

The Mania of Art Auctions: Problems as Well as Profits

By Grace Glueck

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The effects of the huge prices paid at this month's art auctions are reverberating through the art world. Where the sellers and the auction houses happily see profits, many dealers, curators, artists and collectors see problems.

As auction prices have soared, so has the frustration of museum officials, who are pushed out of the competition for works of art.

Gallery owners fear the deepening inroads made by the auction houses into the art business they once dominated.

Artists worry that while their work commands more money, price fever may be turning art into a commodity.

Collectors are seeing art auctions as more and more a sport for the very rich.

These reactions were evident as the New York auction sales held by Sotheby's and Christie's reached a peak in a marathon that ran from Nov. 9 through 16. Between the two houses, a total of 1,404 works of art were sold - a number at record prices - for a staggering total of \$443 million.

"This mania almost smacks of the megadeal leveraged buyout craze," said Alan Seligson, a Long Island businessman who collects Impressionist and post-Impressionist art.

"It's like the Olympics," said Angela Rosengart, a long-established art dealer from Lucerne, Switzerland. "But instead of setting athletic records, people are competing to see who can spend the most money."

Miss Rosengart was a would-be buyer at the recent auctions. She tried in vain to re-purchase a Picasso that she had sold for \$12,000 in 1957 and that went for \$2.6 million at Sotheby's sale of paintings owned by Sally and Victor W. Ganz. Also outbid was Mr. Seligson, who saw a Bonnard he wanted reach the stratosphere at \$7.5 million.

At the sales of Impressionist, modern and contemporary art, records toppled like bowling pins. The \$85 million brought by the collection of William and Edith Mayer Goetz at Christie's was the highest amount ever reached in a single-owner sale. Included in it was an early Picasso, "Motherhood," that went for \$24.8 million, smashing the artist's previous records. Earlier, S. I. Newhouse, the publishing magnate, paid \$17 million for "False Start" by Jasper Johns, the highest recorded price for a work by a living artist.

Plenty of other records went down in a buying spree that has enhanced even further the auction houses' share of the art market. Last year, the combined worldwide sales figures of Sotheby's and Christie's totaled more than \$2.6 billion. Allowing for the other objects sold besides art, such as jewelry and furniture, the sum is still impressive compared with the \$1 billion figure speculatively put forth (there are no hard statistics) by American art dealers as their collective annual sales total. Factors in the Spree

What is fueling the current spending orgy? Professionals in the field suggest that these are some of the major factors:

* A greatly expanded worldwide audience for art, a result of education by schools and museums and coverage in the publishing, film and television mediums.

* The increasing desirability of art as a status symbol. "As soon as people have money today they start collecting," said a dealer who asked to remain anonymous. "Art comes right after the mink and the Mercedes."

* A scarcity of top-quality material, which spurs competition and thus elevates prices.

* The huge amounts of disposable income available in the United States, Europe and Japan.

* The growing perception of art as an investment.

Henry Kaufman, an economist, a former research director of Salomon Brothers who now heads his own money management and consulting firm and an art collector himself, said: "The limited supply of art creates an enormous distortion in price behavior. When lots of people want one painting and they have the resources, what's the market?" The Global Market

Mr. Kaufman also feels that the boom is a product of "globalization." "The art market, following the financial markets, has become globally integrated," he said. "You have Americans, Japanese, Europeans all looking at the same works of art and all able to act quickly."

For Europeans and Japanese, the weak United States dollar has also served as an incentive. "Don't forget, the Japanese are paying what amounts to 50 cents on the dollar at American auctions," one dealer said. But even for Americans, who were said to be 80 percent of the buyers in the recent sales, the investment factor cannot be overlooked.

"Paintings that used to sell for \$400,000 are now going for \$4 million to \$5 million," Mr. Seligson said. "And when you pay those prices, you're an investor. You'll see the paintings bought at these sales come up for auction again in several years."

"Undoubtedly investment plays a role," said Armand Hammer, the California industrialist and collector who also owns M. Knoedler & Company, the art gallery in New York. "People are seeing that prices are going in one direction - up. I'd never have dreamt they'd be where they are now. We haven't had a real depression in the art market. At Knoedler's we're having our best year ever." Scarcity and Competition

While a good deal of fine material is drawn out by the magnetism of the auctions themselves and the prices they fetch, top-quality art is always hard to come by, and when it appears it is the subject of fierce competition. Most of the great masterpieces are in museums or in long-held private collections. So when a sought-after example of an important artist's work surfaces, the competition for it is apt to send prices skyrocketing. A case in point is Picasso's Blue Period canvas "Motherhood," which brought close to \$25 million at the Goetz sale.

By no means acclaimed as one of Picasso's greatest works, it was bid up because this period of Picasso's work is much in demand. "The Blue Period profits from the sentimentality that gives it a kind of popular, kitschy appeal, which disappears from Picasso's later work," said William Rubin, the director emeritus of the department of painting and sculpture at the Museum of Modern Art.

Many dealers rejoice over the auction bull market, since the price records it sets enable them to raise their own prices for the art they sell. But high auction prices make it difficult for them to obtain resale material. Auctions vs. Discretion

"Sure, it strengthens prices when a Johns goes for \$17 million," said Irving Blum of the Blum-Helman Gallery. "But it also makes other works by Jasper Johns and his contemporaries in private hands harder for me to get. When collectors want to sell them, they go to the auction houses."

Ikkann Sanada, a Japanese art consultant based in New York, agreed. "Clients will pay more at auction than privately," Mr. Sanada said. "What's happening in Japan is that dealers are bringing their clients to New York and working with them at the auction sales, then charging them commissions. If they don't, the clients will go there directly and the dealer will lose out."

But Arnold Glimcher, the head of the Pace Gallery in New York, who broke several records himself buying art at Christie's sale of the Burton and Emily Tremaine collection, said that many clients still preferred not to buy or sell at auction.

"Dealers make multi-million-dollar sales that no one hears about," he said. "I have got absolutely staggering prices for masterpieces. There are still people interested in discretion who don't want to be out there publicly. There used to be a time when auctions were discreet, but today people stand up there with their bidding paddles and show how much money they're spending." Disaster for Museums

For museums, the scaling up of prices is nothing less than a disaster. Caught in the squeeze between limited acquisition funds and tax laws that no longer encourage gifts from artists or collectors, they are finding it difficult to add to their holdings. "Maybe museums will have to cut down on their permanent collections," said James Demetrian, the director of the Hirshhorn Museum in Washington, which is devoted to contemporary art. "We can't compete."

At the moment, thanks to the sale of unneeded works from its own collection, he said, the Hirshhorn has more money to spend on art, "but it doesn't mean anything." If the Hirshhorn had acquired something like Robert Rauschenberg's "Rebus," which brought a record price of \$6.3 million at the Sotheby sale of works from the Ganz collection, he said, "we'd have nothing left to buy other works."

The Hirshhorn is thus being forced to acquire more recent art by younger artists, Mr. Demetrian said. "And, of course, when museums buy such art, it drives up its prices, too," he added.

He also said that the high cost of art increased the difficulty of borrowing works for exhibitions. Recently, the Hirshhorn was lent a Giacometti sculpture by a sister museum. Then another cast of the work sold at auction for roughly 11 times the value set by the lending institution. "So the insurance valuation on ours soared," Mr. Demetrian said. "The lender asked us to up the insurance, and we had to do it." A Cut for the Artist

Among the artists whose work broke records at the auctions, Robert Rauschenberg expressed the view that the creator of a work should have a share in the actual profits.

"For the most part, it's not the collector who encourages the value of particular artworks," he said. "It's the continued labor and struggle of the artists."

He has been working, he added, toward Federal legislation "that might even modestly incorporate the artist in the monetary success aroused by his continued endeavors." But a royalty bill proposed this year by Senator Edward M. Kennedy was voted down, Mr. Rauschenberg pointed

out.

Roy Lichtenstein, whose Pop icon "I Can See the Whole Room! . . . and There's Nobody in It" sold for \$550 in 1961, and brought \$2.1 million in the Tremaine sale, was of two minds over the achievement. "We're all happy when our works sell for 400 times what they went for originally," he said. "But it also worries me. The higher prices go, the fewer people can have your work. Museums certainly can't afford it, and at these prices no collectors will give it to them." Alternative Solutions

Mr. Lichtenstein said he did not share Mr. Rauschenberg's views on resale royalties. "There are so many benefits of high prices, and you can also hold onto some of your work and sell it later," the artist said. "What we should be after is changing the tax laws so that museums can be given work both by artists and collectors, not trying to get something from resale."

Asked how he felt about the \$462,000 record set by his painting "Great American Nude VIII" at the Tremaine sale, the Pop artist Tom Wesselmann said: "Very nice, and long overdue. It's had immediate fallout in that several people have wanted to buy my work before the prices go up."

But he added: "Although I like Johns's work, I can't help feeling that there's something surreal about the \$17 million price. It reminds me of the great Dutch tulip bulb bubble in the 17th century. When excesses occur, they have to be corrected."

Many art specialists feel that the boom will continue. "I think it's tied into the whole economic situation," Mr. Demetrion said, "and it won't change until the economic picture changes. Part of it is frankly speculative, and has to do with social prestige, social climbing and investment."

"But," he continued, "I also truly believe there is a greater interest in art, in part because museums, universities and art history departments have done such a good job they've priced themselves out of the market. That's the irony." NINE PAINTINGS AND A BOOK: \$235 MILLION
The 10 most expensive works of art ever auctioned have been sold in the last five years. Below are details from the works, their prices and the buyers when known. Irises Van Gogh

Sold at Sotheby's for \$53.9 million in 1987 to a European agent for an unidentified collector.
Sunflowers Van Gogh

Sold at Christie's in London for \$39.9 million in 1987 to Yasuda Fire and Marine Insurance Company, Tokyo. Motherhood Picasso

Sold at Sotheby's for \$24.8 million in 1988 to a New York dealer. Camille in the Meadow Monet

Sold at Sotheby's in London for \$24.3 million in 1988 to an anonymous buyer. The Bridge at Trinquetaille Van Gogh

Sold at Christie's in London for \$20.2 million in 1987 to a European buyer. False Start Jasper Johns

Sold at Sotheby's for \$17.05 million in 1988 to Samuel I. Newhouse Jr. Bird Cage Picasso

Sold at Sotheby's for \$15.4 million in 1988 to a New York dealer. Adeline Ravoux Van Gogh

Sold at Christie's for \$13.8 million in 1988 to an anonymous buyer. Laundresses Degas

Sold at Christie's in London for \$13.7 million to an anonymous buyer. Gospels of Henry the Lion
12th century

Sold at Sotheby's in London for \$11.9 million in 1983 to the West German Government.

Correction: Nov. 28, 1988

Monday, Late City Final Edition An article in some copies Saturday on art auctions misidentified the owners of the Jasper Johns painting "False Start" during a recent sale. It was consigned to Sotheby's by Francois and Susan de Menil. A chart with the article misidentified the gallery at which Picasso's painting "Motherhood" was sold. It was sold at Christie's.

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