

Money for Nothing

The more complex crypto seems, the higher the pyramid schemes can go

Vicky Osterweil

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Christie's Art Auction Sets Record at \$495 Million in Sales

By CAROL VOGEL

Record prices for 12 contemporary artists, including Jackson Pollock, Roy Lichtenstein and Jean-Michel Basquiat, made history for Wednesday night. The sale of postwar and contemporary art at Christie's in Rockefeller Center totaled \$495 million, the highest sales figure in any art auction.

Even the pros were reeling. "It shows how broad the market is in deep pockets," said the dealer and auctioneer.

A sell-out room overflowing with high-profile collectors, including the Los Angeles financier Eli Broad, the Barnes & Noble founder, Leonard Blavatnik, the chairman of Blackstone Group, J. Tomlinson Hill, and the chairman of J. Crew, Michael Drexler, was held with top attention as work after work fetched higher and higher prices.

Of the 30 works up for sale, only 4 failed to find buyers. The evening soared far above Sotheby's sale of contemporary art on Tuesday night, which brought \$33.1 million. Even though Sotheby's managed to set records for artists like Barnett Newman and Richard Diebenkorn, that was not enough to fuel bidding on other works of art.

At Christie's, one of the world's classic art auctioneers, the record was set by the price of the night, a record \$5.4 million with fees. Four telephone bidders went for the painting, "Woman With Flowered Hat," by the Dutch painter J.M.W. Turner, which brought \$5.4 million. Even though Sotheby's managed to set records for artists like Barnett Newman and Richard Diebenkorn, that was not enough to fuel bidding on other works of art.



Take the case of Jackson Pollock's drip painting, "No. 19, 1948," sold to an anonymous bidder for \$55.3 million with fees on Wednesday night at Christie's. It was last auctioned in May 1993 for \$14 million.

Another Pollock, a Picasso canvas with the same title, "No. 19, 1948," sold to an anonymous bidder for \$55.3 million with fees on Wednesday night at Christie's. It was last auctioned in May 1993 for \$14 million.

added, "I've known the painting for years, always loved it, the colors, the brushwork."

"Woman With Flowered Hat" had been included in museum shows, including the Solomon R. Guggenheim Museum in New York, the Tate in London and the Whitney Museum of American Art. It was not the only work by Lichtenstein to score big; a number of his "Yellow Flower" paintings, which the artist's well-known vertical stripes and hand-drawn dots depicting one of the artist's signature comic-book characters, fetched high prices.

The evening's most expensive work, a painting by Basquiat, depicting a pair of male faces, fetched \$17.8 million with fees. The artist's signature and multiple scribbles, it sold for \$17.8 million with fees. The painting had been estimated to sell for \$25 million to \$35 million and was bought by the London collector, Lord Arundell.

Another painting from the Willem de Kooning's "United VII," from 1997, a large canvas of abstract marks of orange, blue and yellow, sold for \$8.6 million with fees. The painting had been estimated to sell for \$1.7 million at a Christie's auction.

and land claim cast shadows relationship neighbors.

"This was ongoing, festering, tensions in the state Democrat, said signing ceremony come to terms all these years of disappearance."

Lottery

May 16, 2021

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Midday New — 2705

New Jersey New Jersey New Jersey 14, 16

New Jersey 3, 18, 19, 30, Connecticut Connecticut 0218

May 15, 2021

New York L 36, 47, 50; B New York T 16, 37

Connecticut Connecticut Connecticut 22, 23, 25

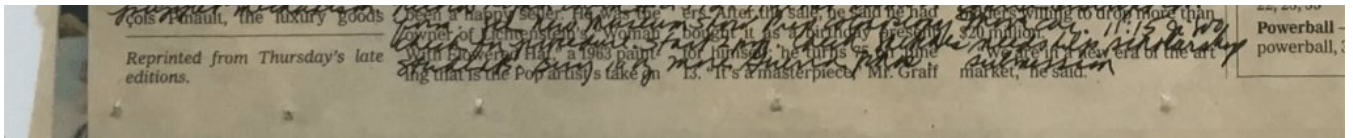


Image: *\$495 Million Pollock and To-Do List* (2013) by Jeanne Silverthorne.
Courtesy the artist.



Full-text audio version of this essay.

The recent hullabaloo over NFTs has mostly produced a lot of confusion. In nearly every article about them they are framed as an incredibly complicated technological phenomenon requiring careful explanation, rather than an incredibly boring one that tends to repel one's focus. This dissonance produces doubt: You may say to yourself, "Okay, what I am understanding about this seems ridiculous, but it's pretty high-tech and there's apparently a lot of money in it, so maybe I'm missing something?" Reader, you are not. NFTs are just as absurd and banal as you probably believe.

I think of this as the Christopher Nolan effect: If you explain an incredibly simple premise — like, for example, "a guy forgets everything every five minutes" or "you can go inside people's dreams and make false memories" — over and over in increasingly abstruse ways, the person it's being explained to will eventually tell themselves, "I just don't get it." This effect is only strengthened the more people there are agreeing that the matter at hand is "cool," "interesting," or "complicated" — a process of mass, self-inflicted intellectual gaslighting.

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It is understandable enough to want to participate in such collective delusions. It's much more fun to be awed by not getting a movie than to realize that you *do* get it and it's just boring. This same idea also helps explain speculative bubbles. It's more fun to believe in magic than to recognize how much of financialized capitalism is just scams and pyramid schemes. Nonetheless, if the popular press is full of explainers "clarifying" what a "very complicated" investment phenomenon is all about, hide your wallet: You are being shilled into a game of Three-Card Monte.

If you flip over all the cards with NFTs, what's revealed is how the current economic moment depends on technological mystification. Hidden behind a lot of art talk and techspeak (*Blockchain! Ethereum! Non-fungibility!*) is an extremely simple example of an everyday phenomenon: the transfer of objects of value. What makes it supposedly difficult to grasp is that these objects, rather than being stretched canvases or hunks of marble, are seemingly just lines of code (or, more accurately, a bunch of electricity). When we pay for a "subscription" or a "membership," we generally have no trouble understanding it as legitimate; it's as intuitively "real" as when you use your phone to deposit a paycheck and make a credit-card payment. That is, we immediately grasp that the transfer of value doesn't depend on physical objects but on a system of accounting, sustained by a series of socially agreed upon relations and representations (although we will occasionally reflect on how that disempowers us and rage and weep and fight).

But with an NFT, we are suddenly supposed to be totally baffled by the same idea. Since you can't hold it in your hands or stash it in a freeport zone, buying a piece of digital art doesn't give you anything other than the *feeling* of ownership, right? No. NFTs are discrete, ownable commodities — digital objects typically produced through a process of brute-force computing power churning through millions of pointless equations till it lands on the "right" one, generating a token on a blockchain that can be linked to any image or string of data the person running that computer chooses. (See how your eyes glaze over when I do that? That's because it's boring nonsense.) These objects can then be sold in markets, whether by Christie's or directly from artists' social media pages, websites, or branding spaces. NFT boosters are at least right about this much: Once you can make a market for them, there's little

difference between a Rembrandt and an NFT of a Grimes tweet.

Because ownership of these kinds of objects is easier to transfer and track, there has even been a pseudo-populist cry that NFTs can cut out a whole range of intermediaries — critics, dealers, gallerists, art handlers, curators, teachers, etc. — and allow artists to directly distribute their work without the apparatus and absurdities of the “art world.” But the hype around that process of disintermediation should sound familiar from decades of Silicon Valley “disruptions,” and the consequences are likely to be the same: NFTs don’t dismantle the “art world” and its institutionalized processes for producing monetary value out of aesthetical aspiration; they simply put some of its workforce out of a job, replacing them with way more electricity.



Art, to paraphrase Guy Debord, has always been the cutting edge in money. Under capitalism, one of art’s core functions is to innovate new ways to produce and reproduce value. Philistines often complain that art isn’t “useful” — that arts degrees are worthless, that “my child could make that,” etc. — but that merely testifies to a universal recognition that aesthetic experience is real, scarce, and readily misunderstood. In the topsy-turvy world of capital, art’s profound qualities are precisely what makes it a particularly vulgar and obvious commodity. (Say what you will about capitalism, it loves a good joke.) From that perspective, art is not special because it has some supposedly vexed relation to its commodity status; rather its value as a commodity is precisely in its estrangement from conventional notions of use. This makes it particularly susceptible to having its fluctuation controlled through aestheticized social factors such as taste, criticism, and canonization.

This is not to say that the sublimity of aesthetic experience can’t be put to other purposes: Artists, workers, rebels and revolutionaries use and deploy aesthetic experience to transform, attack and change the world. But that experience is also folded into capitalism by a series of reversals and mystifications eventually understood by the word *art*. The “art world” has developed an incredible capacity for co-optation and recuperation that has only increased

over the past 50 years, as capitalism recognized an untapped market in the various experiences and pleasures of the (counter)culture and artists recognized there was loads of money to be made in commodifying their status as artists. Yesterday's revolutionary anthem is today's greatest hit.

(Case-in-point: During Occupy Wall Street in 2011, a group of occupiers took over Artists' Space, a lefty art loft and gallery, and occupied it for a weekend. At some point, someone graffitied anarchist slogans over the posters that the gallery had hanging in the bathroom, genuine objects of struggle that would be transformed into commodities when Artists' Space auctioned them off for tens of thousands of dollars before Occupy had even left the streets.)

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As a commodity whose existential value can't be questioned but can be worked out and realized only by a nebulous group of experts, art allows capitalists to launder money across borders, invest, increase, and turn over liquid capital while also accruing social legitimacy and respectability. At the same time, this approach to art's value serves to further detach it from whatever vestigial significance it derives from more general (and less predictable) public opinion. In this era of financialization, the experts' function is to solidify art's role as investment. Contemporary art, and the "art world" that prices it, has necessarily been cloistered off into its own sphere of technicians and specialists who serve bourgeois collectors. As the art world reneges on the possibility of "free-market pop-culture meritocracy" to embrace "specialized investment industry" status, it gains capacity to valorize assets (artists and art objects) more quickly and more consistently. But while individual values go up, the market also begins to resemble what all financialized assets resemble: a bubble.

For now, the bubble seems unpopable. In this strange long moment of

suspended economic animation — our Wile E. Coyote economy ran off the cliff in 2007 but has managed to run in place without looking down ever since — the line just seems to go up for all kinds of assets, whether it's stocks, houses, artworks, or cryptocurrencies. Never mind the millions facing precarity and penury and the intense proletarian struggle and fascist backlash across the globe: As long as the music is playing, it seems like there are chairs enough for everyone.

NFTs are the perfect expression of art-world-as-financial-bubble. As with all bubbles, the details may be obfuscating, but the basic phenomenon is very simple: The more people who can be brought to agree that some arbitrary object is valuable, the more valuable it becomes. In other words, cryptocurrencies like Bitcoin and crypto-related investments like NFTs are a pyramid scheme disguised by the Nolan effect. The “valuelessness” of the object and the absurdity of the markets that appear to trade it only seems obvious in hindsight, as has been the case since the early-capitalist Dutch tulip craze. During that event, the tulip was an almost perfect commodity, more or less a way to print money at will — until suddenly it wasn't. Its arbitrariness, its apparent uselessness, allowed it to more easily approach the status of money itself — a pure medium of exchange whose value seems only to grow with every trade. Yet as with all commodities that increasingly appear to be but aren't money, people will eventually notice that the emperor has no clothes, try to cash out, and cause a collapse.

There is only one mechanism capable of keeping money from collapsing entirely — the state, with all its quotidian violent apparatuses (as well as its occasional use of out-and-out war and genocidal reorganization). In the face of a bubble collapse, the state will extract the value that has “disappeared” from assets out of the lives, communities, nations, and bodies of the poor. The value of any commodity that isn't backstopped by a state will eventually collapse. In recent decades this happened most dramatically and visibly with the commodities produced by the Soviet Union. Yet every time a new commodity appears to be like money — be it tulips, tech stocks, and real estate or art, NFTs, and crypto — a certain population of opportunistic investors will convince each other that finally the mystery of value has been solved. The hot

air has become solid at last.

This is what libertarian evangelists see in crypto: a currency unmoored from a state, from an apparatus of violence, taxation, and territorial control. Instead of violence, the backstop will be technological cryptography, complex coding, and electrical power. But there is nothing innately value-producing about computer code any more than there is in tulip genes, and NFTs are just like tulips in that they are a volatile store of value subject to the irrational whims of investors. Like crypto, they are angling to become unmoored from the apparatus (in their case, the art world) that typically conditions their value. Yoking art to crypto attempts a double liberation, but it is still underwritten by the premise of the art world and its nonfinancial mechanisms for inventing value. The value of art under capitalism is justified by a recognition of the historical importance of aesthetic experience that supposedly transcends sociopolitical relations, whereas crypto attempts to produce value through the art of code and the power of electricity. But both of these are just differing ideological fig leaves for the actual source of value — human labor power.



Schemes like bitcoin pretend to cut out the vagaries of the physical and material economy, turning electricity directly into value via computer mediation. As such, crypto becomes the perfect expression of the pseudo-automation and pseudo-disruption offered by the tech economy: Through the wonder of coding and engineering — but actually through brute ecological destruction, low-paid labor, and electrical expenditure — value emerges from “nothing,” creating a financial asset bubble that just seems to never pop. No wonder tech-evangelists are obsessed with the blockchain but can think of almost nothing to do with it.

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Cryptocurrency, like the tech economy in general, mystifies where and how the actual work of producing value is done. Tech companies use a magician's flourish that redistributes labor from the producer/distributor to the worker/customer/consumer. For example, delivery apps make it feel “easy” to order food, when in fact we are spending much more in buying the phone, keeping it charged, paying our data plan, paying our subscriptions, and so on, for every order — in other words, we are using more hours of our labor to do so. Before smartphones, we could call the restaurant with a landline, but we also had to have previous knowledge of the restaurant as well as potentially a menu or at least a phone book's yellow pages. The app replaces the drawerful of menus with a commensurate amount of electricity, which we pay for when we buy and charge our phone and pay our phone bill, which the restaurant pays for on their end in keeping their computers up, and which the app skims a huge percentage of to pay back venture-capitalist investors and keep the servers running.

If you look at only a single transaction, the app is much more efficient: Instead of requiring the restaurant to hire a printer and someone to deliver menus to you, you just press a button. But with a paper menu, restaurants have to do that only once, whereas you need to marshal the same amount of energy each time you use the app. By the third or fourth time you order takeout from a particular place, suddenly the paper menu is looking like an ecological marvel.

It's not that the convenience and breadth of these apps is literally nothing — that this convenience isn't real, that it doesn't make things easier within an increasingly busy and precarious life. But the provision of this convenience doesn't explain the apps' “value.”

Silicon Valley provides a technical way, via

hardware and software, to seem to turn electricity into value, when in fact it merely uses electricity to redistribute costs and labor down social hierarchies

The app actually produces value by using tech gee-whiz and flashy marketing to effect some old-fashioned capitalist competition. Tech companies enter established markets, where they temporarily cut down the price of products with tech-mediated contracting that undercuts labor prices — sometimes by having the worker provide the tools (like the Lyft driver's car, Caviar worker's bike, etc.); sometimes just by burning cash. Silicon Valley uses scale (in this instance, the speed and reach of the internet) and the ability to invest (read: lose) VC money to keep prices down until they take enough market share and push out competitors. If that sounds familiar, it's because there's nothing novel about it: It's what Walmart and then Amazon did, using "loss leaders" to undercut competition until they have a sufficient hold on the customer base. They can then use monopoly conditions to bring prices back up.

Another example is automated customer service systems: This technology allows a company to offload a tremendous amount of labor cost, but when customers encounter one, they are forced to do the work of navigating a labyrinthine menu system and managing their frustration, rather than simply receive service. This kind of "automation" does not reduce the amount of labor required; it only redistributes it.

This redistribution works because those conditions can make it feel like "no one" is doing the work, that instead the work is being done by the computer and the phone in the form of processing electricity. This is amplified by the genuine wonder provided by certain aspects of the internet; the speed and ease with which it can circulate culture, information, and communication can be truly sublime, which is why for tech gurus it feels so much like art. But what does Silicon Valley actually provide? It provides a technical way, via hardware and software, to seem to turn electricity into value, when in fact it merely uses electricity to redistribute costs and labor down social hierarchies.

The criticism of blockchain that has most effectively stuck, understandably, has been its ecological cost. The facts are, truly, atrocious. By one estimate, the creation of one basic NFT involves as much energy as driving a car 1,000 kilometers. There is nothing easy or free, metabolically, about that creation. But in solidarity with those who critique blockchain, I offer that the framing of “cost” is the wrong one; it misunderstands what’s happening. The blockchain’s use of electricity is not coincidental — the electricity is what convinces investors it makes value. The costs cut in the production of cheap power in turn fills VC coffers to then reinvest in the app economy in the first place.

While tech futurists like to spin fantasies of green futures, pretending they are culturally and politically distinct from the extractivist capitalists — the oil tycoons with their messy imperialist politics of boots-on-the-ground and chest-thumping border protection — they are in fact mutually dependent. Without the extractivists, there is no way that the innovations of Silicon Valley, which amount to little more than privatization by way of electrification, would produce any profit.

Is it any wonder that artists, at the cutting edge of capitalist technoculture, recuperation, and power, figured out a seductive use case for blockchain? That artists like Beeple figured out a way to aestheticize and repackage the blockchain, to turn it into value by merging it with the art world, by automating away the curators, tastemakers, and scenesters and replacing them with ecocidal levels of energy expenditure? Truly, will there ever be a greater work of capitalist art than the total destruction of the climate that made it possible? ●

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