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Who Benefits from the Growing Market for Indigenous Art? Evidence of Indigenous Differences and Creative Achievement in Australia

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Abstract: Since the mid C20th the market for Australian indigenous art has rapidly expanded. The Australian experience in this respect reflects a broader international trend of growing demand for tribal and indigenous art. After defining what is meant by indigenous art, this paper explores some of the reasons underlying the increased interest in tribal and indigenous art which has driven up prices for such works. While the growth in the market for Australian indigenous art is clearly apparent, a more contentious issue associated with the growth has been whether or not the indigenous communities producing art works have benefited from the increasing demand and higher prices. On this front, evidence of how global art markets impact artists and those living in remote indigenous communities is mixed. After presentation of some of the evidence on how the growth in the market for indigenous art has affected Australian indigenous communities, the paper concludes with a discussion of policy implications.

1. Introduction

Since the mid to late C20th there has been a growing presence of indigenous art works in global art markets. In international museums including the Musée du quai Branly which is dedicated to tribal and indigenous art as well as numerous private commercial galleries it is clear that indigenous art works have gained recognition and acclaim to become established and legitimised as part of the world's artistic capital stock. In line with its growing popularity, indigenous art works have also increasingly entered auction sale rooms with major auction houses like Sotheby's now holding specialised auctions for works classified as tribal and indigenous art.

In considering the potential for economic development by Indigenous people whilst maintaining the objective of cultural preservation, the issue of globalization cannot be ignored. It is not so much a question of whether globalization is good or bad in terms of cultural diversity as it is far more meaningful if one accepts globalization as the dominant economic paradigm of the current age and instead looks to how globalization might assist with ensuring cultural diversity into the future. While Cowen (2002, 2005) has investigated how opening up to trade with a broader market has the potential to assist indigenous people achieve greater levels of economic development, he also identifies that as a consequence of increased cross

cultural contact, indigenous culture risks becomes diluted as it is engulfed by the mainstream non-indigenous culture which surrounds it. So while globalization has the potential to help indigenous communities overcome disadvantage it also carries with it the seeds that may also reap the destruction of the indigenous culture which Indigenous people and society at large would benefit from having preserved.

In focusing on the impact that globalization has had for indigenous artists in remote regions of Australia it is clear that there have been some benefits to indigenous people in terms of technology transfers. Clear evidence of this can be seen from the influence of the non-indigenous painter and teacher Geoffrey Bardon, who when he first traveled to the remote Western desert settlement of Papunya in the early 1970s, introduced tribal artists to new media and medium to use in creating art works. For the first time the tribal artists in this isolated and remote area, were able to transfer their vivid images of ancestral Dreaming from sand and rock drawings as well as body decorations to paintings done in acrylics on hardboard and canvas, thus making their works permanent and portable. The success of this innovation became part of the catalyst for the evolution of an Australia-wide indigenous art movement which is internationally recognized. So by indigenous communities being exposed to new technology and opened to contact with outsiders, artistic innovation resulted which made the unique works in both style and concept also now able to possess the qualities of being durable and portable and hence capable of being traded.

Cowen (2002) has also acknowledged the role technology has played in supporting indigenous creativity. He cites the example of Tuvan throat singers from Mongolia who have benefited from recordings made of their unique singing which has ancient origins. Recording technology has expanded the size of the market for Tuvan music and resulted in younger generations of Tuvans taking greater interest in learning throat singing thus assisting in preserving older styles and also stimulating further musical innovation in the genre. In a similar manner, Navajo weaving emerged as a result of technology transfer and wealth generated from growing markets. From the influence of Spanish animal husbandry techniques which allowed the Navajo to maintain larger stocks of livestock, the Navajo were able to source the initial fabrics used to weave blankets and create their textiles. Subsequent cross cultural contact also exposed the Navajo to patterns and designs used in Mexican ponchos and shepherds clothing which along with their own visual expression influenced Navajo designs. Furthermore greater trade and access to markets enabled the Navajo to acquire new dyes and pigments as well as also providing a market for their works outside their culture.

With the threat of poverty posed by relative economic, social and political disadvantage on the one hand and the risk that as this disadvantage is addressed Indigenous people are vulnerable to assimilation into the mainstream, policy makers need to be mindful of balancing development objectives with cultural objectives. These two objectives need not be mutually

exclusive and are possible if appropriate development is encouraged and facilitated in indigenous communities. Development which emphasizes areas of indigenous cultural difference is of crucial importance if indigenous cultural identity is to be maintained with development also occurring. Art and culture which are central to most Indigenous people clearly needs to play a central role in promoting the development of Indigenous people. Art made by Indigenous people to trade with those outside Indigenous communities but interested in indigenous culture can also be produced at different levels involving differing levels of skill and craftsmanship ranging from tourist markets to high end markets. As such indigenous development which focuses on what indigenous people have comparative advantage in – that is what makes them different through their culture – needs to lie at the heart of indigenous economic development.

By breaking down Porter's (1990) theory of competitive advantage from a national level to apply at a local level evidence of 'clusters of creativity' can be identified in indigenous communities. With creative and artistic expression deriving from cultural tradition, many indigenous cultures, including indigenous Australians, are in a position whereby their unique cultural product has the potential to drive economic development. Yet clearly the existence of creative clusters alone is a necessary but not sufficient condition for economic development. Reflecting Porter's assertion that government policy at the state and national level has an important role to play in shaping national advantage, it must be argued that government, policy makers and institutions also must provide the fertile conditions conducive to indigenous development through successful production and marketing of indigenous cultural products.

The plan of this paper is as follows. Section 2 will define what is meant by the indigenous art market. This is important as often there is confusion about where to draw the line between art and souvenirs which often take the form of lower quality decorative art produced for the tourist market. In addition what constitutes art works being classified as indigenous can be another area of potential confusion, as it is apparent that works produced by indigenous artists do not always take the form one would expect to find of works labelled as indigenous. Section 3 will then address some of the reasons underlying the increased popularity of indigenous and tribal art which has resulted in rapid growth in both the volume and value of sales occurring in global art markets. Following from this Section 4 investigates the returns from production of indigenous art accruing to artists and the returns from investment in indigenous art to explore how the growth in the indigenous and tribal art market has benefited key stakeholders and players in the market. Section 5 outlines potential policy implications related to improving indigenous economic development outcomes through trade in indigenous art that returns benefits to indigenous communities and provides concluding comments and an outline of future areas for research.

2. Defining the Indigenous Art Market

Spread across the globe the United Nations (1995) estimates there are approximately 300 million Indigenous people including amongst others the Indians of the Americas, the Inuit of the circumpolar region, the Saami of northern Europe, the Kooris of Australia and the Maori of New Zealand. The United Nations defines Indigenous or Aboriginal people as the descendants of those who inhabited a country or geographical region at the time when people of a different culture arrived, where the new arrivals later become dominant through conquest, occupation, settlement or other means (United Nations, 1995). Indigenous people are frequently involved in artistic and cultural production as a means of fulfilling basic cultural expression and carrying on tradition. There is growing interest from those external to indigenous societies to learn more about cultures and traditions that are different to their own which, has spurred interest worldwide in Indigenous art and culture. This growing interest from outside has resulted in greater levels of cross cultural trade between indigenous and non indigenous cultures and created global markets for indigenous art.

While superficially at least many people would have an idea of the types of art works that would fall into a category loosely defined as 'indigenous art', it is not always clear where the boundaries lie when one attempts to apply a more rigorous definition. Subjective distinctions need to be made about what constitutes art in the first place. Indigenous artists and artisans produce a wide range of art, craft and souvenirs. Similar to what one finds in the history of Western art, only a very small proportion of works produced by indigenous artists become what is able to be referred to as high art. These are high quality works that are often produced by noted artists and are in short supply and high demand. There are also other art works of varying degrees of quality that are collectively in greater supply and lower demand. Many of these works are marketed as art, but in actuality will fulfil a decorative function and will, like most art eventually become worthless once tastes and fashions change. Finally there are indigenous works produced on a larger scale of production as souvenirs for the expanding tourist market. Assuming that there is no secondary market for works that are effectively souvenirs, for reasons of simplicity, and given that auction sales data has been used in previous research that has helped inform this study, art works are loosely defined as works for which a secondary market exists. Obviously there are varying degrees of the quality of the works appearing within this loosely defined market for art.

Again, if we consider the history of art, artistic innovation has relied on artists borrowing and extending ideas of their predecessors and contemporaries. In Australian art history, exciting developments occurred as indigenous artists experimented with new technology represented in the bright synthetic polymer paints associated with more recent styles and developments of indigenous art. This provided the impetus to the Western Desert or Papunya Tula art movement which emerged in the early 1970s to become one of the worlds most significant art movements in the later part of the twentieth century and represents one of Australia's most

significant contributions to the history of art along with early cave and rock art produced by the ancestors of current day indigenous artists.

In this study distinction is made with respect to art works that are indigenous. Just as there are a number of functional levels on which indigenous arts can be classified ranging from the souvenirs produced for the tourist market to high art, attention needs to also be given to what makes a work be classified as indigenous. In terms of defining indigenous art there are debates about whether the ethnicity of the creator or the cultural form of the work itself is more important. It is also worth commenting on the fact that while tribal and indigenous art is no longer produced by living artists in some regions where pressures of modernisation and cultural assimilation have rendered tribal art a type of primitive art, in Australia and other parts of the world such as Canada, indigenous communities continue to create art works which mix tradition and modernity making a dynamic contemporary art movement produced by some of the inheritors of some of the oldest continuous cultural traditions. Many indigenous artists have engaged in the production of works that appear more in the tradition of Western painterly style and compositional form, such as the Hermannsburg movement led by the renowned watercolourist Albert Namatjira. Today many of Australia's leading visual artists such as Gordon Bennett, Tracey Moffat, Destiny Deacon and Andrew Brooke are also indigenous in terms of their ethnicity but are artists producing works not typically associated with indigenous art and which are more contemporary in style¹. Again, for reasons of simplicity, indigenous works are defined as such with respect to the ethnicity of the artist who produced them.

3. The Growing Market for Indigenous and Tribal Art

Today interest in indigenous peoples' knowledge and culture is stronger than ever. In some respects this interest has been exploitative to Indigenous people, as issues around copyright violation have been particularly problematic and many indigenous designs have been unlawfully replicated or incorporated into products without proper legal authority². Yet in other respects increased interest in indigenous culture has paved the potential for greater opportunities for Indigenous people. The growing interest in indigenous art and culture from a non-indigenous audience has provided a market of indigenous art spanning from the low end of the tourist souvenir market to high art collected by the cultural elite.

When observed at the national level art markets tend to specialise in art works produced by the nation's artists both past and present, reflecting the fact that demand and supply for works

¹ Many of the leading contemporary indigenous artists mentioned may not produce works that are typically associated with indigenous art but often draw on themes relevant to contemporary indigenous society such as identity, colonialism, racism, etc.

² For examples of copyright violation of indigenous art that demonstrate the extent of the problem and highlights what some of the implications are for artists, The House of Aboriginality website, available online at www.mq.edu.au/hoa, contains information and some noted cases of copyright infringement. This site is a resource for copyright and cultural issues in the merchandising of indigenous imagery and was established by Macquarie University.

by artists of a given national origin will generally be strongest in the country where the artist is most readily identified with. This reflects the fact that people of a nation generally take more interest in works considered to form part of their own national cultural identity and stock of cultural capital. Indeed for many traditional works depicting landscapes and historical events, the content of such works will be strongly identifiable to people from that particular cultural tradition. However, when one looks to the market for indigenous art there is clear evidence of this as a truly international market with collectors spread all around the world rather than just from the country where the indigenous culture is located.

In Australia there have been media reports that many important works by Australian indigenous artists are leaving the country and heading to Europe and North America. Certainly there is evidence beyond the fact that many wealthy collectors of indigenous and tribal art come from the West, which reveals the increased interest in indigenous art and culture is reflected on a broad international scale. For example, works by Emily Kame Kngwarreye who lived in a remote region of Central Australia, far removed from the art world that sought her work, has been called one of the greatest abstract painters of the twentieth century (Tatehata, 2008). Many of her works are part of a major exhibition *Utopia: The Genius of Emily Kame Kngwarreye* at the National Museum of Art in Osaka and the National Art Centre in Tokyo. Also in 2005, at the prestigious Venice Biennale, Canada was represented by one of its leading aboriginal artists. Along with the growing number of private art galleries dedicated to indigenous art being established around the world, further evidence of the broad international appeal and of the increasing recognition given to indigenous and tribal art, is evidenced by the opening in June 2006 of the Musée du quai Branly, a public art gallery dedicated to indigenous art located near the Eiffel Tower in Paris.

3.A Reasons for the Increased Presence of Indigenous Art in Global Art Markets

In considering the reasons underlying the growing popularity of Indigenous art two main reasons which complement one another are postulated and considered in turn. The first main reason is supply side in its focus. Art is central to the traditional Indigenous way of life. Amongst many Indigenous people particularly those whom maintain cultural traditions, there is a high rate of involvement and engagement in artistic practices and production. This widespread involvement by Indigenous people with art has spurred the production of fine art works by indigenous communities for both local consumption and increasingly for broader consumption facilitated through the market. The second main reason for the growth in trade of indigenous art is demand oriented following the increasing interest and attention given to indigenous art. It should at this stage be noted that while today the achievements of indigenous artists are well regarded, broader attitudes were not always so sympathetic. For instance after European settlement of Australia, Aboriginal artefacts were collected by many explorers and settlers and sent to scientific museums around the world as items of

ethnographic curiosity, recognition of such items as art and the understanding that Indigenous people were in fact people with art was much slower in coming to be appreciated.

Whilst much of the art produced since European settlement remains for traditional purposes and may only be created and viewed by those initiated to the proper level of awareness, it has been a relatively recent phenomenon that a significant body of indigenous art has been produced and emerged which is intended for the wider public domain including non-indigenous audiences (Caruana 2003). Indigenous artists engage in intense training where methods and techniques along with the stories of Dreaming which form the content of art works, are passed on from elders to younger generations within the community. In producing art works, indigenous artists have invested in unique non-replicable skills which when skilfully executed result in impressive and unique works of art which are highly valued both inside and outside their communities.

The majority of indigenous art works produced are sold initially via community run art centres which act as both wholesalers to private galleries and also as retailers direct to the public particularly through use of the Internet. Community run art centres are intended to cultivate trade networks for indigenous art by acting as an intermediary between artists and the market. Government funded community art centres which collect, document and market indigenous art play a key role on the supply side of the indigenous art market acting as an intermediary to bring indigenous art to a non-indigenous audience. However, the role played by art centres extends well beyond simply marketing and facilitating sales. Altman, Hunter, Ward and Wright (2002) have observed that art centres act as cultural mediators between artists and the market. They claim that due to reasons associated with remoteness, their relatively small size, dispersed artist populations and the poor track record of private dealers who are often viewed suspiciously by artists, many art centres have effectively operated as monopolies for artists in their communities.

Art centres also play important roles with respect to serving the artist as a whole person – not just as an artist. For example, Wright (1999) notes that art centres play a key role contributing to the wellness of a community by supporting artists with basic health, education and nutrition needs as well. Parallels to the roles played by art centres which extend beyond the marketing and sale of works can also be found in different form and guises in other indigenous cultures. For example, in a study of Nahuatl-speaking indigenous artists from the remote rural pueblo of San Agustín Oapan in central Mexico, Cowen (2005) observes the crucial role played by early patrons Ed Rabkin and his wife in supporting the artists from this region. Support from the Rabkin's not only took the form of direct financial support to the artists in exchange for their works, but also extended to other areas to make it possible for the artists to effectively practice and produce works in the first place. As such these early patrons also assisted the

artists by covering medical expenses, providing accommodation for the artists and their families and assisting with travel and costs faced by the artists.

The demand and supply side factors described are inter-related in the sense that increased awareness of the aesthetic value and cultural significance of indigenous art has served to spur demand for indigenous art that has resulted in more indigenous art finding its way to the market. While prices for indigenous art remain on average below those obtained for non-indigenous art, there is evidence of higher participation rates by indigenous people engaged in the production of art that eventually finds its way to art auction markets.

Considering some of the reasons underlying why consumer preferences for art are constantly moving and why new sources of art are continually sought out can assist in explaining the phenomenal rise in popularity of indigenous art since the mid twentieth century. It has been observed by economists such as Cowen (2002) and Throsby (2001) as well as art historians including Jones (1990) and Lowenthal (1992) that as consumption has increased in general, culture, for better or worse has become increasingly commodified. This commodification of culture, becomes evidenced by the fierce competition that exists between consumers to obtain scarce cultural capital in the form of original art. Yet given the nature of art works which derive their economic value from not only their aesthetic value and their acceptance as art, but also from the qualities of uniqueness and rareness - both of which serve to limit supply, it can be observed that the market for established and accepted art works is in chronic shortage. In response to this market forces serve in part, to drive the search for new sources of works from different cultures and ethnic traditions that once discovered can go through a process of legitimization by art critics and those regarded as the cultural elite within society to be accepted and recognized as part of the stock of humanity's artistic heritage.

3.B The Booming Market for Indigenous Art

Finding reliable estimates of the value of indigenous art industry is difficult. Depending on whether souvenirs and tourist market art are included in the estimates obviously inflates reported figures substantially. Also access to complete and reliable data in the primary market can be problematic as well. The former Aboriginal and Torres Strait Islander Commission's (ATSIC, 1997) Cultural Industry Strategy estimated the annual turnover for the industry was around \$AUD 200 million. The ATSIC estimate takes into account primary market gallery sales, secondary market sales and also addition survey data from international visitors and domestic consumers undertaken in 1997 to include souvenirs which substantially raises the estimated value of the industry. In focusing solely on estimated commercial sales of indigenous art occurring in the primary market, the Australian Bureau of Statistics estimated the annual value to be around \$AUD 36 million (ABS, 2001). Certainly by excluding

secondary market sales the ABS figures understate the true value of the industry. If we accept the ABS figure as a reliable estimate for the primary market we can add to this information about secondary market sales to obtain a more accurate picture of the indigenous fine art market in Australia. Based on auction records sourced from Hislops Art Sales Index and supplemented with additional data concerning the artists represented within the data, the value of works produced by Australian indigenous artists which sold at auction in 2000 is around \$AUD 5.5 million. Taking the primary market and auction market figures together in 2000 the value of sales occurring in Indigenous art excluding souvenirs was around \$AUD 41.5 million.

Using the Hislops data for all sales of art works classified as paintings over the period 1995 to 2003 that were produced by an artist of Australian nationality who was also Indigenous it is found using real prices expressed in \$USD with 2003 as the base year, that the average value of paintings produced by Indigenous artists was \$USD 2.4 million per annum. Details of the growth in auction sales of Australian indigenous art relative to the Australian art auction market overall in terms of value and volume are presented in Table One. Certainly over this period there has been substantial growth occurring in the secondary market for Indigenous and Tribal art works. For instance in 1995 there were 226 recorded sales of Indigenous art at auction which were valued in real terms at \$USD 0.6 million which grew to 482 sales valued at \$USD 5.2 million in 2003. Relative to all sales of Australian paintings at auction over the period, indigenous art works represents 10.4% of the value of the Australian fine art auction market with the volume of indigenous art traded in the market at 12.8%.

Table One: Sales value and volume of Indigenous Art sold at auction 1995-2003 relative to overall Australian fine art auction market

Year	Indigenous Art				Total Australian Art	
	Value of sales (in 2003 USD)	Value of sales as % of total sales for the year	Volume of sales of sales	Volume of sales as % of total sales for the year	Value of sales (in 2003 USD)	Volume of sales
1995	\$585,469	5.1%	226	9.6%	\$11,386,573	2,352
1996	\$791,114	4.8%	229	8.7%	\$16,422,455	2,622
1997	\$1,986,993	14.4%	395	17.3%	\$13,787,290	2,286
1998	\$2,614,475	13.6%	451	14.6%	\$19,222,875	3,093
1999	\$2,511,490	8.7%	512	14.2%	\$28,782,015	3,608
2000	\$3,035,030	9.4%	499	14.3%	\$32,181,742	3,479
2001	\$2,723,021	10.9%	375	11.0%	\$24,921,901	3,419
2002	\$3,068,793	10.6%	367	11.6%	\$28,941,764	3,158
2003	\$5,157,166	12.6%	482	13.4%	\$40,998,083	3,605
Total	\$22,473,551	10.4%	3,536	12.8%	\$216,644,698	27,622

Further analysis of auction sales data also reveals some interesting findings relating to the number of artists producing works. An examination of the entire sample of Australian artists

who had works sold at auction over the period finds that 32% of the artists from the sample are Indigenous. What this shows is that there is a large cohort of indigenous artists, who although they may only have a small volume of sales associated with their name, nonetheless have works they have produced traded at auction. This is reflective of the high participation rates by indigenous people in producing art works. For many indigenous communities it is not uncommon for nearly all members to be involved in art production. As in any art market there are relatively few high quality works and artists of renown who typically produce or have previously produced works that are in high demand, whilst the vast majority of works produced by artists more generally are of lesser quality and lower demand.

Based on population statistics in 2001, in Australia there are 458,500 people defined as being of Aboriginal or Torres Strait Islander descent which represents 2.4 per cent of the total of Australia's population (ABS, 2002). All things being equal, we would assume that the proportion of indigenous artists whose works is traded at auction, would be the same as the proportion of the Indigenous population relative to the non-indigenous population and for corresponding similarities in the volume and value of traded indigenous art compared to non-indigenous art. Yet with population statistics revealing that only 2.4 per cent of the Australian population is of Indigenous descent it is apparent that indigenous art and indigenous artists are represented far more within the dataset than one would normally expect which is an encouraging finding when it is more common to find the indigenous population over-represented in social statistics that have negative connotations and social implications³. What these statistics also reveal is that despite their relative social and economic disadvantage indigenous Australians make a significant contribution to the country's cultural capital. Similar statistics are also revealed when looking at participation rates by indigenous players in Australia's popular national sport Australian Rules Football. The national Australian Football league (AFL, 2005) statistics show 7.4 per cent of all professional league players are of indigenous descent.

In a country that has such a relatively short history since European settlement it is perhaps not surprising to see that great emphasis is placed on Indigenous heritage by indigenous as well as non-indigenous people. Indeed the dominant mainstream in Australian society has been open and willing to appropriate elements of Indigenous culture in the process of constructing a notion and image of the Australian nation far more readily than it has been willing to extend land rights which remain an issue of contention. Brooks, Davidson and Faff

³ Given the social problems experienced by Australia's indigenous population reflected in high rates of substance and alcohol abuse, domestic violence and low life expectancy, literacy levels, unemployment rates (etc.) it could be argued that one would expect indigenous Australian's to also be under-represented in an area such as art sales which signifies a contribution to culture. For further information on the state of indigenous disadvantage in Australia refer to SCRGSP (2005) *Overcoming Indigenous Disadvantage: Key Indicators 2005*.

(2003) have found that despite the arguments by segments of the Australian population that the costs of decisions to change property rights as a result of native title would be prohibitive, they find using stock market data that the net cost of the High court decisions to extend native title has in fact been zero.

4. Returns to Participants in the Indigenous Art Market

While today Indigenous people have many things in common with the predominately European majority population: such as sharing the same physical space and participating in the same economic and political processes, the settler group remains dominate not just numerically but also economically and politically so that Indigenous and non-Indigenous tend to experience and utilise what is shared from differing perspectives. To an extent when considering the boom that has occurred in the market for Indigenous art it is found that the biggest winners have been investors rather than the artists themselves. This finding comes as little surprise and is reflective of the experience of artists more generally who typically earn small return from producing art whether they happen to be Indigenous or not. However, in considering the returns to artists it is necessary to consider how the unique position of Indigenous artists who are often from social and economic disadvantage and typically remotely located far from the large urban centres where art markets primarily operate are positioned to bargain to ensure a fair return when it comes to the sale of their works.

In focusing on who has benefited from the boom in the Indigenous art market there are two key aspects to consider. Firstly whether the expanded market and increased interest in Indigenous art resulted in greater opportunities for Indigenous artists than existed previously and secondly how have other participants in the market such as investors, collectors and private galleries benefited.

A. Evidence of How Indigenous Artists have Fared

While increased interest in Indigenous art has expanded the market and potential opportunities for artists, issues surrounding the sale and marketing of works have meant that much of the profit associated with the expanding market has been returned to non-indigenous stakeholders, in particular collectors and private gallery owners. Numerous tales abound of Indigenous artists who sold their works directly to tourists and dealers for low prices with the works later resold at auction for staggering amounts. An example of this can be found in relation to the famous work *Emu Corroboree Man*, by the late Clifford Possum Tjapaltjarri that was sold by the artist for \$100 in 1972, and bought in 2005 through Sotheby's for \$AUD 411,750. Such cases have fuelled debate within Australia over the introduction of resale royalties which would give artists and potentially their estates a share of the increased value of the art they had created. While debate over the introduction of resale royalties focuses on

indigenous art obviously the introduction of such a scheme would apply across the board to all works of art sold at auction in Australia. Visual artists generally sell their works either outright or on a commission basis, where the sale price generally constitutes the full amount of compensation paid to the artist for their work. Davis and Ton (2000) make the argument that unlike writers and musicians, visual artists in Australia do not benefit from a revenue stream associated with subsequent sale of their original works. If introduced resale royalties would provide further compensation to visual artists beyond their initial compensation from the first sale of their work. This issue is compounded by the fact that the value of works produced by emerging artists is generally low and it is only once an artist becomes well known and has an established reputation that their work attracts higher prices.

Critics of the introduction of resale royalties argue that this would add to transaction costs involved in trading art and be detrimental to the market without helping the majority of artists. While morally arguments for resale royalties are compelling to provide a level of compensation to artists reflective of the value society places on the works they have created, the practicality of implementing the scheme and whether it is the best means to adequately address the issue of a fair return to artists is less clear. Certainly the introduction of resale royalties would add to transaction costs and may lead to some contraction in the market. However, the experience in France, California, Germany, Italy and the Czech Republic where varying forms of resale royalty schemes have been successfully implemented shows that art markets do not necessarily suffer irrecoverably when resale royalties are introduced.

While it can be argued that the benefits from profitable auction sales accrue to the owners of the works and not the artists, particularly in the absence of resale royalties for artists, the fact for living artists that if their work is selling in the secondary market this will have implications for the price of works selling in the primary market which are more directly tied with income artists earn. As such auction prices for an artists works and the impact that demand has for an artists work in the secondary market are important factors to consider in relation to the demand and hence the price of an artists work in the primary market (Candela and Scorcu, 2001). It is through primary market transactions that artists derive their income either as a result of direct sales to galleries or as a result of consignment of their works.

What is often missed in the debate over resale royalties, is actually ensuring that prices paid to artists are fair and reasonable in the first place. The community run art centres perform a key function by providing an ethical market that is not exploitative for Indigenous artists to sell their works. However, it is clear at the current time that the community art centre model is not delivering for all Indigenous artists all the time, with many artists selling their works outside art centres. John Oster, the Chief Executive Officer of Desert which represents 43 community art centres estimates that about a quarter of Indigenous art produced in the central desert region is bought by illegitimate dealers (Shafted Artists, 2008). These illegitimate dealers referred to

as carpet-baggers often get artists working in hotel rooms in poor conditions and pay artists a fraction of what their works are worth and then sell the works for high prices to make substantial profits. At the 2007 Senate Inquiry into Australia's indigenous visual arts and crafts sector, the inquiry heard of one dealer who paid an Indigenous artists \$AUD 150 for a work that took a week to produce and was probably worth tens times that amount. When confronted about his actions the dealer justified his actions by saying the artist would have otherwise had no income at all.

Artists going outside the community art centre system are typically those in desperate situations looking for quick access to additional funds for expenses such as funerals, or to assist in supporting their families or to support drug and alcohol dependency. The burden of social and economic disadvantage is also compounded by the isolation of artists residing in remote locations which can mean access to appropriate sales avenues for their works outside the community art centres can be limited despite high levels of demand in the outside world. A critical issue then becomes ensuring artists are looked after by their art centres so that they are not tempted to paint for other people. The combination of social disadvantage faced by artists and incentives to cheat in relation to issues of authenticity, have the potential to undermine the entire industry. In recognising this point one of the key findings from the 2007 Senate Inquiry was the need to ensure greater education and a reduction of information asymmetry so that purchasers of Indigenous art were better informed to make an ethical purchase which provides a fair return to the artist that produced the work. This could be achieved through the public being encouraged to deal with only reputable and licensed dealers and by works put up for sale being labelled with information concerning what the artist was paid.

Despite the problems which exist in the industry there are also examples of how the increased market for Indigenous art has directly assisted Indigenous communities. For example, the people in the remote desert settlement of Kintore were able to open a dialysis unit paid for by the proceeds of an auction of some of their paintings. This meant that 16 members of their small community who suffered acute kidney failure could be treated locally in the community. Following this success another auction to raise funds for a public swimming pool in Kintore was also held in 2005 which proved successful and has provided a boost to the Indigenous community.

B. Collectors and Investors in Indigenous Art

When focusing on the monetary returns from the expansion in the Indigenous art market there are two groups of clear winners. Firstly there are the investors who purchased works for relatively small sums and latter sold then for substantially higher sums making significant returns from their investment. Secondly, there are the private commercial galleries who

market and sell works on the primary market that have acquired works for relatively little cost, often unethically through a process referred to as carpet-bagging, to then sell works for much inflated prices hence making a large profit.

It is useful to distinguish between investors and collectors as they often have different motivations which impacts on their respective behaviours and has implications for the efficiency of art markets. Candela and Scorcu (1997) consider the length that a painting is held as a basis for identifying investors and collectors in art markets. Art held for speculative investment purposes is purchased and sold by investors or those who Candela and Scorcu (1997) define as “pure merchants”. Investors make common value evaluations of a painting as opposed to those defined as “pure collectors” who make decisions based on private value evaluations corresponding to the collector’s personal tastes. Under a weak assumption of efficient markets a painting is sold to the bidder with the highest monetary appreciation for its characteristics. By assuming that collector’s tastes change slowly re-sales of paintings within a short period by this group become unlikely although investors might aggressively turn over works if they believe it will be profitable for them to do so taking into account the costs involved in selling.

In the original sample of auction sales of Australian art over the period 1995 to 2003 there were 3,462 sales for works created by Indigenous artists. The \$USD price at auction was converted to 2003 \$USD equivalents. The natural logarithm of this price was used in the modelling to remove skewness and kurtosis in the price levels. First using a simple model to construct a price index semi-annual time period dummy variables were used to construct a simple linear regression taking the form:

$$\ln(p)_{it} = \alpha_t + \beta_{it}$$

The natural log of price for art work i sold in time period t is represented by the term $\ln(p)_{it}$. Within this equation α_t may be thought of as the average return in period t of artworks in a portfolio. In order to estimate the art index α , sales data about individual works, i , sold in time period $t = 1, \dots, T$ is required. For sales occurring at auction over the period 1995 to 2003 the annualised returns using this simple hedonic price model are provided in Table Two⁴. Using this method the average semi annual return is around 5.7 per cent. Generally the index drops in the second semi-annual period reflective of the fact that the most prestigious Indigenous and Tribal art sales are generally held in June hence falling into the first of the semi-annual periods.

⁴ A complete description of the hedonic and repeat sales methods used by the author can shortly be found in the authors Doctoral dissertation. For further information please contact the author.

Table Two: Semi-annualised returns using the hedonic method for Indigenous art sold at auction, 1995-2003

Year	Co-efficient β	t-value	Std. Error (β)	Semi-annual Return ($\beta - \beta_{-1}$)
Constant	7.360	69.316	0.106	
1995:2	0.056	0.361	0.154	
1996:1	0.201	1.460	0.138	0.145
1996:2	0.157	0.770	0.204	-0.044
1997:1	0.750	5.695	0.132	0.593
1997:2	0.045	0.328	0.138	-0.705
1998:1	0.766	6.012	0.127	0.721
1998:2	0.256	1.859	0.138	-0.510
1999:1	0.516	4.231	0.122	0.260
1999:2	0.194	1.328	0.146	-0.322
2000:1	0.597	4.986	0.120	0.403
2000:2	0.004	0.23	0.173	-0.593
2001:1	0.375	1.684	0.223	0.371
2001:2	0.491	3.959	0.124	0.116
2002:1	0.706	5.559	0.127	0.215
2002:2	0.587	3.464	0.169	-0.119
2003:1	0.308	1.611	0.191	-0.279
2003:2	0.962	7.977	0.121	0.654

*Overall adjusted R^2 is 0.054.

Of the 3,462 sales there are 67 identified repeat sales for works which are sold more than once over the period. In looking at the repeat sales data it is clear that returns on some works are very high such as Alec Mingelmanganu's work *Wanjina* which after being purchased in 1999 for \$USD 22,750 and held for just under four years yielded a real return of 114 per cent return. However as with any speculative market there have been some significant losses reported as well. Also it is interesting to observe the returns associated with particular artists demonstrate that not only is the market as a whole volatile, but also the returns associated with particular artists can deviate dramatically. For instance, the well known artist Clifford Possum Tjapaltjarri who is a leading figure from the Papanya Tula movement has associated with his name the highest price ever fetched at auction for an Indigenous art work when his canvas *Warlugulong* sold for the record price of \$AUD 2.4 million in 2007. While holding the record price is not the same as holding the record return it would seem reasonable to expect that such a leading artist would be associated with positive returns. Yet analysis of the auction sales data shows losses associated with sales of his works in the late 1990s and early 2000s.

So while there is the potential to make large gains by careful selection of works and artists, investment in Indigenous and tribal art still carries with it a high level of risk.

5.A. Potential Policy Implications

Whilst sharing much with the Australian population at large, many Indigenous Australians also maintain involvement in practices that they do not share with the majority and which contribute to giving them a different perspective on life. Some of these practices are recognised as continuous with life before settlement, particularly in the case of certain art and musical forms. The continuation of cultural practices to this day makes Indigenous Australians the world's oldest continuing cultural tradition in the world spanning the last 40,000 years. Similarly, most Indigenous people around the world have retained some social, cultural, economic and political characteristics which are clearly distinct from those of the dominant national populations. For many Indigenous people artistic practice and expression provides an essential mechanism for maintaining cultural tradition and connection with the land and spirits including ancestors. Yet while there is no suggestion that indigenous people should be denied access to opportunities to develop economically, there does need to be an awareness that with economic development indigenous cultures come under a different threat not of poverty but rather one which has the potential to subsume their culture. As such it is potentially a precarious position that indigenous people seeking to improve their economic positioning but also wishing to maintain their cultural identity find themselves in.

Cowen (2002) comments on the destruction of ethos causing non-Western cultures to lose their uniqueness which comes from increased cross cultural contact. By ethos Cowen refers to the identity and cultural attitudes which shape people and give them a sense of identity. In relation to Indigenous communities, ethos is what makes them unique. The threat then becomes for Indigenous communities that their ethos can be weakened or even destroyed as a result of exposure to commercial influences and increased cross cultural contact, which may bring improved human welfare and economic development but at the cost of their being increased concentration of cultural clustering and a loss of ethos diversity.

In Australia, community run Indigenous art centres have played a central role in government initiatives designed to support the market for Indigenous art and culture as a path to greater economic and social equality for Indigenous people with mainstream Australian society. The history of community art centres can be traced back to the late 1960s and early 1970s when policy was formulated that indigenous (then Aboriginal) arts and crafts might provide a means to combine cultural maintenance with economic activity for Indigenous and national benefit. This policy stemmed from the fact that there was an increased production of art and crafts by Indigenous people fuelled in part by a growth in domestic and inbound tourism that demanded authentic indigenous cultural product. Yet as much of this cultural product was produced in

remote communities inaccessible to tourists the government decided it would play a role in by supporting the growth of this infant industry through facilitating the collection and marketing indigenous art and craft. As a result government provided funding to the newly established institutions called community controlled art centres. These community art centres have no obvious counterpart in the mainstream arts sector and as such they have been structured to meet the particular needs of Indigenous artists. The remote location of most centres in communities that lack opportunities for education, employment, training, means that they operate in difficult conditions and play an important socio-cultural as well as economic role.

While in theory the motivation for community art centres sounds good, in practice many art centres have proved to be economically unviable as business operations. The problems with community art centres stem from different sources ranging from poor management practices, to the observation that they tend to be what Collins Anderson Management (2001, p.7) describes as 'production pushed rather than market driven'. Wilson (2001) also argues that much of the inefficiency associated with community art centre's is due to the fact that they have a responsibility to market the works of all artists in the community not just those who are established and of a high standard. While acknowledging current problems with the art centre model it would be rash to dismantle community art centre's altogether without detrimental effects to the industry and to artists.

To foster increased efficiency which underpins economic prosperity, governments at all levels need to ensure appropriate incentives that reward effort and competition are set in place. Subsidies and increased welfare have proved counterproductive choices and have not improved the socio-economic position of Indigenous people. As Radbourne (2005) shows in her case study of Indigenous arts business Arilla paper, this venture stalled due to the lack of capacity to manage from inside and the need to move from dependence on social welfare organisational support towards sustainability. Certainly awareness in setting appropriate incentives needs to be reflected in the community art centre model. The community run art centre model needs to be revisited to make centres become more responsive to market forces particularly in relation to ensuring the quality, authenticity and integrity of supply even if this comes at the cost of reducing the number of artists represented. With the demand for Indigenous art and cultural product increasing community art centres should be able to operate as economically viable businesses to ensure long run integrity and survival of the industry. Maintaining the role of community run art centres as intermediaries between the market and Indigenous artists is important as the centres can effectively provide a mechanism for artists to sell their works without having to go outside their communities unless they so desire or if they feel it would be beneficial for them to do so.

6. Concluding Comments

Indigenous community practices and cultural traditions in Australia are centred around Aboriginal Dreaming. The significance of Dreaming, has been and in some respects still remains little understood by non-indigenous communities. Dreaming places great value on art works as a means of cultural expression and practice. For Indigenous people art is a means by which the present and past are connected. Furthermore, art is a way in which human beings connect with and activate the power of ancestral beings. Art for Indigenous people takes on a central significance in expressing connection to the land and environment. The importance of art to Indigenous people has undoubtedly contributed to, and is reflected in their rich artistic heritage, that has driven the production of Indigenous art. A way to help preserve Indigenous culture and at the same time help Indigenous people achieve greater levels of economic development is through appropriate sales and marketing of Indigenous art and cultural products.

Having explored the rising popularity of Indigenous and Tribal art from Asia, Africa, Oceania and the Americas, it is clear that in an era of globalized markets characterised by increased trade and connectedness across international boundaries a large diverse audience spread across the globe has spurred the market for Indigenous and Tribal art. While some argue that globalization creates cultural homogeneity reducing cultural product to the level of popular culture and diluting the high arts, others have argued that with free trade between nations globalization actually increases cultural diversity even if production domestically becomes more concentrated.

This paper has addressed issues surrounding the growing market for Indigenous and Tribal art. However, the ground has really only be scratched in relation to implications for Indigenous artists engaged in cultural production and Indigenous communities at large. While there is a large body of research that looks at the issue of globalization and its implications for cultural diversity further research into practical models which address institutional structures and the unique set of challenges that face Indigenous people needs to be addressed. Issues such as Indigenous copyright and implications with respect to Indigenous communal moral rights over art works are also areas worthy of a fuller investigation.

Despite the increased interest in Indigenous art and evidence of success in the marketing and sale of art works by Indigenous artists, the impact of this commercial success is ambiguous. Considered in the narrow terms of direct financial benefits flowing to artists and their communities the evidence is somewhat mixed, although there are clearly examples to be cited of improvements as a result of the growing market for Indigenous art that can provide impetus for further improvements to the way in which Indigenous art and cultural product can help Indigenous communities develop while maintaining their cultural identity. In addressing

the way in which a growing market for Indigenous art can assist socially and economically disadvantaged Indigenous communities with achieving economic development without these vulnerable cultures becoming subsumed is of paramount importance.

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