

Art and Money

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The accumulation of a fine art collection in this POP-ed out global economy is a visible indicator that all is well within the walls of the collector upon whose walls the modern masters are hanging like exquisite Certificates of Deposit. And if an art collection is finely honed, it accrues value at a greater rate. If I had walked off with one of my mother-in-law's Walking Man sculptures by Giacometti that so casually stalked her Palm Beach garden in the 60's, I could have been the seller of one of the weathered bronzes that recently [took](#) in \$104 million at auction. We figure our astute collectoress paid somewhere in the neighborhood of \$12,000 in the 50's. Ergo, Art is money.

Somewhere in the Golden Age of American industry, around the 1890's, the so-called robber barons and industrial giants with names like Frick, Rockefeller, Mellon and Whitney started to gather collections culled from European treasure troves. Usually these paintings by Vermeer, Rubens, Raphael and lesser known Renaissance artists like Duccio were purchased to please the eye of the owner and rub the rough edges off the knuckles by which the new money had made their fortunes. In many cases, rather ruthlessly.

Fine possessions hanging about the new "palaces" of the recently rich, many of the artworks centuries old, added a flavor of taste, knowledge and a shared ownership with the old European aristocracy. Instant status and class were conveyed upon the new owners of these works that in our lifetime have become iconic postcards from the finest museums in the world. With the acquisition of these paintings, the dirt of industry was washed off the new owners' hands and in their homes. Old Master paintings were certainly more pleasing to look at than steel mills or railroad tracks. Not much has changed. Collecting art is still the link that connects the very rich around the globe. It has become an Index of who controls the wealth and in what part of the world.

This spring saw auction sales setting Olympics-like records. A Roy Lichtenstein [sold](#) for \$44.8 million dollars, breaking the record paid for any piece by the artist famous for his Benday dots and comic book inspired canvases. An oil based house paint and wax crayon on canvas by Cy Twombly, who died last year, its provenance listing two sales by Contemporary Art's global guru Larry Gagosian from his New York Gallery, auction priced between \$15 to \$20 million, remains untitled. A 1963 Andy Warhol silkscreen and spray paint full figure of a gun-toting Elvis Presley was [priced](#) to fetch between \$30 to \$50 million dollars at Sotheby's May 9th Contemporary Art Auction in New York this spring, begging the question who is paying these astronomical prices and in what part of the world will they be hanging next?

The Warhol Elvis had made its way from the guiding art dealer of the 60's and 70's, Leo Castelli, to dealers in London and Paris, and to an oil rich Texas collector before going under the hammer at auction.

Many of these jaw-dropping priced pictures returned to New York's Wall Street financiers, while others were sold by banks that used art as collateral in loans taken out by less fortunate Wall Street guys. Collectibles as collateral.

Of course many of these big ticket paintings landed in the newly rich China, the Middle East, Brazil, and if not exactly to Russia, to the walls of Russian oligarchs around the world who are frequent purchasers at the Fashionable Art Fairs in Basel, Switzerland, Miami, New York and increasingly their own country. Underscoring the premise that ART is Money.

And of course there is always the unproven rumor that some conglomerates anxious to do business in certain parts of the world, and are prohibited from bribing those who can open the doors or guard their big business in different spots on the globe, use blue-chip art, legitimately purchased, as presents for their foreign partners. But these works of art that are now bringing such enormous amounts of money at sale time all have one thing in common. They are the best works by the famous and proven artists of that Golden Period known as Contemporary Art, in the 50's, 60's and 70's (with the occasional exception). If a painting or sculpture from this period carries no question of authenticity, represents the best of the artist's oeuvre, if the artist's works hang prominently in the right museums, and the artist had books and art films done on them along with anecdotal history, his art is a global currency less volatile than the euro, dollar or drachma. Or even the price of Facebook stock.

What we need now for a commodity as valuable as gold is an art index. It would record art prices, resale percentages, the geography of where these masterpieces go, i.e., a New York Stock Exchange or FTSE 100, if you will. Anonymous and Unknown Collector would be eliminated in these newly transparent monetary trades and an SEC-like entity would oversee every transaction. But of course we will never have one, as art is something we are able to purchase privately and buy for our own eyes' pleasure. Even though at a certain level art has morphed into a commodity that can be highly profitable for a buyer or seller, demands no currency rate of exchange and is easily transportable. Some artists are so well known that even a lesser work by a giant in the art world fetches gargantuan prices. Prints and posters of their most famous works are for sale. John Coplans noted in an article in a 1967 edition of *ArtForum*, "A Picasso has become a kind of popular object -- one has the feeling that there should be a reproduction in every home." Amongst our living artists, Gerhard Richter, Jeff Koons and Damien Hirst command the same kind of escalating value as those artists who have died, somewhat laying to rest the old adage that an artist has more value after he is dead.

Helyn Goldenberg, highly respected Midwest-based director of Sotheby's Worldwide Contemporary Art Division, stresses that everything that is "blue-chip, be it paintings, wine or Chinese Porcelain is a good collectible because the smart collectors are sophisticated and studied in their field and buy only the best. Your great Matisse or Picasso, that is a perfect example of a certain period does not diminish in value."

And while she acknowledges that important or expensive art can be a social passport and a cultural entree for the new purchaser, she emphasizes that "in a Global market where purchasers from all over the world, with both money and knowledge, are bidding, the prices on the finest pieces from the greatest artists with established names escalate." Russian billionaire and highly visible art figure/collector Roman Abramovich set a record for Francis Bacon in 2008 with his \$86.3 million auction [purchase](#) of Bacon's *Triptych* and has become the face of the Russian collectors that have both the passion and money to collect at the top of the pyramid.

It is more volatile with stocks. When a company is doing great you are very savvy if you purchased it low and it soars. Conversely, when the same company falls 100 points, you have made a poor investment/acquisition. In the art world, if your art investments go down, at least you have something (provided you also buy with passion) beautiful on your wall. When asked how she would feel about her artworks if their value suddenly halved, New York collector Agnes Gund said, "I wouldn't feel they would have changed." Prominent Los Angeles art patron and collector Eli Broad opines, "We don't consider art an investment. We get a psychic reward -- I love to come home and look at our walls." If you are known for paying big bucks for an artwork, your social currency escalates, and suddenly you are a member of one of the most elite private clubs in the world, along with Gund and Broad, even if it does come with the most expensive club membership.

Still, the current numbers are in. The prices of blue-chip art are bigger than they have ever been at a time when whole countries have contemplated fiscal bankruptcy and currency devaluation. One has only to return to the late 60's when I was studying art and babysitting for artist Frank Stella's and art historian Barbara Rose's children (and Jasper John's was often sleeping on the couch). The prices paid then compared to the prices these works now fetch could be easily recorded on an Art Index. With an arrow pointing straight up.