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## **Working Title**

*Early use of presale estimates at London art auctions:  
Exploring Christie's business model during the early nineteenth century*

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## **Abstract**

Auction houses started to make use of presale estimates in the 1970s, and they have since then become an integral component of the marketing of art, even if the process of setting presale estimates by in-house experts is shrouded in mystery. In theory, accurate presale valuations signal trust to potential buyers and sellers. Auction houses are therefore incentivized to be as truthful as possible.

A unique set of journals (referred to as day books) preserved at the Christie's archives in London contain presale evaluations for over a dozen sales featuring paintings during the 1820s. As far as we know, these are the first known series of about 400 presale evaluations for paintings in the history of the art market. This paper explores the correlation between the estimates and the hammer price or highest bid in the subsequent public auction, and the reserve price when available. We ascertain the accuracy of the presale valuations and reflect on the degree of professionalization of the art trade in the early nineteenth century and the (extremely successful) business model of James Christie. Taking advantage of arbitrage opportunities for paintings from the continent – mostly Dutch, Flemish and Italian – afforded the company to become the leading auction house in London from the 1820s onwards. We argue that Christie's developed the expertise and engendered the trust among sellers to secure consignments of desirable works of art (collections), which were estimated at realistic and attractive levels which gave the company a competitive advantage in the booming London art market of the early nineteenth century.

Keywords: art market – nineteenth century – art expertise – art auctions

### **About the authors**

Neil De Marchi (Ph.D. Australian National University 1970) is an Australian economist and historian of economic thought, and a Professor Emeritus at Duke University. De Marchi specializes in research that pertains to the history and functioning of markets, with a specific focus on art markets. De Marchi has been publishing his research and ideas in academic journals for almost four decades. His works have appeared in such journals as the *Journal of Economic Behavior and Organization*, the *Journal of Econometrics*, the *European Journal for the History of Economic Thought*, and the *Art Bulletin*. He has also contributed chapters to various books, and a biographical entry of John Stuart Mill for *The Handbook of Economic Methodology*. He currently serves as an associate editor for the journal *History of Political Economy*.

Filip Vermeulen (Ph.D. Columbia University 2002) is Professor of Global Art Markets at the Erasmus University Rotterdam in The Netherlands. He lectures and publishes on various aspects of the economics of art and culture. He is especially interested in the history and functioning of art markets since the Renaissance, the notion of quality in the visual arts, the role of intermediaries as arbiters of taste and emerging art markets such as India. Between 2009 and 2014, he was the program director of large-scale research project entitled 'Artistic exchanges and cultural transmission in the Low Countries, 1572-1672' which sought to gain insight into the circulation of artistic knowledge, and examined how culture was and is transferred. More information on his scholarly work and a full CV can be found on his website: [filipvermeulen.com](http://filipvermeulen.com)