

# The “snap back” in the global art market

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6 July 2011

Since the end of 2010 art journalists have reported indications of a “snap back” in the global art market from the crash of September 2008. Now financial reports from the two major auction houses, Sotheby’s and Christie’s, prove the profitability in paintings. Auction sales are the accepted measure of official value of an art work; they are public, transparent, and newsworthy. But who is buying and what sectors are selling tell something about the new and different art market.

Sotheby’s revealed at the end of June that 2010 brought the best financial results in its 267-year history apart from 2007, the wild high of the bubble. Sales for the year reached \$4.8 billion, an increase of 74 percent, bringing revenues of \$774 million, their income from auction sales commissions. (Auction houses collect commissions, set by themselves, which can range from 12 to 25 percent of the bid price).

Christie’s, at a highly promoted sale of Post-War and Contemporary Art on May 11 in New York, realized a total of \$301,683,000 for the evening, led by the sale of Andy Warhol’s red ‘Self Portrait’ which went for \$27,522,500.

Warhol leads sales of contemporary art (art made since 1945) along with Anglo-Irish painter Francis Bacon, whose triptych self-portrait sold May 11 for \$25 million. Contemporary art is one of three sectors whose value is worldwide and whose artists are considered sure things.

Several hedge fund managers collect big names in this area: Adam Sender of Exis Capital Management buys Ed Ruscha and Richard Prince, both of whose works sold at Christie’s May auction. Hedge fund manager Daniel Loeb, founder of Third Point LLC (named for his favorite surfing location in California),

collects stars: Warhol, Prince, Mike Kelley (all at the Christie’s sale), and Cindy Sherman (at this year’s Venice Biennale). Steven Cohen, the manager of SAC Capital Advisors, purchased Damien Hirst’s tiger shark pickled in formaldehyde for \$8 million, the sensation of recent years from the UK’s most prominent living artist.

A second, highly desired sector is the Impressionist and Modern sector, powered by Picasso, whose “Nude, Green Leaves and Bust” (a portrait of his muse Marie-Thérèse Walter) brought the highest price ever paid at auction last May: \$106 million from an anonymous buyer. Picasso’s “Buste de Françoise” sold at the June 21 auction in London for \$15 million. Maurice de Vlaminck’s 1905 “Suburban Landscape,” owned by Steven Cohen and estimated at \$18 million, sold for \$25 million in early May. Cohen owns other major Moderns such as Van Gogh.

Another area that attracts investors and others with money is Old Masters, the European art of the 14th to 19th centuries. Rembrandt’s “Man With Arms Akimbo” is currently offered for sale by a New York dealer from the collection of Steve Wynn, who acquired it for \$33 million two years ago. Wynn, the founder and owner of the Bellagio hotel and casino in Las Vegas, has previously bought and sold two other Rembrandts.

The reported interested buyer is Tom Kaplan, the well-known speculator, but the expected sale is not yet final. When I spoke to the dealer’s office this week, they replied that “Tom was interested,” but nothing further. Rumors of a \$47 million price tag have circulated in the press. Kaplan owns more Rembrandts than any other private collector.

An additional sector impacting auction markets is Chinese art. The *Wall Street Journal* reports that around 200 Chinese collectors are focusing on big names such as Picasso and high-quality investments

among the Old Masters. But as some Chinese seek to reclaim their imperial heritage, antique Asian art surges. A Qianlong dynasty porcelain vase broke a world record for Chinese artwork with an \$85.5 million sale last November. The *Journal* hints that some collectors are high-ranking members of the Chinese Communist party.

The Venice Biennale got under way in June; it runs until November 27. The oldest and most important exposition of contemporary art, the Biennale now frankly acknowledges its connection to the commercial world, allowing prices and auction records for exhibiting artists to be published. Its official status as a “non-selling event” lends status to the artists it has chosen to exhibit, and collectors, dealers, journalists and museum directors converge on Venice during the summer.

Collector and “billionaire entrepreneur” Bernard Pinault, one of the world richest men, has transformed his Palazzo Grassi on the Grand Canal to a museum for his art collection, which features Jeff Koons. The latter’s balloon sculptures slumped in value with the financial markets in 2008 and have not yet recovered. Prices fell from a 2008 high of \$25 million for Koons’ magenta *Balloon Flower* to the current asking price of \$16 million for its blue twin. Pinault’s holding company also controls Christie’s and other luxury purveyors such as Gucci and Balenciaga.

With so much excess cash in 2008, there were attempts to develop investment vehicles to trade art as a commodity. Those efforts failed. Such groups as Art Trading Fund, and ArtPlus, formed before the crash, went down with it. The traditional venues, at this point, continue to dominate.

The official art world at present is held willing hostage to the billions of dollars controlled by bankers, hedge fund managers, casino owners and other parasites. The heart of a certain type of artist and gallery owner is set aflutter by the thought of the cash sloshing around on Wall Street. These individuals inhabit a false art world whose clamor resembles the noise from a rattle held by a mad child, with all the pebbles crashing about inside the ball and never penetrating the outside world or seriously relating to it. Riches galore and no effect on anything else, except the debasement of genuine artistic values.



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