



THE VALUE OF WORKS OF ART

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The Science of Valuation often deals with the term value. Both the Spanish and American bibliographies consider it the result of valuation, a highly controversial concept by definition and interpretation.

Karl Marx indicated that the value of a good can be expressed through different amounts and that it is the phenomenological form of a content that is distinguishable from it.

Following the updating of the Cuban economic model, the category of value of a work of art will adopt new scope and recognition on the island, both economically and socially, and will become a book asset, requiring strict control by accounting departments.

Value originates from real social systems where there is a wide range of production, exchange and consumption flows. However, it is on the market, the largest institution connected with man as economic agent, where value is determined.

It is necessary to clarify the definitions of valuation and appraisal. Valuation is expressed in money and involves measuring the value of a cultural property. A valuation calls for a priori knowledge about the property under review. This is called prognosis, one of the basic tenets of valuation. From an ethical point of view, it is impossible to value what is not known.

Appraisal is a category more complex and general than valuation. Individuals attribute to the asset that is received a value that is greater than that attributed to the asset that is assigned. In general, museum and art gallery specialists are more knowledgeable about providing elements on the authenticity of an asset than on its valuation. The procedure for determining value involves only the competence and authority of the appraiser. It should be based on a scientific methodology and should indicate the purpose for which the appraisal will be used.

Value has also been defined as shadow price, that is, the estimated price of a good on a given market.

After many years of work, Prof. Dr. Alex Rosenberg, Former President of the American Appraisers Association (AAA) and Visiting Professor at the Higher Institute of Art in Havana, managed to formulate a definition that reveals its content in a broad and exact manner:

Value is the amount of dollars that a person will pay for an object that he/she is authorized to sell. It includes considerations such as previous owners, authenticity, heritage, material, subject, and use. It entails great significance for those who value any of these



considerations and no value for those who do not appreciate these particular qualities. Such considerations are not often automatically transferable and are usually lost when the object is resold to a person who does not have the same interests as the original owner.

This definition emphasizes the source of the object, taking into account increased illicit trafficking in stolen goods after the Second World War.

Approaches to determining value

The Science of Valuation, with a clear American influence, identifies three approaches that make it possible to conduct a comprehensive analysis when assigning value to a work of art:

- **Cost approach.** It is applied to determine the value of an object, based on the cost of production and reproduction. In this case, handicraft can be included, but visual arts cannot, because the value of the materials used is not taken into account.
- **Income approach.** It is used to assign value to an object that will generate revenue in the future, for example, leased or rented property.
- **Comparative data market approach.** It is a multipronged approach to identify and analyse the market on which the object is often sold, looking for similarities on object and sale.

Fair market value

The fair market value is the price at which the property would be sold on the open market, which is agreed upon by a willing buyer and a willing seller, when neither is obligated to sell, and both have reasonable knowledge of relevant facts, if the use of the property donated is restricted.

Imagine a hypothetical transaction on a specified date and the price that would be obtained if independent parties were involved, including both advantages and disadvantages of the work of art as well as the valuation date.

In American bibliography, this concept is used for donations in order to deduct taxes and consider the circumstances related to the property, that is, its appeal, use and availability.

Appraisers cannot predict the future, because the market value on a particular date does not have to remain valid some time later. Market value fluctuates in line with the market situation and with supply and demand. Under these circumstances, appraisers should pay attention to the market and to the offers from potential buyers, since most comparable evidence, being historical, may not reflect the actual situation at the time of valuation.

To provide appropriate advising on market value, it is necessary to know the local market and price levels. When a work of art is bought, the buyer essentially acts as an appraiser, comparing differences in price, quality and location. Depending on the market analysis made, the buyer decides whether the price is acceptable or not.

Value types

- **Complementary value.** It applies when a piece is missing to complete a collection.
- **Replacement value.** It is estimated on the basis of the prices that other substitute works of art could reach.
- **Market value.** It is used to estimate the value of a work of art, comparing it with similar pieces and knowing the market price.

Main factors influencing the value of a work of art

- Visibility and historical period of the author;
- Celebrity and/or antiquity of the work of art;
- Materials and techniques used in its development;
- Format and dimensions;
- Conservation status; and
- Artistic production situation on the art market.

In analyzing, appraising and valuating a work of art, consideration should be given to a number of key elements that are identified below.

- **Scarcity.** An outstanding creator of a particular artistic movement may die prematurely, leaving just a limited number of pieces. The works of a certain artistic movement may also be scarce. Perhaps an artist devoted himself/herself to painting and drawing, producing only a few engravings. In the case of goldsmithing, filigree is a technique that is not used routinely.
 - **Transferability.** The work of art potentially possesses a monetary value that makes it possible to obtain cash immediately.
 - **Usefulness.** The work can be used for aesthetic enjoyment or as an investment. Today, it has become, together with gold, a reserve of significant value. However, the value of jewels has not reached that of works of art yet.
 - **Demand.** There are works of art that are not demanded at one point in time and begin to generate interest all of a sudden, both nationally and internationally, and their prices soar quickly. This is what has happened with Cuban artists in the United States, who are involved in one of the most favoured markets, or with the geometric abstract art that is "re-valuated" by critics.
- It is necessary to note that production, however extensive it may seem, is limited and runs out; moreover, the production cycle of deceased artists is closed. Additionally, excessive demand stimulates counterfeit works once the originals are sold out. Demand may serve interests in a certain technique, a style, a format, or a theme.
- **Rarity.** This aspect is related to the discovery of a talented creator or of a missing work. A technique that has not been traditionally used may also become rare.

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- **Antiquity.** Not everything that is old is valuable; this feature does not automatically give value to a work of art. This peculiarity is common in archaeology. Art deco works, however, have a high value without being really old.
- **Durability.** In the case of plastic arts, materials are ephemeral and undermine the durability of the work of art, although the traditional use of oil on canvas, wood and metal has survived until now. In decorative arts, precious metals and stones are very strong and long-lasting, while the fragility of glass and pests in wood make these materials less durable. 