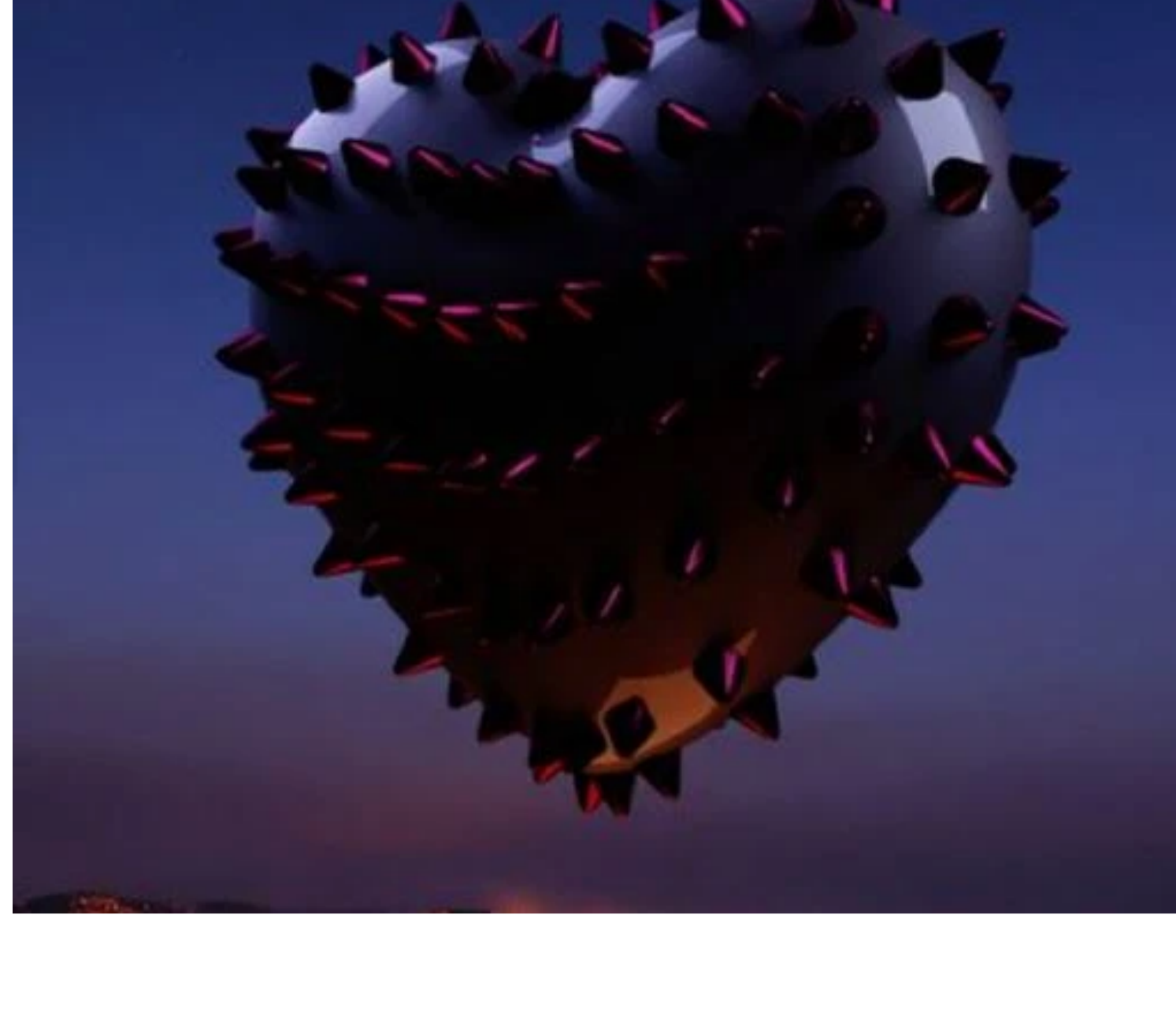


A Brave New Digital World

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Michael Pearce / MutualArt Mar 26, 2021



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A jpeg copy of Jim Thalassoudis' NFT, The Darkest Heart

The record-breaking sale of Beeple's digital collage, *The First 5000 Days* for \$69,346,250 at Christie's has been making headlines. Doubtlessly the most spectacular sale of a digital work of art ever recorded, the sale has caused consternation in the art world.

The First 5000 Days is a Non-Fungible Token (NFT). NFT's are digital works of art — they might be animated images, digital paintings, photographs of real paintings, short videos — anything in a digital form. They are typically bought and sold by people who are interested in cryptocurrencies like Bitcoin.

The story of the birth of NFTs begins and ends in money. In 2008 a legendary coder, known only by the pseudonym Satoshi Nakamoto, invented the blockchain which made cryptocurrencies possible. A blockchain is a digital ledger that is part of a file which records transactions — when you buy a bitcoin (one of the earliest of the cryptocurrencies to emerge) that purchase is indelibly recorded in the file itself.

Naturally, these files need some sort of visual identity to help conceptualize them as tangible things — using visual imagery was a practical next step: it is difficult to imagine the abstracted existence of a computer file, which is a ghostly organization of electrons, but an image makes the concept easy to grasp. The Non-Fungible Token was born.

The major issue confronting digital art has always been the problem of authenticity. The coding of NFT files, the blockchain, acts as a permanent certificate of provenance, a transparent record of transactions which guards the integrity of the NFT. Until recently, digital artworks were endlessly reproducible, which meant it was impossible to assign them value, but blockchain ledgers are cleverly coded so that they cannot be copied. This feature also makes limited editions possible.

Scarcity gives art value. Each edition of an NFT is limited in number, just as a woodblock printmaker limits a run of prints, deliberately creating a scarcity that makes them more desirable to collectors.



A jpeg copy of Roger Dean's NFT Floating Islands

NFTs are the logical next step in the anarchic secondary market. Works of art were already being used as financial tokens, as a mechanism for moving large sums of money, but now investors no longer need to take possession of a material object with all the headaches and worries of protecting a physical artwork from theft or deterioration. Being entirely digital, NFTs are moved instantly through the invisible threads of the internet, unregulated and unseen. Although digital deterioration is a real concern, the conservation of a digital asset is much simpler than the conservation of a material work of art. For tech-head cryptocurrency buyers who spend their lives in the digital world, this is art that makes sense — the digital world is as real to them as the material world. They live through their screens and often have plenty of money to spend.

The important NFT company Nifty Gateway is only one year old. It has sold over \$100,000,000 of NFTs. Artists are enthusiastic about NFTs because now the value of digital art can be assessed. Instead of producing simple jpegs which can be endlessly copied and pasted, images can now be bought and sold, and collected by their admirers with pride of ownership. Only those NFTs certified by the artists are the real thing.

"Never in the history of art have so many artists been able to go from 'I think I'll try this,' to 'I'm buying a house now,'" says NFT guru Jim Thalassoudis, who writes as Nifty Art Collector for a group of cryptocurrency investors. "Never in the history of art have so many collectors gone from 'what's this,' to 'I have over a thousand NFTs, and I'm just starting.'"

Because NFTs are made and sold directly by the artists to their collectors, and the platforms which sell them only take a 2.5% commission, artists have flooded in to produce them. Illustrators and animators already have the skills to make exciting gifs which are perfect for NFTs, and many are making serious money in this new market, but Thalassoudis says the companies which produce the animated effects and distribute NFTs are swamped, with as many as two hundred artists each week asking them to take on their work.

NFTs have seized their place in art history. Members of the Western avant-garde attempted to separate artworks from materiality by producing concept art — art that only existed as an idea. Now capital has seized upon concept and made it its slave.

The NFT aesthetic is thoroughly disconnected from the contemporary art scene. In the nineteenth century the French Impressionists created a new market for a bourgeois audience with their pretty paintings, full of imagery capturing moments from the lives of an increasingly wealthy middle class. Now the artists who make NFTs are catering to a new audience of tech-heads, and the imagery they create resonates with their world. The aesthetic preference is for animated gifs, psychedelic imagery, science fiction and tech-related paraphernalia.

Roger Dean, the innovative and imaginative artist known for his paintings of ethereal landscapes entered the NFT market on March 18, selling a single edition of *Floating Islands* for \$22,222 in a 24-hour auction, priced by Nifty Gateway. A closed edition of 777 files of *Green Parrot Island*, held at \$333 each, sold out in 2 minutes, netting sales of \$258,741, with over 4,500 people entering the hour-long lottery drawing for a chance of buying a piece. Dean's open edition of *Explore* sold 267 pieces, priced at \$999 each, during the brief seven-minute window it was offered, netting sales of \$266,733. "A quarter of the pieces I sold were resold within twenty-four hours for at least double their price" Dean says. "I was very pleased with how quickly sales went. We were six and a half times oversubscribed." Dean believes that we are only at the beginning of an extraordinarily innovative period for art and technology.

Brian Chambers, whose psychedelic Chambers Projects organized Dean's NFT drop, says "It's going to shift, it's going to change... it's going to be very exciting for a very long time. The way the market cap has grown on this thing so quickly — it's a monster."

Thalassoudis thinks the new market is bad news for art galleries and dealers. "This cuts the middle man. I've had so many dealers from New York and all over the world contact me asking, 'How can I get involved?' I say, 'I'm sorry but unless you become a flipper, a dealer who buys and resells, you guys have just been cut out of the game, and completely.' This is the fastest moving thing you can imagine."

Chambers is more sanguine. "The effects it's going to have on the traditional gallery platform are definitely to be determined. I'm on both sides of the coin here. It really does stand a chance of shaking up the traditional art gallery setting." But Chambers is approaching NFTs with a different attitude. "We're coming at it from the legendary status. We're trying to do things at a higher level than everything we've seen thus far. I think the gold rush and the money grab days are going to come to a close pretty quickly and the focus will have to come back onto the art." He is planning a drop of Ralph Steadman NFTs on April 28 and is simultaneously arranging for a show of paintings Steadman made for "Fear and Loathing" in Las Vegas this November.

The intimate association of art with capital that NFTs represent is bringing real despair to people who think of art as something sacred. But, although the recent frenzy of attention to them makes it seem as though the concept of what art is has evolved, the NFT market is only one bubble in the busy bubble bath of the art world, where many arty bubbles bump into each other, inflating and deflating, absorbing each other, breaking up into smaller bubbles.

The history of art is a story of ideas, and power, and money. Works of art are particularly prone to becoming tokens of wealth because they have no function except as expressions of ideas — a concept as cerebral as the concept of money, which is also simply a vehicle for an idea, the idea of value. Even before capital was disconnected from the gold standard, money was a concept, an agreed upon measure of value. Art and money are hand in glove in the realm of concepts. Now, NFTs have removed the physical work of art from the equation. Now, a digital work of art encrypted as an NFT is money. Cryptocurrencies are the wild west of investment, and digital art is hotter than a two-dollar pistol on a Saturday night.

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