operates in the winter season and the audience is far more local. On some Sundays they have pay-what-you can tickets with an average price of $5. In each production for five equity actors they can employ one non-equity actor. The site in Santa Fe contains the repertory center, a children's theater and a teenage center. They have a paid staff of around twelve.
There are amateur groups in Santa Fe, the Santa Fe Community Theater, Resource Theater Company and the Southwest Theater Company which is only a summer theater.

1.4.3 The New Mexico Symphony Orchestra

The New Mexico Symphony Orchestra was founded in 1984 and counting all audiences for all events has around 9,000 in the audience with earned revenues of around $100,000 and expenses of around $300,000 with the shortfall made up from grants and primarily from local donations. Its endowment is a little less than $100,000.

It was formed as an outcome of a labor dispute in the Orchestra of Santa Fe and was formed by the musicians who were dismissed from the orchestra of Santa Fe. It is a cooperative with 25% of the board drawn from the musicians. It has a director and two full-time employees with around six or seven part-time employees and an orchestra of forty-two who are paid union rates for the 6 concerts and other performances in the season which is from September to May. On occasion the orchestra may swell to as large as around seventy and uses an amateur chorus of up to sixty-five.

The performances are held in an auditorium with a seating limit of 800. The orchestra members probably do not earn more than around 10% of their incomes from, the symphony. Around 75% of the audience is from Santa Fe and the audience age (for other than the youth concert) appears to be over fifty-five.

It has grown over the years and is probably here to stay. It is however capacity constrained and could possibly do better financially if a bigger hall were available, which is not the case.

1.4.4 The Orchestra of Santa Fe

The Orchestra of Santa Fe was founded in 1974 as a chamber music group. It has a budget between $300,000-400,000.

1.4.5 Santa Fe Arts Commission and the State office of Cultural Affairs

The city of Santa Fe and the State are, to some extent, aware of the possible economic importance of cultural activities and bureaus such as the Santa Fe Arts Commission and the State office of Cultural Affairs exist. The Commission in 1992 had a budget of around $600,000 for an arts promotion program with revenues from 25% of a 4% occupancy tax on tourist accommodation.
1.5 Dealers

The number of establishments classified as art galleries, dealers and art consultants (Yellow pages 1991/1992) in Santa Fe and vicinity (including Madrid, Tesuque and other close localities) was around 230 and in Taos around ninety. Albuquerque had between sixty and seventy listed. This includes galleries for Indian arts and crafts, Spanish arts and crafts, contemporary and past painters, sculptors, photographers, weavers and others, antiques and some framing establishments and poster sellers. A 1987 art guide (Zeigler, 1987) lists ninety-nine and the Wingspread Collectors Guide lists eighty-two for 1987, and 131 for 1991 for Santa Fe. The Taos listings are respectively twenty-nine for 1987 and forty-five for 1991.

The Southwest Art Guide for 1992 which list 1,200 galleries and 5,500 artists lists eighty-eight Santa Fe galleries, thirty-eight for Taos and thirty-six for Albuquerque.

The city directory lists the number of galleries in Santa Fe as sixty-three for 1981; seventy-nine for 1985 and 168 for 1991 and for Taos for the same years fifty-five, fifty-eight and eighty-nine, respectively.

The 1986 study of the Economic Impact of the Arts in New Mexico estimated around 300 active galleries in the state and obtained questionnaire replies from seventy-one from which they obtained the following profile of the economics of the galleries in New Mexico.

- $100 million in direct and indirect impact
- $45 million in sales
- $20 million in purchase of New Mexico goods and services.
- 1100 full- and part-time employees.
- $30 million in sales of work by New Mexico artists.

A considerable percentage (around 106/132 = 80%) of the galleries represent, always or or at least, occasionally, contemporary artists. We should keep in mind that this is a fairly recent phenomenon. In 1926 in New York there were only six galleries for contemporary artists (Eagleton, 1964). The first formal gallery for art in Santa Fe opened in 1920s.

These numbers contrast with the listing of restaurants (in the Yellow pages) in and near Santa Fe at between 210 to 220. Thus there is approximately a one to one ratio between galleries and restaurants.

Estimates of the sales of all of the galleries for 1991 (based on professional guesses and projection from the questionnaire) range from a low of around $120,000,000 to a high of around $150,000,000 for Santa Fe with Taos between $20,000,000 and $24,000,000 and Albuquerque between $17,000,000 and 24,000,000 with employment (including owners) at around 1300 (around 3.5 per establishment in Santa Fe and around 2.5 for Taos and Albuquerque). Prices of objects sold range from a few dollars to over $500,000 for a painting.
1.6 Artists and others

Crude guesstimates of the number of artists and craftsmen living in the Santa Fe to Taos area vary from 500 to 5000 depending on the definition used. No decent estimate of how this breaks down into native and non-native artists has been obtained.

In 1963 a small publication (Coke, 1963) provided sketches of fifty-five artists of Santa Fe as a cross section of the top professionals around; the last page also listed eleven top craftsmen. Artists started coming to the Santa Fe Taos area around the turn of the century and their population has grown since, with considerable publicity and recognition coming in the last twenty years.

Cultural institutions and creative individuals frequently reinforce each other. Thus the presence of many visual artists may help to encourage the presence of those concerned with literature and music. In the Santa Fe Taos region the numbers of writers, poets and musicians appear to be far smaller than artists, although individuals such as D.H. Lawrence spent several years in the Taos area (Luhan, 1947).

Creative individuals are found not only in the arts, but in the sciences and elsewhere. Thus when considering the Santa Fe-Taos area it is reasonable to include the population of Los Alamos and the size of the retired and part-time population of Santa Fe and Taos and consider their educational and professional profile, as well as the profile of the visitors. In the Taos-Santa Fe-Los Alamos axes there are of the order of 100,000 permanent inhabitants with a large number of scientific PhDs at Los Alamos as well as both university and high science personnel in Albuquerque.

In New Mexico there is a mixture of high science and high western cultural activity with a part of the third world with several resilient cultures of their own in a blend that is unique in the United States. How long this will last is of some concern in Santa Fe, where currently a local joke suggests that "Santa Fe is becoming a mystical blend of three cultures: Los Angeles, New York and Dallas."

2 A BRIEF HISTORY

The history and anthropology of art and crafts in New Mexico prior to the twentieth century is rich and varied including various Indian cultures and the Spanish heritage followed by the early United States influx after annexation in 1846. Weaving and pottery have a lengthy history. Jewelry came much later when the Indians learned metal working from the Spaniards in the 1800s. "Sculpted forms of bone, wood and stone have been shaped by people in this
area for thousands of years" (Chilton, et al. 1984). Painting also has a venerable history with a stress on the aspects of the amazing light and colors of New Mexico. The modern art world and a high degree of self-consciousness in being a center for art did not begin until around the opening of the 20th century in Taos and in Santa Fe.

2.1 Taos

The town of Taos was founded by the Spaniards some years after Santa Fe, near the Taos Pueblo which has been occupied by the Taos Indians for many hundreds of years prior to the arrival of the Spaniards. The Spanish period lasted (with some interruptions from the seventeenth century to 1821 when Mexico became independent from Spain. But within twenty-five years with the U.S. army occupying Santa Fe in 1846, followed by the signing of the treaty of Guadalupe Hidalgo in 1848 New Mexico became part of the United States.

In 1898 Ernest Blumenschein and Bert Philips stayed in Taos by chance and decided to remain. Prior to their coming, Joseph Henry Sharp had heard of the charm of Taos. Together with Sharp, Oscar Berninghaus, E. Irving Couse and W. Herbert Dunton in 1906 they formed the Taos society of Artists; they were joined later by Higgins and Ufer. The original painters were already known as established artists with European training. In Taos they painted landscapes, cowboys, Indians and spaniards. Their sales were actively helped by the Santa Fe Railroad purchases. A wealthy patron, Mabel Dodge Luhan helped to change the direction of the arts and the original painters were followed by more abstract painters in the 1930s, these included Robert Henri, Jon Marin, Maurice Sterne, Marsden Hartley, Georgia O'Keefe.

Virtually all of the Taos artists since 1900 were "Anglos." Taos Indians were not heavily involved in the arts and Spanish Americans were basically concerned with crafts.

The first commercial gallery did not open in Taos until Bisttram opened the Heptagon Gallery in 1932 (Eldridge et al., 1986, p. 187). By 1992 there were over eighty galleries listed in Taos. As well as a Taos summer school of music involving the New York Mannes School.

2.2 Santa Fe

Santa Fe was founded in 1610 on the site of a deserted pueblo, it is one of the oldest towns in the United States and has been a capital city since that time.

The development of a center for the arts in Santa Fe goes back to the turn of the 20th century when the first influx was to some extent motivated by health considerations of those
with respiratory ailments. The earliest "Anglo" artist may have been George Stanley in 1897 (Robertson and Nestor, 1976) exhibiting at Seligman's store. Joseph Henry Sharp had visited in 1883.

An important cultural influence in Santa Fe was The School of American Archeology founded in 1907 which together with the New Mexico Historical Society formed the Museum of New Mexico and saved the Governors' Palace which since 1900 was no longer used as a government building.

E. L. Hewett of the School of American Research was a key mover in the founding of the museum of New Mexico in the Palace of the Governors in 1909. The action of creating a museum saved the palace from being torn down to build stores (Robertson and Nestor, p. 14). Hewett campaigned for a separate museum of art as early as 1912 (see Eldridge et al., 1986, p. 71); the Museum of Fine Arts had opened in 1917 with aid from Frank Springer a wealthy paleontologist supported by Robert Henri and George Bellows. It originally had the policy of displaying the works of all local artists, but as the quantity of art grew this policy was abandoned. The museum was built on its current site in 1917 and reconstructed in 1982.

In 1917 the Museum of Fine Arts was encouraged by the painter John Sloan to exhibit any artist's work. Probably the first one man exhibit was that of Warren Rollins in the Palace of the Governors in 1893 (Robertson and Nestor, p. 22). Rollins became first president of the Santa Fe Art Club.

Carlos Vierra moved to Santa Fe for health reasons in 1904. He was both a painter & photographer. Sheldon Parsons who came in 1913 was possibly the second permanent artist (he was an established portrait painter in East). The Santa Fe Railroad let him and other painters travel in exchange for art used to promote Western Travel. Parsons became first director of the Museum of Fine Arts. Parson's friend Gerald Cassidy came to Albuquerque to recover from pneumonia and in 1915 moved to Santa Fe. Donald Beauregard first came in 1910 joining an archeological team. William P. Henderson came in 1916 with his poet wife who had tuberculosis.

In 1918 B. J. O. Nordfeld came to visit Henderson and spent most of the next twenty years in Santa Fe.

Robert Henri was persuaded by Hewett to come to Santa Fe in the summer of 1917 and with the activities of Hewett and the museum, the word spread and other friends and acquaintances of the artists came. Among Henri's friends were Paul Burlin, George Bellows and Leon Kroll.
The Museum of Fine Art opened in November of 1917 with much of its collection donated by the artists noted. The museum actively promoted the growth of an artists colony.

In the period after World War I more artists moved in and in 1921 Jozef Bakos, Freemont Ellis, Walter Mruk, Willard Nash and Will Shuster formed a group in Santa Fe entitled Los Cinco Pintores with the goal of bringing art to the people. Their first exhibition was at the Museum of Fine Arts in 1921. At the time they were all under thirty. They served as the nexus for the further growth of an art colony in Santa Fe (which at that time was a town of around 7,000).

Robertson and Nestor (1976, p. 86) indicate that there were around fifteen recognized artists resident in Santa Fe and ten in Taos at that time. By the mid 1920s Santa Fe was a leading art colony.

The first commercial gallery for painting opened in 1925 in Sena Plaza.

The depression years were possibly less drastic in Santa Fe than in the more highly industrialized and richer parts of the country. Nevertheless life for most artists was marginal but the art colony grew as is indicated by invitations for the Annual Exhibition of Artists and Sculptors of the Southwest. Of the seventy-three artists invited, forty-nine were from Santa Fe (see Robertson and Nestor, 1976, p. 137, for the names).

Separate from, but to some extent parallel with the development of the colony of modern artists was the Indian painters and potters and the Spanish woodcarvers. In 1931 the Indian School included art as part of the curriculum.

In 1933 when the depression was at its deepest the Public Works Administration set up a project under Jesse Nussbaum, an anthropologist, with Gustave Baumann, an artist to evaluate the art being produced. Datus Myers, an artist was in charge of the project for Indian artists and then all artists. The WPA supported fifty-one New Mexico artists. In a somewhat transmuted form in World War II it lasted until 1943. The artist R. V. Hunter while serving as WPA art director wrote the Spanish Colonial Art section of the WPA New Mexico Guide.

The twentieth anniversary of Art Museum had in its annual exhibition catalogue sixty-eight artists from Santa Fe (forty-eight in 1930).

After World War II the GI Bill boosted education in general and New Mexico produced artists trained at the University of New Mexico art school. In 1951 the Art Museum annual show was to be juried as the numbers of local artists had grown so large.

In 1962 the Institute of American Indian Arts opened and increased the possibilities and sophistication for Indian artists.
The years since have seen an enormous growth in the size of Santa Fe and an explosion of galleries proliferating until the point that there is nearly a gallery for every restaurant and a town of between 50-60,000 copes with over half a million tourists. The art market peaked in the late 1980s with an ever increasing broadening and commercialization. In the opening years of the 1990s it appears to be reorganizing in expectation for further growth.

2.3 Albuquerque

Albuquerque is by far the largest town in New Mexico. The old city was formally founded in 1706, although there were settlers nearby well before this date (Simons, 1982). By 1822 the population of the Albuquerque jurisdiction was given as 2,302 (Simons, 1982, p. 129). The U.S. census of 1860 gave the population of the city as 1,760. In 1880 the Santa Fe Railroad reached Albuquerque and a new town went up near the railroad. By 1891 it had a reported population of 3,785 and that together with the old town was around 6,000.

In the late 1880s a movement to found a University of New Mexico finally bore fruit and in 1892 the main building of a new university was completed at a cost of $30,568 (Simons, 1982, p. 315). In 1891 a public library was founded. Albuquerque attracted tourists with the Alvarado Hotel of Harvey and the craftsmen at the Indian Building together with the promotions of the Santa Fe railroad. By 1910 population had reached 13,000 including 3,000 who had come for health reasons. Among these were artists and musicians.

In the 1930s under the WPA the university was much expanded. By 1940 the population was 30,000, and by 1955 175,000 with a high influx of scientific PhDs. The 1990 population was 385,000.

In 1882 the artist Thomas Moran had painted at Acoma; Joseph Sharp visited in 1883 and from 1907 on, Joseph Imhof resided in Albuquerque for several years. The concentration of "Anglo" artists has not been anywhere near that of either Taos or Santa Fe. However the activity in native crafts and art at the lower end of the price scale is considerable. In 1990 Albuquerque City Directory listed 66 galleries, fewer than either Santa Fe or Taos, but the market is large enough for Wingspread publications to put out a separate collectors guide for Albuquerque and Corrales which listed 105 galleries for 1991-1992.
3 MUSEUMS AND CULTURAL INSTITUTIONS

The Museum of New Mexico was created in February 1909 using space in the Palace of the Governors. The Museum of Fine Arts followed in 1917; The Laboratory of Anthropology in 1929, New Mexico State Monuments in 1931; The Museum of International Folk Art in 1949 and in 1987 the Museum of Indian Arts and Culture was created. The Wheelwright Museum which is private was founded in 1937.

3.1 Museum of Fine Arts

In 1915 Edgar L. Hewett together with Robert Henri and John Sloan managed to get the new state legislature to partially fund the Museum of Fine Arts which opened in 1917. Hewett had as his goal the encouragement of the arts as well as history and anthropology.

In some sense the Museum of New Mexico with the personalities of individuals such as Hewitt and Jesse Nussbaum and the architect Meems did more to create the ambiance of Santa Fe than Santa Fe did for the Museum. The changing of a territorial facade of the Palace of the Governors back to a stucco covering, the style for the Museum of Fine arts continued in the construction of the Laboratory for Anthropology, all helped to set a style. The Indian culture was still there, but it was a combination of the Indians and the PhD. Anthropologists who helped to shape a direction for Santa Fe, where the chief hotel, the Harvey House reemerged as La Fonda and the School for American Indian Arts emerged as a major modern art school and a quasi-Federal, quasi-private institution like the Smithsonian.

The original funding of the Museum of New Mexico came from both public and private sources. But virtually all of the collections have been private donations whose value is difficult to estimate.

3.1.1 Museum of Governors

The Museum of the Governors which houses the historical museum of Santa Fe and New Mexico was slated for demolition after it was no longer used as a main government building. The action of Hewitt and others saved it and provided a focus for preserving, displaying and promoting the cultural heritage of Santa Fe. The original building is believed to have been built soon after the founding of Santa Fe in 1610 and has undergone several transmutations; the last being back from a territorial facade to the Santa Fe Spanish pueblo style.
3.1.2 Museum of International Folk Art

The Museum of International Folk Art has as its basis the gift of a major collection in 1953 by Ms. Florence Dibell Bartlett. It and the Indian Museum together with the Wheelwright Museum stand on forty acres of ground which was given to the Museum of New Mexico.

It contains the original Bartlett wing and the Girard wing built to contain the Girard collection given in 1978.

The purpose of the museum is the preservation and display of folk art from all areas.

3.1.3 The Laboratory of Anthropology and the Museum of Indian Arts and Culture

The Museum of Indian Arts and Culture evolved from the Laboratory of Anthropology sponsored by John D. Rockefeller in 1927. It opened in 1931 and was absorbed by the Museum of New Mexico after the second World War. The Museum of Indian Arts and Culture opened in 1987 and is a modern building built for around $2,000,000 with a total area of 30,000 square feet which was judged by many to be far too small from the start.

A basic problem faced not only by this museum but by many others is the relationship between objects of art and culture. How does one draw the line between artifacts judged to be of high archeological interest and artifacts judged from the viewpoint of art? How are displays of Indian culture to be made in a way that they honestly portray the continuity of a living culture and also do not patronize the Indian community?

The Museum and Laboratory currently own around 50,000-60,000 items 'comprising one of the finest and most complete collections of Southwestern material' of which 2-3% are on display.

3.2 Other institutions

3.2.1 The Wheelwright

The Wheelwright which is private was founded in 1937 by Mary Cabot Wheelwright and Hosteen Klah a Navajo medicine man. Its original purpose was to preserve the Navajo religion. The museum has returned various religious articles to the Navajo's hence its emphasis has changed somewhat to covering recent Indian art. It has around 5,000 items and extremely limited display space. The museum store or the Case Trading Post is only slightly smaller than the display area and is a major source of revenue for the museum.
3.2.2 The Indian and Hispanic Markets

The Indian Market held for a week in August and sponsored by the Southwestern Association for Indian Affairs was started in 1921 and combines a market with an art competition in Jewelry, pottery, paintings, drawings and prints, Kachina dolls and carvings, weaving and leather and beadwork.

In 1986 the estimated attendance was between 100,000-150,000 (Zeigler, 1987) and the last sales according to dealer estimates could be anywhere from $10,000,000 to $30,000,000. We were unable to obtain documented estimates. An average of $20 per capita would give $2,000,000 based on the low visitor estimate and $200 per capita would give $30,000,000 based on the high estimate.

There is now a separate Hispanic arts and crafts market in late July and early December which appears to have been growing substantially, but we did not obtain any decent volume of trade estimates. Although an interview at the Spanish Colonial Art Society suggested around $150,000 for around 1985.

4 GALLERIES

4.1 The number of dealers

The art market in the Santa Fe-Taos area is far from homogenous. It is basically at least a three, if not four tier market consisting of (a) International, (b) National (c) Local Artists and (4) schlock or the low priced souvenirs of Santa Fe or Taos which some might not choose to classify as art. There are many further subdivisions, for example the Wingspread Collectors Guide has a nineteen category breakdown including antiques, ceramics, fibre arts, folk arts as well as mixed media, oils, original graphics and sculpture. The Gerald Peters' Gallery for example, could be described as a major international gallery which happens to be operating in Santa Fe; The Linda Durham Gallery in contrast is possibly the only New York Soho-style gallery operating in Santa Fe. These contrast with the Dewey Gallery which is a top of the line gallery in traditional Indian art, or Prairie Edge which was originally in the Dakotas specializing in current arts and crafts of the Sioux, but the owners found that although the Sioux might be in the Dakotas, the market for both old and new Indian artifacts is in Santa Fe.

Taking the crudest and most encompassing definition of what constitutes an art gallery as something listed under art galleries in the Yellow pages or in a collectors guide we arrive at around 100 establishments each for Albuquerque-Corrales and Taos and around 200 for Santa Fe.
Using the same crude criterion for the whole of Cape Cod, which some sixty or seventy years ago could be considered to be a potentially important art market we have for 1991-1992 ninety-five galleries for the whole Cape. In 1990 the permanent population of the whole Cape (leaving out Martha's Vineyard and Nantucket) was around 190,000. The summer visitors were estimated at around 540,000 excluding Martha's Vineyard and Nantucket. This is of the same order of magnitude as Santa Fe-Taos but the art market appears to be minor in comparison to Santa Fe Taos.

Other comparisons using the Yellow pages are as follows: New York around 1,100 with over 90% of the galleries being in Manhattan; Los Angeles around 350 with around two-thirds in West Los Angeles; Chicago around 360; Boston around 220; Philadelphia, around 160; San Francisco and environs around 470; Houston around 170 and Hartford and environs around 50-60; Washington, D.C. around 240. In gallery numbers, unadjusted for quality and size this indicates New York clearly in first place, then followed by Chicago or San Francisco with Santa Fe-Taos-Albuquerque and Los Angeles. When size and scope are considered the overall magnitude of the markets may change thus the Santa Fe-Taos-Albuquerque market considered together and measured in terms of sales might emerge anywhere from the third to fifth largest in the United States.

4.1.1 On dealers

I don't sell what I like,
I sell what will sell.
Comment of a financially successful dealer.

It is really pitiful to see how most of the people who want to buy pictures set about it. More often than not they are advised by persons who are either fools or rogues, so they buy horrors at very high prices. Yet I, who want to trade fairly and prevent my clients from falling into traps, have the utmost difficulty in succeeding. I have to fight all the time against the people who stand to gain by closing their eyes to the truth.
Paul Durand-Ruel, Dec. 10, 1869

Who becomes a dealer and why? The imperatives appear to differ considerably from the decision to become an artist, but they do not appear to be solely economic. The reasons offered from the questionnaire are follows:

Santa Fe

Money and ego.
Personal satisfaction from working with artists and art works.
It just happened.
Interest in art coupled with providence.
Single most important element that characterizes my life is art.
To create a new vehicle for exhibiting and promoting a strong (and important) aesthetic point of view.

Lucrative, high profits, contact with interesting people, fun.

I have an underlying passion for art. I was painting but I found it lonely. I sold a friend’s painting from my studio and got hooked.

Knowledge and interest in Art as a social and political process...the business of art is of great interest to me...also ties in with social and political issues.

Enjoy working with fine art and do make a living.

We love the arts...our goal was to bring museum quality art to Santa Fe....

It has to be for love, certainly not for money.

In order to utilize my interest in the arts and humanities in combination with my experience in retail selling.

Evolved as a career from lifelong interest and training in art.

Love the business.

Taos

Good business opportunity and love of art.
'I've studied art. I still do it. I think everyone should be able to enjoy it and be able to acquire it.

To become involved in the art market and field professionally. Also to promote my own art work.

Needed a job in Taos.

Dissatisfaction with other dealers handling work, schlock content of most galleries, desire to control presentation and image.

Life style. Travel, the people. The Beauty

Because I believe in the artist--a gallery can be a center for the artist other than a financial center.

Enjoyment of being involved or part of the display and sale of fine art.

I enjoyed collecting art...the art business is also one of the few viable businesses in Taos and I enjoy living here.

Love art.

It was more fun than teaching.

Bad luck.

Incorporate my people skills...love of art...creativity...business sense...opportunity for entrepreneurship that is definitely not boring.

Albuquerque

To represent the Navajo in a "true" manner without the use of gimmicks or come-ons.

Mostly the people contact and satisfaction of seeing both artists and public pleased with themselves.

Love of art. Trying to develop a new concept of art. Trying to bring art to the middle class.

Have lived in New Mexico and West Texas since 1947 and enjoy arts, crafts and ethnographic material of the 3 cultures.

There were more opportunities to develop the business.... We enjoy working with the Indian artists.

To promote and maintain art and artists and insure a level of professionalism and quality in what you buy and sell.

Love of the Southwest.

Recognized a space to fill in the market place of affordable art.

I was and am, a serious collector of Southwest Indian arts and crafts and felt that becoming a dealer would further my interests as a collector.
Collection too large.
I like to sell; I wanted a product both expressive and nurturing of the human condition and to associate with people with whom I may have common ground.
We have had our own art gallery for 12 years and use it primarily as a way to display our own art.
Love art. Having more fun than anytime in our lives.
Appreciation of graphic arts goes back to high school...strong growth potential...could let my hair grow and hang up the 3 piece suit.
Because it was one of the most positive and aesthetic types of business to earn money.

In interviews with three other dealers, one had entered from being a serious collector to becoming a consultant and then a dealer; another from being a serious collector who became a dealer "to feed the habit" and the third, after working for a dealer wanted "to do it, her way."

It is fairly clear that the economic motivation plays a far larger role among dealers than among artists, yet it is by no means necessarily the driving force, although it is probably more important among the dealers who are highly financially successful. In interview, one financially successful dealer commenting on another dealer (making a decent living) "X will never make any real money as a dealer, she is a victim of the love of art and artists."

What is the educational background of the dealers? Grouping them all together 21% are without college degrees, 50% have BAs, 23% have MAs or the equivalent and 6% have PhDs.

The average length of time they have been dealers is 16.75 for Santa Fe, 15.38 for Taos and 9.60 for Albuquerque with considerable variance ranging from 1.5 to 40 years. In Santa Fe and Taos 38% and in Albuquerque 25% of the dealers were also artists at one time. 86% of all the dealers were also collectors, many of them avidly so.

4.2 Dealers and artists

Among the Santa Fe galleries the average number of artists represented was twenty-nine where the least (leaving out one gallery handling no live artists) was six and the most ninety with the median at twenty-four and mode twenty-five. In Taos the average was nineteen with the range being from one (self) to sixty-five and the mode was at fifteen. In Albuquerque the average was eighty-one accounted for primarily by three galleries dealing heavily in Indian crafts with over 150 each. Leaving these out the average was twenty-eight.

The in-state representation in Santa Fe was approximately 40%, in Taos 57% and in Albuquerque 80%.
Table 1 shows the length of time the artists have been attached to the galleries in the three locations (the figures are percentages).

**TABLE 1**

<table>
<thead>
<tr>
<th>Location</th>
<th>Less than 2</th>
<th>2-5</th>
<th>5 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe</td>
<td>.22</td>
<td>.35</td>
<td>.43</td>
</tr>
<tr>
<td>Taos</td>
<td>.25</td>
<td>.30</td>
<td>.45</td>
</tr>
<tr>
<td>Albuquerque</td>
<td>.23</td>
<td>.53</td>
<td>.24</td>
</tr>
</tbody>
</table>

The dealer loyalty and interpersonal relations aspects of artist selection appear to vary heavily from dealer to dealer. The relationship is a two way street where the successful artist may forget the middle-sized dealer who worked hard to promote him or her; and the high priced dealer is more concerned with having a stable of already more or less successful artists rather than in finding and promoting new talent.

Most galleries are individually owned, some are partnerships and few are corporations. There are also several galleries with branches in more than one town, such as the Elaine Horwitch gallery. But like good restaurants, good galleries tend to be owner run and in one location. It is not too frequent to run into a situation such as the Munson galleries which exist in Santa Fe, New Haven Connecticut and Chatham, Massachusetts. Two are run independently by members of the same family and one kept the original name after being sold to a third party, thus making it extremely hard to count exit into and entry from the business without detailed information. Some of the larger New York galleries, such as Wally Findlay may have branches in other large cities.

If one is extremely well heeled and enjoys the panache of the upper end of the art retailing world one can regard the running of a gallery as on par with owning a Rolls Royce or show horses or a large estate. It is a consumer item and neither the profit motive nor a desire to promote culture is the prime motive.
4.3 Costs and employment

One of the major fixed costs, especially in Santa Fe is office space. What do rents look like and who owns their own gallery? In Santa Fe 28% of the sample owned their galleries; in Taos 46% and in Albuquerque 13%. Rents reported varied from a low of $3,000 to $100,000 in Santa Fe with an average of $40,000; in Taos from $1,000 to $19,000 with an average of $8,000 and in Albuquerque from $4,000 to $42,000 with an average of $15,000. There was considerable variation attributable to both size and style of operation varying from selling from home to having a central commercial location.

Another critical more or less fixed cost is inventory. Its importance varies considerably depending upon whether the gallery works primarily as an agent or on consignment or as an actual owner of the stock. Furthermore there is a considerable difference between those selling mass objects at the lower end of the price range and those servicing relatively few clients at high prices.

The question concerning the value of inventory (at cost) had seven ranges given. Table 2 indicates the breakdown of the numbers of reporting galleries at the different inventory levels.

TABLE 2
(units in $1,000)

<table>
<thead>
<tr>
<th></th>
<th>0-50</th>
<th>50-100</th>
<th>100-250</th>
<th>250-500</th>
<th>500-1000</th>
<th>1000-5000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Taos</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Albuquerque</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

The low end of the scale correlates with the firms working primarily on consignment.

An important item of variable cost is the wage bill. Many of the smaller galleries are run by the owner and possibly other members of the family. Many of the employees are part time. The average full-time equivalent employment in Santa Fe was 2.75 varying from .5 to 9. In Taos the average was 1.38 with a range of 0 to 4; and in Albuquerque .93 with a variation from 0 to 4.

The wage bills varied in Santa Fe from $15,000 to $500,000 with a mean of $106,000 and a considerable variation. In Taos the low was $1,100 up to $35,000 with a mean of 16,500; and in Albuquerque the low was $3,500 with a high of $78,000 and an average of $22,500.

1Corrected for partial ownership.
Other costs include utilities, insurance, packaging, advertising, promotion, office supplies, taxes, maintenance, exhibitions, booking and other items. These expenses vary heavily and are different in different parts of the trade. The promotion involved in selling a renowned estate differs considerably from trying to improve the visibility of a new minimalist painter and is far from selling inexpensive jewelry.

In Santa Fe the lowest overhead reported was $60,000 and the highest was $1,300,000 with an average of around $290,000. In Taos the range was from $5,000 to $360,000 with an average of $71,000; and Albuquerque the range was from $11,000 to $265,000 with an average of $84,000.

The various expenses noted lead to being able to obtain bounds on the break-even level of sales required for bare survival. Clearly this ranges from next to nothing for the ex-university teacher living on her pension and selling from her fully owned home, but it is a different story for a gallery on the plaza in Santa Fe with a million or so in inventory. Table 3 shows the low, high and average estimates for the 29 galleries responding to this question.

<table>
<thead>
<tr>
<th></th>
<th>Lowest</th>
<th>Average</th>
<th>Highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe</td>
<td>50,000</td>
<td>562,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Taos</td>
<td>50,000</td>
<td>169,000</td>
<td>360,000</td>
</tr>
<tr>
<td>Albuquerque</td>
<td>30,000</td>
<td>144,000</td>
<td>600,000</td>
</tr>
</tbody>
</table>

Financing of a gallery and its activities tends to be from the dealer’s own resources (helped by the accounting fudge factors AFF)\(^2\) of individual ownership businesses, loans, sleeping partners, joint ventures and a high level of consignment, joint ventures and work as an intermediary or agent.

As yet only rarely does one encounter financially imaginative attempts to issue common stock and to sell franchises, as exemplified by the Gallery Rodeo International of Beverly Hills, Lake Arrowhead and Taos. The financials (Oppenheimer & Co. Los Angeles) indicated current assets for 1992 of around $5,000,000 with a stockholder equity of $3,800,000 for 6,700,000 shares issued out of 100,000,000 authorized. Earnings for 1991 were reported as 17 cents on sales of $8,153,899. The newsletter of this corporation (Art Times, Summer 1991)

\(^2\)For a discussion of AFF see Whitman and Shubik, 1978.
noted that in this age of technology and communications that art and other collectibles have a world wide market. The same publication reported on an investment business formed by a Tokyo real estate company called "Partners in Art."

4.4 Pricing, sales and consignment

What are the price ranges of the items being traded? They vary from posters (or less) up to old masters. There are galleries in Santa Fe where the price tag on a painting on display is over $500,000, but even from the fifteen responses from Santa Fe galleries one third noted a sale at $100,000 or above and over one third had items for under $50. Table 4 shows the averages of the lowest, average and highest priced items sold in the responding galleries.

<table>
<thead>
<tr>
<th></th>
<th>Lowest</th>
<th>Average</th>
<th>Highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe</td>
<td>160</td>
<td>4,650</td>
<td>712,000</td>
</tr>
<tr>
<td>Taos</td>
<td>194</td>
<td>2,160</td>
<td>32,000</td>
</tr>
<tr>
<td>Albuquerque</td>
<td>18</td>
<td>341</td>
<td>13,000</td>
</tr>
</tbody>
</table>

The volume of sales is considerably higher and the price of the items lower in the Albuquerque market. All three markets differ considerably in type and size but the emphasis in Albuquerque is far more on Indian and hispanic arts and crafts at modest prices than are the other two markets. Santa Fe appears to be the only international market.

The higher prices contrast with those in Cape Cod where $75,000 (Manuel Carbonell, "Family Love" bronze) is about as high as one finds. For top Cape artists $25,000 is a substantial price.\(^3\)

How do dealers price? The percentage of sales on consignment reported were 76% in Santa Fe, 70% in Taos and 25% in Albuquerque. The rule of thumb which appears to hold is that on consignment there is a 50-50 split between the gallery and the artist\(^4\) for new or not fully established artists. This is shaded in many ways by deciding who pays what for shows, advertising, etc. The margins reported on known artists were around 40%. Margins on the

\(^3\)For a sample of Cape Cod prices see Cape Cod Life, Aug/Sept, 1992, article on Art and Money).

\(^4\)The standard deviation from this rule is low, for Santa Fe .12, for Taos .06 and Albuquerque .06.
sale of estates were far more variable ranging from 15% to 50% with the average for Santa Fe of 35%. On owned inventory the predominant rule was "times 2" going as high as "times 3" with many comments to the effect that this is highly variable and an important observation that the dealer is more and more in the information industry which implies that he needs to keep up on recent auctions all over and be flexible in pricing based on knowledge of new market information and special customers. From the point of view of the economist the middle and upper ends of the art market deal in highly differentiated products and in such markets special knowledge of customer wants becomes of considerable value.

The approach to obtaining information on sales was made in two different ways. The direct way was to ask individuals for their last three years of sales. This information was then averaged and modified in two different ways. The top galleries in Santa Fe were excluded from the estimation and an estimate based on personal interviews was added in. Furthermore as the sample from Santa Fe was biased towards a subgroup of the more established and larger galleries the estimate for the whole market was made by adjusting the sample profile with a factor calculated from an estimated total profile of dealer size.

The indirect way of estimation was to use the first round of a procedure (known as the Delphi approach) where all individuals were asked to estimate or guessimate the distribution of the sale size levels of the galleries in Santa Fe, Taos and for those in Albuquerque, the sales sizes in Albuquerque. The general idea behind this is that the dealers are the professionals in the art dealing business and they should probably know at least as much or more about their business than any stray economist, regulator or accountant. Ideally it would be desirable to circulate the first round results back to all dealers to obtain their reassessments, but time and resource constraints ruled this out.

The estimates are given to the nearest million. Table 5 gives a low and high estimate for Santa Fe and single estimates for Taos and Albuquerque.

<table>
<thead>
<tr>
<th>TABLE 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market size estimates</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Santa Fe High</td>
</tr>
<tr>
<td>Santa Fe Low</td>
</tr>
<tr>
<td>Taos</td>
</tr>
<tr>
<td>Albuquerque</td>
</tr>
</tbody>
</table>

The other samples were too small to report.
Table 6 gives the various "guesstimates" of the different dealers of the different markets. The Santa Fe and Taos dealers were not asked to estimate the Albuquerque market.

### TABLE 6
The Delphi estimates of market\(^a\)

<table>
<thead>
<tr>
<th></th>
<th>Albuquerque</th>
<th>Taos</th>
<th>Santa Fe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albuquerque</td>
<td>13,232,000</td>
<td>23,921,000</td>
<td>121,324,000</td>
</tr>
<tr>
<td>Taos</td>
<td>19,743,000</td>
<td>124,020,000</td>
<td></td>
</tr>
<tr>
<td>Santa Fe</td>
<td>22,979,000</td>
<td>140,020,000</td>
<td></td>
</tr>
</tbody>
</table>

\(^a\)The market estimates of Santa Fe were all adjusted by the same (conservative) estimate for the size of the upper tail of the distribution.

The sample sizes are skimpy and the variability is high. The numbers should be treated with caution and to some extent roughly. What they say is that the markets in Taos and Albuquerque are around the same size but are highly different in composition and that the market in Santa Fe is probably somewhere between six to eight times the size of the others. They also indicate the relative importance of art dealer activity to Taos and Santa Fe and to a lesser extent to the Albuquerque economy.

4.5 Entry and exit

What defines an art gallery? Clearly the definition should be somewhat dependent on operational purpose. A slightly easier task is faced when trying to define, for example a restaurant, but even there problems are encountered. For what purpose do we wish to lump together in the same taxonomy a lunch hamburger take out store with a highly expensive gourmet restaurant. As a first order approximation in order to get a crude economic feel for the economic orders of magnitude involved we can resort to the telephone yellow pages listing and to the chamber of commerce count.

The number of restaurants in 1992 according to the road sign on entering Santa Fe is 187. The Yellow pages lists 219 (including Lamy, Madrid and Chimayo). These numbers are given because Santa Fe and Taos appear to be among the few places in the world with populations over 4,000 where the number of restaurants and art galleries are approximately the same.

Using the city directory for the years 1981, 1985 and 1991, listing all of the names and
observing which were new names and which names disappeared we obtain an approximate estimate of entry and exit in both Santa Fe and Taos.

Starting with the sixty-seven galleries listed in Santa Fe in 1981 by 1985 thirty-four names had disappeared from the list and forty-five were added. From the seventy-nine galleries on the list in 1985 twenty survivors from 1981 had disappeared and twenty-two from 1985 only had disappeared. 126 new names were on the 1991 list. These figures have not been corrected for mergers, do not indicate ownership change unless there is a name change and do not account for the firms which could have been born and died within the five or the seven year periods noted. Thus there may be a bias towards underestimating the changes.

For the first five years $34/67 = 51\%$ exited. For the next seven years $42/79 = 53\%$ exited. In the first five years $45/67 = 67\%$ entered and in the next seven $126/79 = 160\%$.

In Taos for the first five years $27/55 = 49\%$ exited and for the next seven $32/58 = 55\%$ were not found in the final list. In the first five years $31/55 = 56\%$ entered and in the next seven years $57/58 = 98\%$ came in.

The net growth rates in the two periods in Santa Fe were $79/67 = 17.9\%$ and $168/79 = 113\%$; in Taos they were $58/55 = 5.4\%$ and $89/58 = 53\%$. For the first five years these give an annual compound growth of 3.19\% and for the next seven of 16.33\% in Santa Fe and 1.1\% followed by 8.87\% in Taos. These figures suggest that the more or less explosive growth was after 1985 and that growth in Taos was slower than Santa Fe.

There are several modes of exit for a gallery, the dealer dies; they lose a fair amount of money become discouraged and leave; they go bankrupt; the business is sold to another and the name is changed, there is a merger of galleries, the dealer retires and closes the gallery. It appears that few galleries go formally bankrupt. They fade away in different manners before that could happen. Formal records are virtually nonexistent which is why we resorted to counting the disappearance of names as a crude proxy. The figures given above suggest exit rates of 8.6\% for the five year period followed by 6.3\% for the seven year period noted.

We suspect that many of the exits are by new galleries "which do not make it" for a variety of reasons among which we suspect, lack of experience, lack of business knowledge, over-optimism and underestimation of the capital required. But we do not have hard evidence for this.

These observations raise at least two questions. How much and what type of experience is required of a new entrant and what sort of capital requirements must be considered. These questions were asked in the questionnaire, but as they were phrased rather broadly, the
replies were almost like a Rorschach test. The respondents tended to answer the question of "what would I have needed had I gone into the business I went into, now." Thus the suggested number from Santa Fe was $270,000 with a high variance; from Taos $69,000 and from Albuquerque $56,000. For the young man or woman with the drive and willingness to build from the bottom with next to no overheads "$10,000 and a telephone" may still be feasible, but the financial requirements for entry (especially rent) appear to be rising substantially. In response to the question concerning how much experience is required prior to opening one's own gallery the modal reply was five years, however several respondents suggested that a prime requirement was knowledge of how to run a business and five respondents noted that the experience required varies heavily with the circumstances. Many of the owners had worked for some one else prior to opening their own gallery.

Unlike humans, the survival probability for a firm appears to go up with age and size, provided overheads do not become too fat. The average age of the galleries responding in Santa Fe was 9.13 (oldest 16), in Taos 15.2 (oldest 40) and in Albuquerque 6.7 (oldest 16).

What does it cost to go into business dealing in your type of art? One dealer has suggested $10,000 and a telephone. The answers clearly reflected each individual dealer's background and gallery size

4.6 Customers and collectors

It has been suggested that an explanation for the high level of culinary standards in France is in part explained by discerning eaters who demand good food. In a like manner it might be claimed that the success of a gallery might depend somewhat on "serious collectors". But what is a serious collector. The cynic might suggest a nouveau rich with an empty house and an interior decorator; yet by introspection many of the dealers know what is a serious collector. In business consulting a suggested measure of success is a second contract from the same firm. A mark of a good restaurant is a faithful clientele. Applying these considerations to dealers, two questions were asked. What percent of your customers do you estimate are repeat buyers and (on a five point scale) rank how important to your business you view "serious collectors."

Table 7 shows the replies on repeat customers, and Table 8 indicates the importance attached to serious collectors.

---

TABLE 7
Repeat customers

<table>
<thead>
<tr>
<th></th>
<th>Albuquerque</th>
<th>Taos</th>
<th>Santa Fe</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10%</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>10-20%</td>
<td>6</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>20-30%</td>
<td>5</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>30-50%</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>50% or more</td>
<td>3</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

TABLE 8
Importance of collectors

<table>
<thead>
<tr>
<th></th>
<th>Albuquerque</th>
<th>Taos</th>
<th>Santa Fe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical</td>
<td>1</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Very important</td>
<td>2</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Middling</td>
<td>6</td>
<td>3</td>
<td>3.5</td>
</tr>
<tr>
<td>Not very critical</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Not significant</td>
<td>0</td>
<td>0</td>
<td>1</td>
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</table>

The distinction between the Santa Fe, Taos and Albuquerque markets appears to be reflected in these responses.

It appears that art is to some extent bought by the knowledgeable collector, but sold to the less expert. A financially successful dealer suggested that he spent much of his time and energy selling. He noted that it was important to figure out what a prospective client's "unit" was. Does the client think in terms of $15 a unit, $500, $10,000 or even millions. He felt that their own profession helped to form this mode of thought, thus a supermarket owner and a real estate developer could be equally rich, but the supermarket owner would think in terms of small units while the developer considers large units. Reporting on an extremely large sale to a Texan real estate developer he noted that the individual ordering from the catalogue ordered "the thangs on pages x, y, and z" without ever referring to paintings.

4.7 Associations and publications

Two criteria of the importance and maturity of a trade or industry are the presence and growth of professional associations, lobbies and publications. The dealers in each town have an association. The Santa Fe Gallery Association was formed in 1980, and has fifty members, Albuquerque has the Albuquerque Art Business Association, but they do not appear to be
particularly important or heavily organized. The amount of commercial publishing of flyers and catalogues is impressive. Publications such the Arts Advocate and Inside Art (now folded) give some indication of activity and interest, however the commercial publication of the Wingspread Collectors Guide which has been issued for over five years with considerable growth and success gives an important indication of the ability of the gallery world to call for and support an infrastructure.

5 ARTISTS

5.1 How many artists in the area?

The artist's life may or may not be a happy one, but it is certainly not, on the average a prosperous one. Before we consider information on the income and wealth of artists, it is necessary to grapple with what we mean by a professional artist.

At one extreme we could use the definition that a person who calls themselves an artist is an artist. We would not accept this definition for an opera singer or a surgeon. From a different point of view we could adopt "the rules of the game" of many professions and define the professional artist as an individual who has passed the appropriate examinations set by a certifying board in one of the around 1,000 universities, colleges, art schools or other institutions which offer teaching or training in the arts (see the American Artist, March 1991, Section D for listings).

A different test might be that an individual is classified as a professional artist if he or she earns his or her living (or, at least, a major part of it) from selling his or her artistic output. A problem with the last definition is that we may not wish to use the term "artist" to be synonymous with "commercial artist."

A fourth definition might be the relative amount of time spent in producing art as contrasted with other income earning activities. For example, if we define an individual as a professional who employs 20% or more of the time spent in other gainful employment, in producing art, then many individuals who earn a living primarily by teaching, or many housewives or independently wealthy individuals would classify as professional artists.

A fifth definition would be to count as professional artists those who apply for sales tax exemption when buying artistic supplies. This would be, at least, a handy legal definition and would be an easy way to obtain an estimate. Unfortunately, the statistics on the applicants are aggregated with all others buying professional supplies.

Even though there are difficulties in coming up with a single definition for all purposes,
of what is meant by an "artist," from an economic point of view, if one is concerned with the residence and immigration of those who would like to practice arts or crafts (the distinction is not airtight) the loosest definition may be best. As far as obtaining an approximation on income earned then the definition may be more like the number of artists earning more than say $10,000 or $20,000 a year.

Using the broader definition, one source, estimates that there may be around 3,000 artisans and artists in the Santa Fe area (Artisan/Santa Fe, Inc., 1992 catalogue).

All dealers contacted were asked to guess or estimate the size of the artist community. The guesstimates ranged from a low of 400 (with 50% earning a living) to a high of 20,000 with 1% earning a living. The average for the respondents from Santa Fe and Taos was around 5,300. Weighting replies by the percentage who earn a living, suggested by the respondents the number is 1,620. In general, the lower the number estimated, the higher was the estimate of the percentage earning a living.

The study *The Modern Muse: The Support and Condition of Artists* (C. R. Swaim, ed., American Council for the Arts) suggests that the number of artists (all arts) in the U.S. rose by 84% between 1972 and 1986, reaching 1.2 million and its predicts approximately a further 30% growth by the year 2000. It is likely that the growth in New Mexico will be faster than the average for the country.

As early as 1947 *An Art Directory of New Mexico* (R. Fisher, ed., Museum of New Mexico) listed forty-one serious artists and craftsmen for Albuquerque, forty-one for Taos and 115 for Santa Fe with a total of approximately 280 for the state as a whole. These were the recognized artists, many with listings in various *Who's Who* publications.

### 5.2 Motivation and training to become an artist

Economics is the handmaiden of desire. It presents the constraints, not the motivations. This is emphatically illustrated in the decisions to be an actor, painter, dancer, sculptor, singer or any other form of artist. Few enter these professions mainly motivated by money. The physical necessities of life constrain the entrants. The goal of earning a solid living is better fulfilled by becoming an accountant, doctor or tax lawyer.

Although a sample of 18 from interview and questionnaire is small, the story is reasonably consistent. A summary of the comments in reply to "Why did you become an artist?" is given:
I wanted to, had to from the start. I needed a college job for income. I don't know anything else. I do it naturally. Love of Creating. Personal fulfillment. Since childhood, I had to. Pulled and compelled to do so. Love. I needed to do so for my own satisfaction. My interest as long as I can remember. No choice. Self realization. Total freedom to do, live as desired. Love. To facilitate my alcoholism and avoid work!! Family tradition and natural thing to do. Wanted to create, enjoy working with materials. Desperation.

From the economic point of view, the supply of good artists is probably highly inelastic. The influence that a growth in profitability of being an artist might have is to deflect the new with a reasonable amount of talent whose goals are primarily economic, from going into other professions. It is unlikely that more money can grow the pool of talent. The possible exception is where one taps into a group with a pool of unrealized talent. This has been the experience in New Mexico with the encouragement of Indian artists and the role of the Institute of American Indian Arts. Furthermore the expansion of both the Indian and hispanic craftsman community offers opportunities for the training of those with middling talents to satisfy a mass market which is more conservative and less pricey than most art and can provide a reasonable living for the competent.

Concerning specific education, three out of eighteen respondents had no formal training in art (although two had college degrees); three claimed little training and twelve stated that they had formal training. In the sample the first art interest of each respondent (most had several) was as follows: eleven painting, four sculpture, one drawing, one pottery and one college. Nine indicated that they worked at art 40 hours a week or more; none claimed less than 10 hours of work.
5.3 Income and sales

A survey by the Research Center for Arts and Culture at the University of Columbia reported in *Art in America* by Walter Robinson covered 4,146 visual, literary and performing artists. The study found that half earned less than $3,000 from their art in 1988, 10% reported earning from art in the range of $20,000-40,000, 4% of the sample earned more than $40,000 and 77% of the sample required other jobs for financial support.

In this small sample only 28% had other jobs. 28% earned over $30,000; 17% in the range $10,000-30,000 and 55% less than $10,000.

The picture of the artist starting in the garret of La Vie Boheme may hold for the young, the unknown, the untalented and possibly some unappreciated, but in general it appears that a handful of the talented in art can become extreme rich. Chagall, Dubuffet, Picasso and many others became millionaires and multimillionaires. Beethoven or Mozart alive today would, in all probability, have substantial wealth. A close look at the Santa Fe and Taos markets indicates several resident artists with incomes at around or over $500,000 a year. The difference however, between the incomes of the class of all painters and say, accountants is that for painters there is a large grouping at the low end of the scale, not very much in the middle and a thin tail of the very successful, whereas the accountants have few not making a living, a substantial number making a comfortable income and a few accountants acting only as accountants making over a million a year.

Possibly one of the important criteria in an artist’s self image as a professional is when the works of art begin to sell. In the sample here the average age at first sale was 27 with the spread from 13 to 42.

5.4 Why the Santa Fe-Taos area?

What is it about the area that makes it attractive now and what was it that originally made it attractive? Are these the same or different? The original reasons given in a variety of books are the scenery, the light, tuberculosis, the Indian and hispanic cultures, cheap living and the possibility for relatively free life styles and the roles of the Santa Fe Railroad and the Harvey Hotel.

The scenery, light and mixed cultures are still there in varying degrees. The influence of health conditions and the role of the railroad and hotel and the nature of the differential in
life styles have all diminished to be of little importance currently. The important difference however is the size of the cultural concentration and the dimensions of the network of dealers and artists and would-be-artists.

In the survey the following reasons were given:

- I like it.
- The market and other artists.
- Cultural variety and the general environment.
- The quality of life.
- Cheap living.
- Better market than Minneapolis plus attraction to Indian cultures.
- Environment plus the fellowship of other artists.
- To immerse myself in my work with the benefit of a network.
- As a runaway from New York.
- The only area in the U.S. with a European feeling towards art.
- To be able to pour bronze.
- I am native to the area (three respondents).
- I choose to live here.

Of the fifteen responses five explicitly mentioned the network and other artist aspects. In discussion and interview the presence of numbers of others frequently figured.

5.5 Artist-dealer relationships

How many dealers does the artist use, how long do they stay with a dealer and why do they leave? It is likely that painters have different needs than sculptors which are also different from designers of jewelry. The sample size was too small for these distinctions. The average number of dealers for the fifteen respondents was approximately 3.5, varying from zero to as high as twenty-four with the mode (5) being at one and at two. The longest length of time with a single dealer was 18 years for one individual and at the other end of the scale the longest time with any dealer was 1.5 years.

Concerning sales: ten sell primarily through dealers, five from their homes and two own their own gallery. The view of the artists of the dealers are indicated in the answers to the question "Why did you ever quit a dealer?"

They are as follows:

- Failure to pay on time.
- Not enough effort, no support.
- Lack of sales.
- It has not happened yet.
- No action.
- The gallery closed. It had poor display.
- Not enough sales.
- It has not happened yet -- would quit if not enough sales.
- No sales performance.
Parasites.
Dishonesty/bad treatment.
Dishonesty and manipulation/eventually out of business.
Failure to pay promptly.
Dealer closed.
I opened my own gallery to be free of dealers.
The business closed.
"Are you kidding?"

The views of the dealers are somewhat different. Furthermore, interviews show high variations in terms of mission and interpersonal relationships, ranging from a mission promoting modern art with long term close relationships between the dealer.

6 THE ECONOMICS

Wisdom and foresight are frequently exhibited after the facts. Would individuals concerned 40 or 50 years ago with the economic future of New Mexico have been able to spot the importance of tourism and the importance of the arts? If we were to try to gaze into the crystal ball for the next 10, 20 or 40 years what might we see?

In 1945 a book entitled New Mexico's Future (Moulton, 1945) was published. It was an economic study conducted to provide guidance for the development of one of the poorest states in the union. In 1940 the average unemployment in the United States stood at 14.2%, while in New Mexico it was 21.3%.

The study did not mention the fine arts. It did note that Navajo weaving, Chimayo rugs and Indian jewelry and silver were a potential source of growth. It estimated that there were somewhere between 1,000-1,500 individuals involved in these activities with a value of output of around $4,000,000 (Moulton, p. 110).

A breakdown of the economic activity in New Mexico for 1940 can be contrasted with that for the United States as a whole as follows:

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<tr>
<th></th>
<th>Agriculture</th>
<th>Mining</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Utility</th>
<th>Distribution</th>
<th>Services</th>
<th>Misc.</th>
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<tbody>
<tr>
<td>U.S.</td>
<td>18.8</td>
<td>2.0</td>
<td>23.4</td>
<td>4.6</td>
<td>6.9</td>
<td>19.9</td>
<td>22.9</td>
<td>1.5</td>
</tr>
<tr>
<td>New Mexico</td>
<td>32.2</td>
<td>6.0</td>
<td>6.4</td>
<td>6.0</td>
<td>6.6</td>
<td>16.8</td>
<td>24.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

6.1 How big is the market

It is common to use phrases such as the Santa Fe Art market is the second or third largest in the country. We were curious as to how this rumor was started. In our interviews it was suggested by one of the dealers that he might have been the source, figuring that it would
call attention to the Santa Fe market. But what is the operational measure? Is it dollar
volume of sales, the number of sales, the number of dealers, number of customers, profits,
value of investment, value of inventory or something else? We have taken as an approxima-
tion for size the dollar value of sales as one of our interests is economic impact. Depending
on the question to be answered the emphasis may be varied.

Based on the interviews and (the relatively small) sample of dealers from Taos, Santa Fe
and Albuquerque it appears to be likely that the Santa Fe (or Santa Fe, Taos, Albuquerque)
art market area could be the third, fourth or fifth largest in the United States with New York
and Chicago as first and second.

6.2 How does one measure "economic impact"

Using the conventional macroeconomic bag of tools to obtain a local multiplier for the
earnings received from sales a previous study suggested a multiplier of 2.5 for New Mexico.
Depending on the study, given the shakiness of the figures this number could be anywhere
between 1.5 and 3, thus the impact of the art market on the New Mexico economy appears to
be between a quarter to half a billion dollars.

As is suggested by the first sections of this study the growth has depended heavily not
merely upon chance, but upon the overall cultural environment, thus, for example, the govern-
ment support of cultural institutions via a substantial part of the hotel occupancy tax and the
growth of the museums, opera and university network are all part of a symbiotic growth pat-
tern for the area. This includes the presence of science institutes and industries as MAs and
PhDs are high consumers of cultural services.

6.3 The nature of competition

The art dealer industry has a few intelligent, modern, profit maximizing entrepreneurs,
who if they combine their business talents with a fair amount of detailed knowledge and
appreciation of art, of their employees or of their own, they stand to make considerable
profits. These individuals are for the most part relatively few in numbers. On the whole the
interests and motivations of the dealers still lie between art and business in varying degrees.
One of the difficulties in obtaining hard data on art dealing is that not only is there a concern
for secrecy, but to some extent many of the dealers themselves do not think heavily in eco-
nomic terms and hence do not have much of the data.

The industry is highly product differentiated, thus the usual cry against economic analysis
onable to do so. In particular because of high product differentiation, innovation, changes in
taste, segmentation of markets, high transportation costs and in general low levels of informa-
tion and knowledge, competition in the industry is far different from an industry with rela-
tively undifferentiated products being sold in high volume. Clearly there is competition and
competition from other sources. It is a tautology to note that all items are in competition for
the consumer's dollar, but because of the differentiation the competition is less via raw price
than via service, knowledge, education and public relations. If anything a concentration of
galleries may help overall business.

6.4 History and theory: What is special about Santa Fe?

Why Santa Fe, why not Denver, Colorado Springs, Salt Lake or, for that matter Cape
Cod?

We suggest that the answer is special historical and locational features to start with,
triggered by chance and then captured and magnified by the positive feedback of network,
informational and social increasing returns.

Economists and accountants are frequently a surely, soulless and unimaginative bunch
(see for example Grampp, 1988). Thus from a rather narrow market point of view they may
ask "how much is it worth at current prices" forgetting to observe that any attempt to liquidate
certain items at "current prices" might well destroy the prices which are current. With this
caveat in mind, the value of the cultural infrastructure of Santa Fe is considerable when it is
contrasted with virtually any other location of the same size in the United States of America.

In economic theory two dominant forms are often discussed. One is the picture of the
faceless mass competitive market with many small competitors who can more or less be
regarded a atoms in a competitive struggle; the other involves large hierarchical firms such as
general motors, IBM or General Electric. As societies, economies and economists grow and
become more sophisticated with better communication and education a third form of eco-

nomic institution appears to best fit the nature of many parts of the economy. That is the
network which mixes in part the mass aspects, anonymity and flexibility of the faceless market
together with some of the aspects of the highly differentiated hierarchical institutions of the
society. The mixture produces a set of organisms generating high levels of informal commu-
nication and high levels of externalities to each other. These services show up on no one's
balance sheets (off-balance sheet assets are every sane entrepreneur's dream). Virtually all of
the cultural institutions of society run at an individual accounting loss. The pure proponents
the cultural institutions of society run at an individual accounting loss. The pure proponents of unremitting, simplistic, rationalistic individual competition (see for example Grampsch) decry against subsidy arguing that the immediate market determines what a society should support. The high culture buffs call for expenditures and subsidies which to some appear to be merely the rich making out a case to have society as a whole pay for the playthings of the privileged. The truth undoubtedly lies in between.

The growth and development of the art market fits more closely into the informal network picture than either hierarchy or purely atomistic firms. The dealers know each other, talk to each other, and are willing to recommend and refer customers. Among the better dealers knowledge is important — all stress experience and emphasize booby traps for the inexperienced. The museums also are important, they are part of the informational network as well as potential buyers and sellers.

These observations provide the general structure, we now consider the specifics of "Why Santa Fe?"

We suggest several reasons:

1. The natural beauty of the state. Marsden Hartley noted that New Mexico is the "only place in America where true color exists."

2. The Internix of cultures: The blend of Indian, Hispanic and Anglo is highly attractive to many.7

3. The Cultural climate was highly favorable since the turn of the century, in the form of general support for artists and crafts. (The railroad, Harvey House, Hewitt, Nussbaum and others).

4. In the early days, cheap living and a relatively unconstrained life style (like Cape Cod).

5. The climate was excellent for those with Tuberculosis and respiratory diseases.

Weaving the pieces together, health reasons, chance, cheap living and attractive surrounding brought in the first few artists to Taos, Albuquerque and Santa Fe. Specific individuals and institutions promoted interest in Indian culture, the museum was launched even before statehood; the railroad encouraged artists and bought art; the Harvey house promoted tourism. Artists told friends and family, the richer artists spent some time in Santa Fe and spread the information to others back East. This was also true (with somewhat different special

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7 Although there is a current concern that the original "three cultures" may be replaced with a new three cultures: New York, Los Angeles and Dallas.
initial circumstances) of Cape Cod as can be seen in the editorial of the *Cape Cod Magazine* of July 15, 1926, entitled "Good art, is good business," but the cultural concentration grew in Santa Fe was also helped by being a state capitol with a small, but nevertheless urban identity. In contrast Cape Cod has no real urban cultural and administrative center and the centripetal forces of New York, Boston and other New England urban areas were enormous.

The positive feedback among tourism, artists and scholars set the stage for the entry of the first dealers. The added impetus of the growth of highly educated scientific personnel in World War II to Santa Fe, Los Alamos and Albuquerque helped increase the speed of the positive feedback. The museums multiplied and the opera and music groups were added. Each fed on and expanded the other and set up the preconditions for the explosion of a commercial sector in the form of a hotel industry, restaurants and an art market.

The modern economic approaches of Nelson and Winter (1982) and Arthur (1990) to innovation and to stochastic increasing returns to scale are congenial with this type of market development. It would be difficult to produce a formal dynamic model of a process such as this, due to the highly multivariate aspects combined with the difficulty in obtaining the appropriate numerical data. Nevertheless the broad outlines can be laid out intermixing some quantifiable information with the history and conclusions in both economic practice and theory can be drawn. The relatively new businesses of the art dealers in Santa Fe are now an important part of the economy, they owe their existence to the previous considerable investment and growth in the cultural infrastructure; they now both depend on and contribute to this growth.

The growth of this type of industry depends on a historical dynamics and increasing returns to scale. Without the benefit of hindsight it is extremely difficult, if not impossible to predict the chance events which determine which of several equally attractive locations will grow sufficiently that it takes off and becomes a major market. But once established the chances for further growth are enhanced by previous success.
References


Fisher, R. 1947. An art directory of New Mexico. Santa Fe: Museum of New Mexico


Questionnaires

In 1986 the State of New Mexico, Division of the Office of Cultural Affairs published a document on the economic impact of the arts. Their information on dealers in the art market was based on 71 replies to an anonymous questionnaire circulated to New Mexican art galleries. Some of the findings from this survey for the year 1985-1986 were as follows:

- $160,000 gross sales
- 3.6 full- and part-time employees
- $24,000 salaries and wages (not including owners)
- $73,000 spent in New Mexico for goods and services
- $105,000 in sales of works by New Mexico artists
- $35,000 in sales of art to New Mexico residents.

The estimates for the whole state were:

- $45,000,000 gross sales
- 1,100 full- and part-time employees
- $5,900,00 spent in salaries and wages
- $30,300,00 in sale of art by New Mexico artists

This current survey is being conducted Martin and Julie Shubik, Department of Economics, Yale University and current Director of the Economics program at the Santa Fe Institute as part of a study of the Santa Fe, Taos art market, including dealers, artists and museums.

The questionnaires are designed to be strictly anonymous for the parts containing any financial information. The first of the three separate parts contains no questions concerning finances.

Almost all of the questions are phrased so that they can be answered by a number, a check mark or one or two words. In the first part however, we would be grateful for any comments you might like to make.
Questionnaire: Part I

1. How many years has your gallery been open?

2. Is your gallery:  
   1. For profit  
   2. Not for profit

3. How many years have you been a dealer?

4. Are you an artist?  
   4.a. If Yes what art form?

5. Do you have a college degree -- check the appropriate ones  
   BA    Master's    PhD
   5.a. If Yes, in what subject?

6. Were you in a previous profession or business before you became a dealer. If Yes, what?

7. Are you (or were you) also a collector?

8. How many artists do you represent? Total = ________  
   8.a. Number of artists resident in state = ________  
   8.b. Number of artists resident out of state = ________

9. Of the artists you represent how many have been with you  
   Two years or less  
   2-5 years  
   more than 5 years

10. What percent of your sales are accounted for by:  
    1. New sales of live artists  
    2. Others  
    3. Indian art (over $30)  
    4. Indian crafts (over $30)  
    5. Hispanic art (over $30)  
    6. Hispanic crafts (over $30)  
    7. Other (under $30 per item)  
    ______%  
    ______%  
    ______%  
    ______%  
    ______%  
    ______%
11. Roughly how many customers have made purchases in 1990?
   0-99
   100-199
   200-299
   300-500
   500-999
   1,000 and above

12. What percent of your customers do you estimate are repeat buyers?
   0-10%
   10-20%
   20-30%
   30-50%
   50% or higher

13. Dealers often stress the importance of "serious collectors" as customers (usually without
    defining what is meant by a "serious collector"). In your opinion how important are the
    "serious collectors" to your business? (Circle one number.)

    1. Critical
    2. Very important
    3. Of middling importance
    4. Not very critical
    5. Not significant

14. In as many words as you care to take why did you become a dealer?

15. If you care to make any comments on the phrasing of the questions or on questions
    which should have been asked please do so.
Questionnaire: Part II

1. Do you own your gallery?
   1.a. If not, what is your annual rent?

2. How many of your family are employed in the gallery?

3. How many (full-time equiv) employees do you have (excluding yourself and family)? Use fractions for part-time employees.

4. What is your annual wage bill?

5. What are your other annual expenses and overheads?

6. Approximately at how much do you evaluate the inventory you own (at cost or estimated cost)?
   - 0-$50,000
   - $50,000-$100,000
   - $100,000-$250,000
   - $250,000-$500,000
   - $500,000-$1,000,000
   - $1,000,000-$5,000,000
   - above $5,000,000

7. Approximately how many sales a year have you had for:
   - 1989
   - 1990
   - 1991

8. What do you estimate is the size of your average sale?

9. What do you estimate is the lowest price, highest price and most representative price of your items for sale?

10. Do you usually price on cost plus markup? (If not how do you price?)

11. What roughly are the margins on new unknown artists on consignment?
    - known successful artists on consignment
    - estates sold on consignment
    - owned inventory
12. What percentage of your sales are consignment?

13. What is your estimate of the amount of money required by a new gallery dealing in your type of art to go into business?

14. How many years of gallery or independent dealer or artist experience do you feel is required before opening your own gallery?

15. What is your estimate of the average annual income (from art) of the artists you represent?

16. In your estimate how many of the artists you represent require a second job or other support in order to have sufficient income to live.
Questionnaire: Part III


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<td>$1,000,000-5,000,000</td>
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<tr>
<td>above $5,000,000</td>
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A recent study at Columbia University shows rather bad economic news for most of those who go into the arts and crafts. We believe that artists and those in the crafts are important to the Santa Fe area and that some information on them would be valuable for all concerned. We would be grateful if you would answer this questionnaire either anonymously or indicating your identity if you wish. When our study is finished we will make its results available to all (mentioning no names of either living artists or dealers).

This survey is being conducted Martin and Julie Shubik, Department of Economics, Yale University and current Director of the Economics program at the Santa Fe Institute as part of a study of the Santa Fe, Taos art market, including dealers, artists and museums.

Many of the questions are phrased so that they can be answered by a number, a check mark or one or two words. Some require a few words and we would be grateful for any comments you might like to make.
Questionnaire

1. In what arts or crafts do you regard yourself as a professional?

2. Have you had formal training?
   Yes
   No

3. If you have had formal training please name the institution(s), degrees and years spent.

4. At what age did you first start to sell your art or crafts?

5. Why did you come to the Taos Santa Fe area?

6. What percentage of your income in the last five years do you estimate has been earned through your art or crafts?

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   %

7. Roughly how many hours a week do you put into you art or craft? (check one)

   0-9
   10-19
   20-29
   30-39
   40 or more

8. Do you have a job or earning occupation other than your art or craft? (Circle your answer.)

   Yes
   No

9. If yes, please note what it is.

10. How many hours a week do you work at your second job?

    0-9
    10-19
    20-29
    30-39
    40 or more
11. How do you sell your works? (indicate a percentage by the different methods?)

Directly from your home
From dealers
From your own gallery
Other (specify)

12. If you sell through dealers, state how many dealers?

13. What is the longest you have been with a single dealer?

14. What have been your reasons for quitting a dealer?

15. Have you ever quit the art world for any substantial time (say more than two years at less than 10 hours a week?) If so how long?

16. Why did you become an artist or craftsman?

17. In the last 5 years roughly what do you estimate your income from arts or crafts

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18. Please let us know a little about yourself

Age
Sex
Married
Size of family

19. Any extra comments or observations would be gratefully received.
Acknowledgments

We are grateful to all the dealers, artists, museum staff and others who generously contributed their time in interviews, answering questionnaires and otherwise educating us about the states of the art market, and of cultural activities in Santa Fe. These include: Victoria Andrews, Philip Bareiss, Cynthia Barber, Kenneth and Barbara Canfield, Lynn Case, Phyllis Cohen, Sandra D’Emilio, Ray Dewey, Linda Durham, Forrest Fenn, Tom Livesay, Larry Munson, Jim and Bella Parsons, Gerald Peters, Sabrina Pratt, Patricia Sanford, Nicholas Sealy, Jack Smith, Tisa Gabriel, Cecilia Torres Steve Becker, Larry Ogan, Dan and Frances Namingha, Don Michaelis, Christopher Webster and many others.