CHAPTER 9

Art and Merchant Capital

The gallerist or art dealer is a capitalist. Entering the marketplace of art with capital and leaving the marketplace with profit, the gallerist follows the sequence M-M’, which is the formula for capital. But what kind of capitalist is the gallerist? The productive capitalist advances capital on raw materials, machinery, premises and labour power that is realised in the sale of products, but the gallerist is not this kind of capitalist. We have seen in the previous chapter that the gallery/artist relationship is not an instance of the productive capitalist/wage labourer relationship introduced by the capitalist mode of production. The gallerist does not draw profit from artistic labour itself but from the product of artistic labour, hence does not pay wages to artists, and therefore does not formally subsume artistic labour under capital. Nonetheless, the gallerist represents capital in the first stage of art’s economic circulation and exchange. Dealers and gallerists are not productive capitalists, they are merchant capitalists. ‘The great economists, such as Smith, Ricardo, etc.; Marx said,

are perplexed over mercantile capital being a special variety, since they consider the basic form of capital, capital as industrial capital, and circulation capital (commodity capital and money capital) solely because it is a phase in the reproduction process of every capital.¹

Before the historical emergence of the capitalist mode of production proper there were merchants who bought and sold art. This type of art dealer is still around today, making transactions that have not been affected at all by the advent of capitalism. Art is not the only example of production to have escaped direct and fundamental transformation by the capitalist mode of production. We have shown that along with the other non-capitalist forms of production, art is economically exceptional in its production. This is why the economic analysis of art cannot proceed on the basis of Marx’s analysis of industrial capitalism in Capital Volume I. We must examine art in terms of the extension of Marx’s analysis of capitalism in Volumes II and III, which provide detailed analysis of the role and function of merchant and finance capital. In Volume II, Marx examines the circulation of capital and the ‘metamorphosis’ of capital, including the circuit of commodity capital, which is the sphere of merchant capital.

¹ Marx 1959, p. 342.
This volume also includes Marx’s discussion of the relationship between the production of the means of production and the production of articles of consumption, including luxuries. In Volume III, as well as discussing the relation between surplus value and profit and various techniques for increasing relative surplus value such as increasing turnover and the use of technological inventions, Marx deals with the conversion of commodity capital into merchant capital and finance capital. Capital has not penetrated the production of art, which means that artistic production remains, economically, pre-capitalist, but this does not mean that art never encounters capital or capitalism.

The art market appears to be a thoroughly capitalist operation. Does not art simply enter into capitalist exchange at the next phase of the circuit, not in production but circulation? The passage of the artwork through the gallery, and therefore through the hands of the gallerist, is art’s first encounter with capital. This is exceptional in the capitalist mode of production, but it does not isolate art completely from capital. Normally, in the capitalist mode of production, commodities have been produced by wage labour funded by a productive capitalist before they enter into circulation, but with art, the first phase of productive capital is absent, so it is the gallerist who embodies the introduction of capital to art. And since there are no productive capitalists in art, the gallerist appears not only as the agent of the conversion of commodity capital into money capital, but as the agent of the conversion of art into capital more generally.

And yet, the gallerist is not a standard merchant capitalist. Whereas the merchant capitalist, typically, purchases commodities from a productive capitalist at a discounted price, the gallerist has no productive capitalist with whom to share surplus value. What is more, the gallerist does not purchase the commodities that the gallery sells on to collectors, neither from a productive capitalist nor from the artist.

Art dealers internationally are often single-owner shops or small partnerships, with many built around the names and reputations of individuals or a history of art dealing through family businesses. Dealers typically specialize in a few highly defined fields where they have a high level of expertise and develop a strong vertical presence within one specific designation, building personal and institutional knowledge in this area.  

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2 McAndrew 2010b, p. 11.