



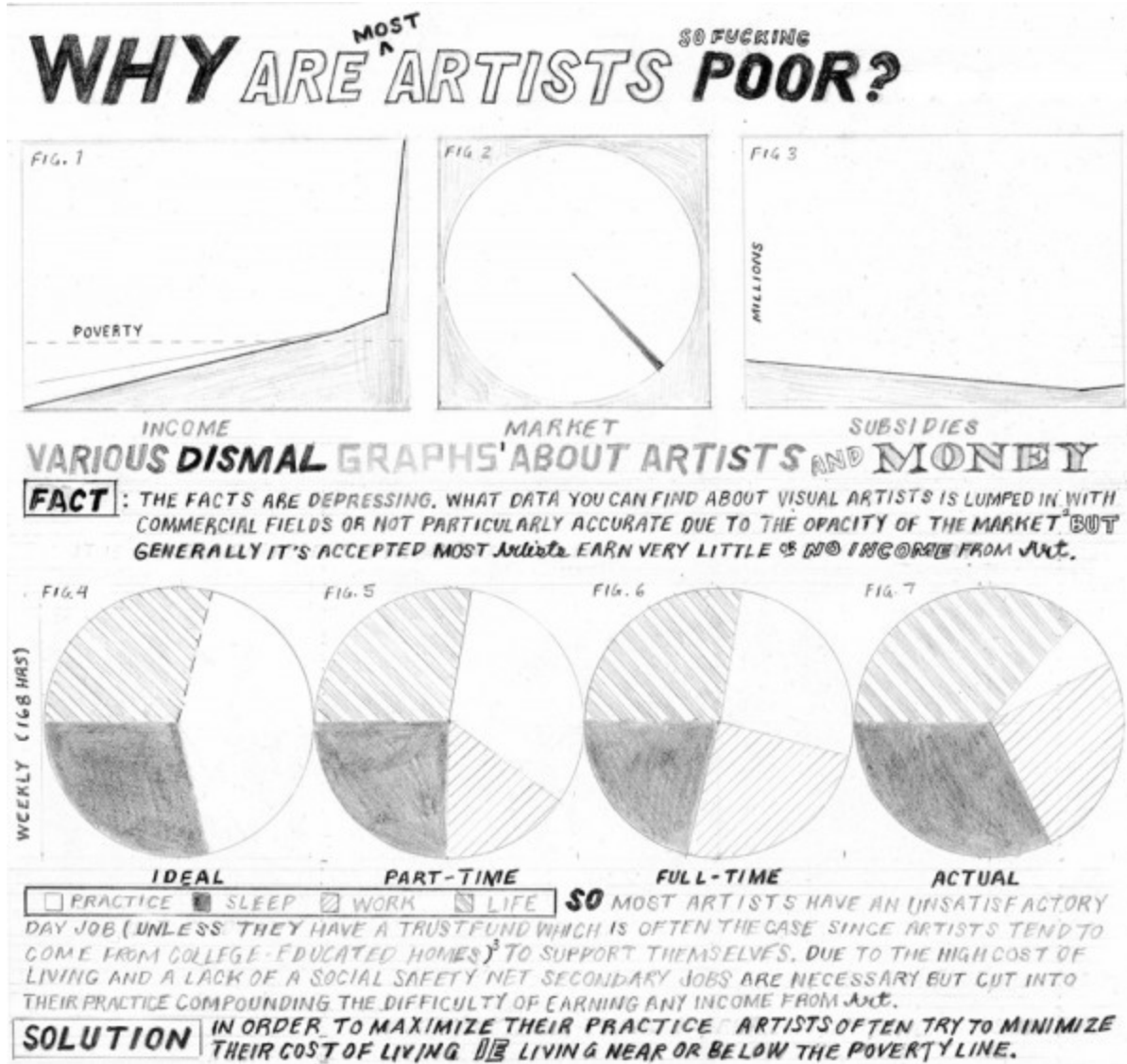
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## Why DebtFair? On Outing Debt, and the Mutual-Aid Economy

by [Clara Olshansky and Whitney Kimball](#) on [July 19, 2013](#) · [1 comment](#) [Newswire](#)



"Why are artists so fucking poor? (detail)," 2012. William Powhida for W.A.G.E., courtesy the artist

If you're an art school dean, consider yourself officially accused. Last week, Occupy Museums released a [open letter](#) calling on deans to help change their policy of indebting their students. "The educational product you currently offer is misleading," it begins, "and it's having a toxic effect on our culture in the form of debt." Occupy Museums offers a few solutions to the problem: 1) encourage an environment of transparency, 2) encourage presidents to freeze tuition, and 3) lend support to [DebtFair](#), an art fair model which exchanges work directly to pay off artists' debt. While clearly the function of this type of event is mostly symbolic, we wanted to know — would DebtFair's "mutual-aid economy" work in practice?

Come September, DebtFair will have artists exchange artworks for checks, which will directly pay off lending banks. The idea is to reduce the amount of money which ends up out of artists' hands. DebtFair also takes place in galleries, bodegas, and the streets, which would presumably minimize the cost of space and booth rental.

One clear issue for a fair based on exchange — i.e., donation — will be taxes. Artists are supposed to list sales on their tax returns as income, while donations of under \$11,000 are tax-free. "I don't think this model makes sense," artist [Michelle Vaughan](#) told us over email. She has a background in bookkeeping. "If the student debt is \$100,000 and the artist sells \$100,000 worth of art to a collector pays off Fannie Mae direct,

the artist still needs to claim \$100,000 of income and pay tax on it. The artist is also liable for collection state sales tax, in NYC [8.875].”

Apparently, off-the-books art-for-debt exchange is commonplace amongst collectors.

That’s exactly why John Lee, of BravinLee Projects — a member gallery of the popular alternative mini-fair [SEVEN](#)— would have reservations about participating in a debt-for-art model. “You’d be amazed at how often I’m paying a collector for reselling a piece from their collection, and they tell me to send the funds to another gallery, where they owe money for a purchase,” he told us over the phone.

“That person doesn’t have to declare the income on the piece they sold, and it’s paying their debt on something they bought. People will suggest this in an entre nous way. [I tell people] ... you can’t do that! There’s bookkeeping!”

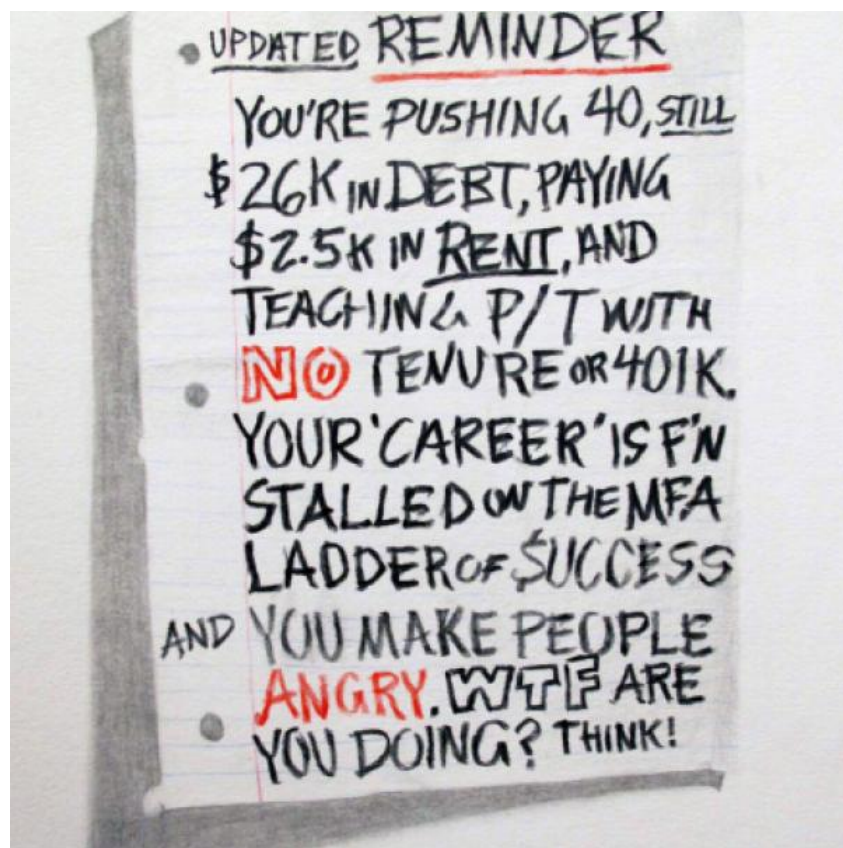
If that kind of art-for-debt-donation doesn’t float in the business world, it unclear how it would provide a core model for a decentralized art fair. Lee continued, “It will not pass the smell test with the IRS, [and] will be a looming question mark in my books. I would be concerned that this structure of buying art and paying for it by paying off an artist’s debt might have the same tax implications.”

Lee brings up a good point: before September, DebtFair will need to ensure that the mutual-aid economy will be allowed to exist. Artist William Powhida, who submitted [two drawings about his own debt](#) to DebtFair, thinks the model could have negative impacts for its artists.

“[DebtFair] states on the website that in some cases, this could wipe out someone’s debt entirely,” he said. “If an artist had \$76,000 in debt and got his debt paid off as income, with a tax bill which is not going to be paid off in friendly installments, that’s going to be insane.” That may be less of an issue than he believes — the federal government [offers installment plans for owed taxes](#)— but managing taxation would be an issue regardless. He added that donors could receive an artwork for far below gallery prices, and DebtFair doesn’t yet have a contract to prevent people from flipping that work at auction. Powhida tells us he’ll wait to see how the structure develops before deciding whether to participate in the fair portion.

Until those issues are smoothed out, those in the arts are expressing cautious optimism. “I just think it’s a

question of really carefully marketing it, and having language which suggests that it's a positive thing," John Lee told us. "And that the public can feel good and helpful and supportive. People are paying now \$60,000 a year for art school. People deserve a little help for this."



William Powhida, "Updated Reminder." Image courtesy of [debtfair.org](http://debtfair.org)

Similar sentiments were expressed by Edward Winkleman, director of [Winkleman Gallery](http://Winkleman Gallery). "The real threat here [for artists] is identifying as a victim to such a large degree, and so publicly." He went on to say, "If they can add a dose of humor to it, I think it's probably a good project."

Even if the financial model works perfectly, we wondered whether outing your own debt might scare off collectors. The most effective tool on the site allows you to [click through someone's debt](#) to see his or her art, or click through his or her art on the homepage to see their debt; on the other hand, artists might be wary of tying what they're selling to such a personal financial issue.

"I don't feel like selling a piece will even begin to touch the pile of debt I'm in," artist [Faith Holland](#) told us. "I just expect to pay a percentage of what I'm earning until it is forgiven." She added, "I'm not sure I'd want a dollar amount like that next to my work."

John Lee, on the other hand, pointed out that artists declare their debt all the time; he cited the Pollock-Krasner grant, which explicitly rewards artists facing financial difficulties. William Powhida also didn't see it as problem. "I don't think outing yourself as having debt would be that embarrassing, or would negatively impact somebody's reputation," he told us. "The reality is that artists take on a significant amount of student loan debt. The project's trying to raise awareness about how much someone seeking a master's degree is taking on."

After all, if artists stick their necks out, then DebtFair will have served its main goal. Powhida knows there'll

be pushback: “I have no doubt that there’ll be some negative fallout. I imagine there’s going to be internal criticism from the movement– ‘Powhida participates in the market, he’s evil.’” He’s prepared to deal with that. “If that’s an issue, I think the answer is that thirteen years out of grad school, I’m still \$ 26,000 dollars in debt.”

*Additional reporting by Paddy Johnson and Corinna Kirsch*

Tagged as: [Debtfair](#), [occupy museums](#), [Occupy Wall Street](#)

{ 1 comment }



Justin Vernon [July 22, 2013 at 8:28 am](#)

Isn't this all a little art-centric? Are the deans/college presidents whose students borrow to get degrees in Scandinavian Literature or Civil War History any more or less culpable? You might say that [studio] artists have it best because they some thing that they [occasionally/infrequently/almost never] can sell.

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