

Christie's \$1 billion week: Art market heads for the stratosphere

By J. Cooper
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The week ending May 15 was a banner one for the high-end art market. Christie's auction house alone set a new record, breaking the \$1 billion ceiling for a single week's sales. Since the opening of the 2015 auction season in sales of post-war, Impressionist and contemporary art at the beginning of May, the leading New York art auction houses, Christie's, Sotheby's and Phillips, have sold over \$2.7 billion worth of art.

Total sales in the past two weeks are up 74 percent from the art market's last peak in 2007, before the financial crash. In 2014 total sales in the global art market surpassed €51 billion (approximately \$66 billion), setting an all-time record. The previous peak was reached in 2007 at €48 billion.

Christie's opened the week by breaking with tradition, delaying their Impressionist and Modern art auction, and offering instead a curated auction on May 11, "Looking Forward to the Past," that combined 20th century and contemporary artists. That auction brought in some \$706 million.

Pundits were concerned that buyers might get fatigued rushing from one auction to another (although much of the bidding is conducted by phone, in any case). But with the increasingly global distribution of the super-rich and proxy bidding through dealers and other third-party bidders, the frenzy brought only increased energy. The bidding at Christie's May 11 auction rippled across the electronic screens in seven currencies, with bidders from over 40 countries taking part.

The chairman and CEO of Phillips, the smaller "boutique" auction house, Ed Dolman, quoted in the *Wall Street Journal*, said, "Art likes to move around the world, but the scale is so much bigger now. ... We're talking an incredible orgy of spending, and it feels like a total transformation." Phillips is owned by

the Mercury Group, a Russian "luxury retail company."

On May 11, the record sale for a painting went to Christie's for Pablo Picasso's "Women of Algiers (Version O)" for \$179.4 million by an anonymous buyer. The previous record was set by Francis Bacon's triptych, "Three Studies of Lucian Freud," in November 2013 for \$142.4 million, bought by casino magnate Elaine Wynn. Also at Monday's auction, the record was broken for the highest price ever paid for a sculpture: Alberto Giacometti's "Pointing Man," at \$141.3 million.

The two prior record sales prices for individual sculptures were also for Giacometti pieces: in 2010 "Walking Man I" sold for \$103.7 million to a banking heiress, and in 2014 his "Chariot" sold for \$101 million to hedge-fund manager Steven Cohen. As reported by the *World Socialist Web Site* last March, "A year ago, Cohen's former hedge fund, SAC Capital Advisors, pleaded guilty to insider trading charges. Cohen himself was never charged, and he simply transferred his fortune to a new firm, Point72 Asset Management. Cohen made \$1.3 billion last year, bringing his total net worth to \$11.4 billion."

While the ultra-rich sit on hoards of cash and industrial investment continues to stagnate, in the United States alone, the 400 wealthiest individuals have a combined net worth of \$2.29 trillion. Artwork, particularly 20th century and contemporary art, now functions as another commodity to invest and speculate in. The *New York Times*, in reporting the "First \$1 Billion Week" at Christie's, noted that "the world's 170,000 or more ultra-high-net-worth individuals—those with at least \$30 million in cash to spend, by one estimate—take art as an alternative investment."

The *Times* continued, "They have been given

confidence by figures such as Laurence D. Fink, chairman of BlackRock Inc., the world's biggest asset-management company, who on April 21 pronounced in a conference in Singapore that contemporary art, as well as real estate in cities such as New York and London, had usurped gold as a store of wealth."

The *Wall Street Journal* observed that "these new global buyers have been joined by an influx of investors eager to store more of their cash in art—particularly now that interest rates remain low. And unlike the old days, when serious collectors typically clung to pieces over the long term, many buyers have become comfortable trading artists often to reap tidy profits."

Christie's "spectacle of excess at the highest level," in the words of Abigail Asher, herself a consultant to the high-end art market, is only the latest episode in the scramble to increase the monetization of great works of art and further degrade the artists' intent.

Christie's played a critical role during the recent bankruptcy process in Detroit. One of the key bargaining chips for the creditors was the irreplaceable collection of the Detroit Institute of Arts. Christie's was brought in to appraise the collection. The report, released in December 2013, "Fair Market Value for Financial Planning," estimated the cash value of 2,781 pieces at between \$454 million and \$867 million.

Some of the other highest-selling pieces in Christie's auctions in New York this month included two works by American painter Mark Rothko ("No. 10," 1958: \$81,925,000 and "No. 36," 1958: \$40,485,000), another painting by Picasso ("Bust of a Woman," 1938: \$67,365,000), "Colored Mona Lisa" by Andy Warhol (silkscreen inks and graphite on canvas, 1963: \$56,165,000) Lucian Freud's "Benefits Supervisor Resting" (1994: \$56,165,000), Francis Bacon's "Portrait of Henrietta Moraes" (1963: \$47,765,000), "The Houses of Parliament, at Sunset," Claude Monet, (1900-01: \$40,485,000) and "The Field Next to the Other Road," Jean-Michel Basquiat (1981: \$37,125,000).

This is the new barbarian invasion. These grotesque prices can only be paid by the semi-criminal financial elite, into whose private hands some of the most remarkable works of art ever created are falling. At the same time, public museums and galleries are being

starved for cash because "there is no money" for such institutions, and, of course, they cannot possibly compete with the wealthy swindlers and gangsters snapping up these works.

With the possible exceptions of Warhol and Basquiat, the artists in question would most likely have been disgusted by these developments. Each made immense sacrifices for his work.

Lucian Freud, according to a biographer, "was often virtually penniless in his early days, spending almost all his money on paint. 'Until I was fifty I never had a bank account, always lived from hand to mouth.'" For years, writes a biographer of Claude Monet, "Monet earned hardly any money. Sometimes he could not pay the rent; sometimes his family had no heat; sometimes they went hungry." Mark Rothko once commented, "When I was a younger man, art was a lonely thing: no galleries, no collectors, no critics, no money. Yet it was a golden time, for then we had nothing to lose and a vision to gain." Alberto Giacometti, in his notebook in 1934, inveighed against "religion, country and capitalism, of course."

Last week, the top selling item at Sotheby's Impressionist and Modern sale was a painting by Vincent Van Gogh that sold for \$66.3 million. Van Gogh, who died in poverty, having sold only one painting in his short life, once said, "I want to touch people with my art. I want them to say 'he feels deeply, he feels tenderly.'" Indeed.

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