

Guggenheim Museum Archives Reel-to-Reel collection
“Black Monday and the Art Market: One Year Later,” 1988

MILT ESTEROW

Hi. I'm Milt Esterow, I'm editor and publisher of *ARTnews*. And welcome to this evening's panel discussion. We are fortunate in having four very distinguished panelists, two from the world of collecting and two from the world of art dealing. And I'd like to start on my extreme right and introduce Ed Downe, who was the founder and chairman of Downe Communications, which owned radio stations and magazines such as the *Ladies' Home Journal* and *Family Weekly*. In fact there was a whole roster of 25 magazines. He sold the company in 1975, began to collect art in late 1976. His collection runs to now more than 1,200 works of art, and he's a consistent lender to museum exhibitions and [00:01:00] generally has a whole bunch of works out on loan.

To my immediate right is Martin Margulies, who has flown up here from Florida, where he's a real estate developer, active in South Florida development over the past 25 years. His collection includes — the emphasis is on contemporary sculpture and he places them in garden plazas and public spaces and — along other areas, works by such sculptors as Calder and Miro and Noguchi and Nevelson, Dubuffet, among the artists, painters, de Kooning and LeWitt, and sculptors such as Serra and Liberman and Heizer and many others. One of his major achievements is the development of Grove Isle, the 20-acre island in Biscayne Bay, where he has assembled a magnificent sculpture garden which is open to tours by the public. [00:02:00]

On my extreme left is Richard Feigen, who came to the art world via Wall Street, which we understand is pretty good training these days, and played himself in Oliver Stone's movie of the same name. But I gather unlike one of our previously scheduled panelists he has no inclination toward producing any movies. Mr. Feigen is noted for his interest in old master paintings. His company's offices in New York and London and his gallery in Chicago handle a range of art covering the last seven hundred years. As you will gather later on, he's constantly on the move attending auctions and exhibitions all over the world.

And to my extreme left is Mr. Jeffrey Deitch. And Jeffrey prior to opening his own art advisory firm just this past September [00:03:00] was a vice president of Citibank, where he spent nine years helping to develop and manage the bank's art advisory and art finance businesses. And before joining Citibank, Jeffrey was the assistant director of the John Weber Gallery in New York and was the curator of the deCordova Museum in Lincoln, Massachusetts. He's a graduate of Wesleyan University and a member of the board of trustees from '82 to '85 and he has written for various publications and received an Art Critic's Fellowship from the National Endowment for the Arts in 1979.

I'd like to begin the discussion by asking Dick Feigen as the senior dealer of the two here how would you describe the art market the year after the crash.

RICHARD FEIGEN

Well, the art market is obviously booming. [00:04:00] It doesn't look like anyone learned anything from Black Monday. Doesn't look like they learned anything in the financial markets, and they certainly didn't in the art market. Quite the contrary. I don't know whether art has become more of a financial instrument because of that hiccup in the financial markets, or

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whether it's become a refuge from such events in the future. I think there's at least a certain feeling on the part of some people who hold art that they had better hold on to it rather than sell it, lest another disruption come like did a year ago.

I do know that it is harder to buy paintings today from people, or get them to sell, than it was before that disruption. [00:05:00] And as a matter of fact, on the day after, I have to confess to trying to shake the tree a little bit on October 20th, to see whether I couldn't make people nervous enough to sell a few paintings, because our problem is, needless to say, one of supply and not of demand, because we are faced with seemingly unlimited financial resources coming into the art market. And we see financial institutions coming into the market. We see Jeffrey's former institution coming into the market. I was in London not so long ago bidding for a client on a Rembrandt and I was bidding against a juggernaut, and I simply had to surrender after being bid up \$6 million by the juggernaut. The juggernaut was Citibank. So obviously if institutions like Citibank are coming into the art market [00:06:00] it makes life very difficult, because what that means is that art is being treated, at least in some quarters, as a financial instrument, not simply as an aesthetic object or experience.

So in answer to your question, Milton, I would say that a year after, art has become more of a financial instrument, it has become less available for sale even by people who are not enormously rich but are comfortable. They are saying more than ever, “Why should I sell? What am I going to put my money into?” They see that the art market did not suffer from that disruption, and they are afraid that there'll be another disruption, and they're better off with their art.

MILT ESTEROW

Jeffrey, were you the juggernaut? Are you an ex-juggernaut?

JEFFREY DEITCH

Well, there is a big question here. I very much agree with Richard. And I think that [00:07:00] very few of us would have predicted last October that we would have seen the biggest boom in the history of the art market this past year. I think what's happened is that over the past 15 years there's been a change in perception. Art until the mid 1970s was generally thought of as a luxury, was something that one could buy comfortably after one was fully invested in more conventional financial assets. Now people have for the past eight years or more begun to think of art as a low risk asset, something that makes financial sense to buy. And that's the beginning of what Richard describes as this juggernaut.

We have a big question here to address. Has the increasing liquidity, [00:08:00] increasing size of the art market due to this financial interest created something more stable over the long term? Or have we in fact created a monster?

MILT ESTEROW

Well, would you like to answer that, Marty?

MARTIN MARGULIES

As an ex-collector. (laughter) When I started collecting art in a serious manner in 1976, I just collected because I enjoyed collecting. And I felt that it would be something very worthy and

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very lovely for my lifestyle and so forth. And of course I had to make that value judgment as to how much I was going to put of my resources in every piece I bought. Jeffrey is quite right. There's just no way I could have visualized at the time that an object that I had purchased [00:09:00] would be now worth 10 times what I purchased it for. I assumed it might go up in value because of inflation. And you're enjoying the work while you're living with it. But what happens is it's like hysteria. And so how can I sell a wonderful work that maybe Roy Lichtenstein did in 1962? Because Roy will never paint another painting again in 1962. So as a result there's no secret that those kind of works are very much coveted. And as Dick said, there's unlimited money out there. Not from my wallet, but (laughter) there's unlimited money out there, and when you get a particular collector putting in \$15 million, \$20 million a year in purchases, it's just mind-boggling, it's staggering. So [00:10:00] as far as my collecting pursuits, I have to concentrate on younger less established artists. And I'm having a lot of fun doing that. But I can no longer collect the quote blue-chip artists with the blue-chip pieces. It's hysteria.

MILT ESTEROW

Ed, do you see —

ED DOWNE

Well, I'd like to make two comments on that. I kind of resent people that buy a picture because they think it's going to go up in value or buy it because they think it's a good investment. And it's annoying when — and there's a fellow that's been going around buying pictures now, and I've gotten in there a couple times in the gallery, and goddamn it, the guy has been in there ahead of me. And he's buying them and putting them in a warehouse. And he's not buying it because the picture touches him or it moves him in some way and because he wants to enjoy it. And I think for the collector who's collecting [00:11:00] contemporary work that attitude is a bad attitude.

The other thing is that they don't always pay. So they go in and they sweep up three from this show or two from that show because somebody told them that it's going to go up or because they think it's a better investment than anything else they have, and then they stiff the dealer for a while. And the collector that really wants to buy it because they like that picture can't get it. So I don't think that's a very good trend.

I'm not in the league with these fellows because I bought younger artists, contemporary artists. And I can tell you that after the crash last year it was devastating for the new artist. For the artist who was having his first show, or for a gallery that had just opened up, a contemporary gallery, it was devastating. And people will tell you, “Gee, it was nothing,” and everything. It was very tough on that younger level. And it's not surprising, because [00:12:00] when you have a major upheaval — I remember when the Six-Day War in 1967 or when President Kennedy was killed or some great momentous unfortunate happening in the world. Things do come to a standstill. Now sometimes they recover at different levels. But that lower part of the contemporary market was hurt.

It didn't stay that way, it's come back. And it's very healthy today. Those contemporary artists that had had three or four or five shows and were reasonably well established really were not affected too much. I found in talking to the owners of the galleries that what the crash did meant

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that they were going to have people come in and try to get it for less, because they say, “Gee, I got hurt in the crash, and don’t you want to give me a bigger discount?,” or something like that. And that in some cases with these more established contemporary artists — [00:13:00] I’m not talking about the \$6 million Rembrandts, but artists in mid career. Some of their work, particularly from people who were involved in the market either directly or indirectly, that work was coming up for resale. So I think you really have a different thing with the more established people that they’re talking about and the younger contemporary artists today. But business is good today. And the younger artists are doing fine.

MILT ESTEROW

I’d like to just say a couple of things about these two collectors. The reason they were chosen is they represent collecting in the finest sense of the word. They’re not afraid to buy out of the mainstream. They’re buying for what is called the right reason or the right reasons. And that is because they experience the art. They want to live with it. And that’s what collecting is all about. [00:14:00]

To get back to a couple of things that both of you were pointing out, I’d like to ask in the midst of all this hoopla and \$50 million and \$60 million paintings and \$6 million paintings and \$10 million paintings, how deep is this market. How much strength is there? Is it all-encompassing? Does it include old masters? Does it include the eighteenth century and the nineteenth century? Is it just for a few zillionaires and a few Japanese insurance companies? How pervasive is it?

RICHARD FEIGEN

Well, first of all, Milton, the fact is there isn’t one art market. And I agree with everything Ed said. You asked what is the condition of the market. Ed was addressing also the question of how good all this is. And I regret a lot of what’s going on today. [00:15:00] As a matter of fact, I personally would welcome a good strong hiccup here, some indication that it’s a two-way street, so that this kind of buying will halt or at least a warning signal will go up that paintings of every period and type don’t just continue to go up and never down so people will give pause.

Because a great deal of the money that’s coming into the market is coming from Japan and places where we have printed that money, and we have printed it for all kinds of reasons which I will not get into a political discussion about right now. The fact is we printed money we didn’t have. And it has been estimated that we printed 800 billion pieces of this green paper and we sent them all out into the world. And they’re washing around the world like loose cannons on a deck. And they flow from Vietnam to the OPEC countries, laundered through the [00:16:00] money-center banks in this country to indigent third world borrowers and then back now to Japan and so on. And the fact is they’re buying a lot of garbage. And I think that — some good things, some bad things — the contemporary market is a very different kind of a market than the old master market.

I’m interested in contemporary art. I’m not interested in buying a 35-year-old artist for \$500,000. I think it is obscene. And I don’t think it is in the artist’s best interest. I think we are beginning to see the first casualties of this. I think Jean-Michel Basquiat is a casualty of this. If all of a sudden an artist is selling for \$50,000, \$60,000, \$80,000 and he’s 24 years old, and all of a sudden the trends abandon him, and he overdoses on heroin and dies, we begin to see the

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casualties of this kind of infusion of massive obscene sums of money without any regard for the place these things have in the history of art.

I think that the old masters are cheap. [00:17:00] You say, "What's happened?" A lot of them haven't even gone up in price. They haven't started. Nobody's interested. The museums are busy buying Jackson Pollocks for \$2 million and \$3 million and Francis Bacon triptychs for \$3 million and Kiefers for \$800,000 and so on. They're not looking at baroque Italian pictures at all, which they ought to be, because one of these days they won't be there anymore for a tenth of the price, world-class old master paintings. I'm interested in contemporary art, I just think the prices that people are throwing at some of these pictures are obscene. I think the prices on some of the impressionist pictures are obscene. I think \$9 million, \$10 million on Renoir is obscene. I think a price for that little Degas dancer with or without a skirt, (laughter) whether the skirt is tattered and dirty or whether it's modern and new, is obscene, because the painting wasn't even done during his lifetime. And I think it's crazy to spend \$10 million on these things relative to other things.

So I would wish one of these days that — I don't [00:18:00] wish ill upon any of the people who've invested large sums in these things. I don't wish ill upon my Japanese friends or for that matter on the dealers that deal in these things. But I wish there were a comeuppance so everybody says, "Wait. This isn't one art market, there are about five different markets, and they all behave very very differently." And if people would stop regarding it as one market they might look at these things and say, "Well, maybe this thing won't just keep going up. Maybe I ought to think about selling it and putting the money somewhere else." And then there would be some kind of supply and people that really loved the things could get a shot at them again. At this point it's very frustrating. Because I'm a dealer, but I also am a passionate collector. So I have some things of my own. And I'm wiped out. It's like I have ground to a halt. I can't pay these prices for my own collection. I can do it for my business and turn it around. I can't keep these on my wall.

And I think one of these days there are real areas of vulnerability here.

MILT ESTEROW

Such as? [00:19:00]

RICHARD FEIGEN

Well, I'll tell you. Because I think some of these art markets, some of them, are tied very closely to the financial markets. And some are not. And I think if you get the Dow Jones averages going down 600, 800 points, I think that some of the people in the financial community who are buying some of the \$500,000 paintings by some of the contemporary 35- and 40-year-old artists are going to feel very either financially bruised or psychologically bruised. And they're going to exit that market, and these things are going to come onto the auction market, and there won't be buyers, and the prices are going to go down. Those overbloated contemporary prices are vulnerable. The Renoirs, the bad Monets that I couldn't sell for \$50,000 a scant 10 years ago that are bringing \$2 million and \$3 million today. When the Japanese decide they want to unload, there are going to be no takers. Seven, eight years ago you couldn't sell a bad Pissarro, a bad Sisley anywhere. Today they're being gobbled up. [00:20:00] Utrillos and Vlamincks and

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Raoul Dufys and Rouaults, (laughter) these things can only be sold in Japan. There’s no other market. If the Japanese stop, if their real estate bubble bursts that’s overleveraged, and if it bursts and their stock market comes down, not only will our stock market come down and our treasury bills’ interest rates rise, but those things won’t have a market. Where else are you going to sell a Utrillo but Japan? (laughter, applause)

MILT ESTEROW

Jeffrey, do you know anyplace where we can sell a Utrillo? (laughter)

JEFFREY DEITCH

Well, perhaps a collector to whom I recommended one right here in New York City is going to give me a phone call tomorrow morning. (laughter) I think Richard has gotten us right into the heart of this.

I do disagree with you about the contemporary market, as you can imagine. (laughter)
[00:21:00] I like the contemporary market because it is still a real market. They’re real people who we know, we can talk to, who buy the pictures, who understand the pictures, who understand why they’re paying these prices, who have them on their walls, look at them, enjoy them. And we can go there and appreciate them ourselves.

The contemporary market is still a very traditional art market where it’s a small group of serious people who know what they’re doing. Well informed. And one can make a very good case that it is much better to buy one of the five greatest works of Anselm Kiefer than it is to buy one of the more minor works of a baroque artist.

RICHARD FEIGEN

No, not a minor work, two world-class baroque pictures for one Kiefer, who’s by the way the most interesting of the whole generation, in my view. [00:22:00] Two world-class baroque pictures minimum.

JEFFREY DEITCH

Well, in a more general sense I think that what people can do in the contemporary field is for \$1 million they can buy one of the greatest works of one of the greatest artists of our time. That is something that is difficult to do in the old master field. I think you get great pictures, but maybe not the greatest work of the greatest artist of the time.

We were talking a little earlier, for instance, what one would have to pay for a Vermeer if it came up now. That’s an extreme example, an artist of that quality. And you said, “Well, maybe \$200 million.” A little lower, \$125 million. But that’s the difference. I think the contemporary market —

FEMALE 1

Who is the greatest artist?

MILT ESTEROW

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Could we save that for later? (laughter) I’d like to ask Marty to pick up on something that Dick Feigen [00:23:00] said, that there are some areas of the financial market tied to the art market. Do you see any of that?

MARTIN MARGULIES

Well, somebody paying \$500,000 for a painting isn’t necessarily worried about his rent money. So you really have a tier system, a caste system, if you will, where a dedicated collector will pay a price if he can afford it and keep the work of art, and it won’t be tied to the financial system. But when you have certain people going in and buying out a show with the express intention of selling the works three years from that date, sure, it could collapse. But the dedicated collector does not sell unless he has to sell. Person who really had the passion and the spirit, and his collection [00:24:00] has a rhythm to it, does not sell. And it’s a lot of fun. The whole process is fun. It just shows you if somebody pays \$53 million for a painting, it just shows you how valueless money is. But again it’s their money. And they’re buying it. So who am I to criticize? They may enjoy it very much. They may say, “Look at me. I’ve got a \$53 million painting on the wall.” I know I’ll never have that experience. But the old saying. Each to their own. But there is a lot of speculating going on now. People who do not know what they’re looking at are going in and buying works. And if they enjoy them, fine. But when the time comes, if they do decide to resell — we’re all assuming that there will be a resale. And a lot of these collectors that are [00:25:00] buying are not going to sell. So that in effect creates a shortage of some of the real coveted works. It’s a difficult question to answer and there’s no right answer and there’s no wrong answer. I’m taking a moderate stand. (laughter)

MILT ESTEROW

Ed, do you see —

ED DOWNE

I think a lot of what Dick says is true. I was at an auction and there was a Stella that came up for auction and it really wasn’t a very good Stella. And after very hot bidding this guy got it. And he said, “Bill, I just got a Stella.” He didn’t know what the hell that picture was. All he knew was that he bought a Stella. And boy, I urge you all to read a book that Bernard Baruch said was the most important book he’d ever read. It’s called *Extraordinary Popular Delusions and the Madness of Crowds*. It was written by a sociologist in 1852. And boy, if you read it and then you think about the [00:26:00] Duchess of Windsor’s jewels — if I can just step off for a minute — which was appraised by three of the prominent jewelers in New York. And the best appraisal was from Harry Winston of \$7.5 million. And those jewels sold for \$51 million at auction. So there is a hysteria.

I remember when I was a kid there was an artist named Bernard Buffet. (laughter) And he’s still there. And *Life* magazine had it. And the guy is driving his Rolls convertible down to the south of France and these pictures are \$150,000 back in 1957. And there was another artist named — and Victor Hammer told me that — he was very mad one day. I saw him and it was in the early ’50s. And he said, “Oh, those French, aw, gee.” I said, “What are you talking about?” “Oh,” he said, “they had a contest and the secretary made a mistake and they gave the award to a guy named [00:27:00] Buffet, it’s supposed to be Dubuffet.” (laughter) And he said, “Mark my words.” He said, “Dubuffet, you can buy a picture today for \$1,000.” He said, “And this guy Buffet, he’s a flash in the pan.” Well, I saw at an auction where a Buffet went for \$12,000. I

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don't know if it was a good or bad one. But I think there is that element today in contemporary art. There are artists who have been bid up. There are artists. There have been wonderful dealers. Marian Johnson, who has closed her gallery, Willard Gallery, had wonderful artists and kept the proper sense of perspective when she priced those artists. And even though Susan Rothenberg was selling for substantially more in the aftermarket, she carried them up slowly and there was always a demand for the work.

And in some of these instances today, like Dick says, these prices have gotten so inflated. I'm not talking about buying a masterwork that Jeffrey was talking about. But a lot of these [00:28:00] younger artists are getting enormous prices. And you have to wonder whether it's another Bernard Buffet. (laughter)

MILT ESTEROW

Jeffrey, you were saying the other day, you were talking about this new breed of collector that is on the art scene today. Tell us what you meant by that.

JEFFREY DEITCH

Well, in the impressionist field in particular, the markets are quite influenced by collectors who really aren't collectors. They are investors and speculators. And there are several people who we see in the auction room spending \$5 million, some of them even \$10 million, \$15 million, each round. And the paintings in some cases don't even go into a warehouse. They stay at the auction house. And they just stay there until the auction house calls up and says, [00:29:00] "That piece you bought a year and a half ago, I think we should put it in the spring sale," and it's put in the spring sale and recycled.

And the part of the market that makes me nervous is where we see a disconnection between the traditional type of collecting of people wanting something for aesthetic appreciation, put on their wall for decoration, and now this new phenomenon of the large-scale art speculator. And I'm afraid that we're vulnerable to the same sort of thing that happened in the diamond market in the early '80s when the market got out of control. The normal jewelry buyer, the person who owned a jewelry store, was blown out of the water by professional investors and people brought in by professional investors. [00:30:00] And when there was the first inkling that prices might drop people rushed to sell and the market crashed. So I'm comfortable with a market like the contemporary market. Even if prices are high because there are real collectors there, real collectors dominate it. I am a bit afraid about the impressionist market. Particularly the lower tier impressionist market.

MILT ESTEROW

Dick?

RICHARD FEIGEN

Okay, I'm going to say something controversial and I know that Jeffrey is not going to like. I first of all want to comment. You mentioned the Vermeer that you were talking about before, Jeffrey. Well, there are a few magic names, and they operate in a completely different market than a lot of artists perhaps equally great. Vermeer, there are 31 accepted works by this artist, none of them in private hands. So you're talking about an artist that doesn't exist and whose name has achieved magic. [00:31:00] But what about Guercino? What about Guido Reni? I

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could read you a lexicon of artists who are considered as important as Vermeer in the history of art whose works are selling for half of what an Anselm Kiefer is.

Now I disagree with you about the — and you know I do, and I respect your feelings and your opinions. I disagree with you about the nature of the contemporary market. I don't disagree with you about contemporary art. We both are interested in it and I am passionately, you are. We both think Jim Rosenquist is a great artist. We both agree on a lot of things. What I don't agree with is the reasons why a lot of people are buying the art and what makes these prices. And I don't agree with you that this is healthy. And what I am concerned about is the effect that [00:32:00] what I consider unhealthy conditions will affect or can affect the art that's being made. Because that really after all is what matters.

I'm worried about artists being intimidated by these prices. I'm worried about an artist whose work sells for \$500,000 and then he looks at an empty canvas and he's about to start a painting and he said, “My God, I've got to paint a \$500,000 painting on this. I've got to have a successful show. If I take a chance, if I take a risk, if I paint a painting that isn't typical, that doesn't look like my last paintings, if I want to go out on a limb, if I want to go out there on the cutting edge, and my show is a flop, what's going to happen to my market?”

I'm worried about the Basquiats of this world. I'm worried about if all of a sudden he does a show that takes risks, which is all art is about, great art is always out there on the cutting edge doing things that haven't been done before. And he takes that risk and all of a sudden his market falls apart, is he going to end up somewhere with the heroin needle in his arm. [00:33:00] Now that's what I'm worried about. It takes an artist with great psychological and moral stamina like Rosenquist to say, “I'm not going to ask that much for my paintings. I want them to sell at a logical amount.” And when they go into an auction they bring twice as much as what he gets for them. But he doesn't care because he has watched his colleagues suffer. And I know Jim feels this way. He thinks this thing is irrational.

I don't believe, as interesting as Anselm Kiefer is, and I think he's a fascinating artist, but he's only 40 years old. And I don't think that at 40 years old he should be having a retrospective at the Art Institute of Chicago, which is a musee des beaux-arts, which codifies, canonizes an artist. I don't know where Kiefer is going to go. He is fascinating. But what is he going to be doing when he's 60? I just think that people when they spend \$800,000 on a painting — [00:34:00] and a lot of these people, I think they're buying for power, and I think they're buying for profit. I don't think they're buying just because they love it. And this is what's controversial. I'll be quoted and probably be beheaded in the morning by my contemporary dealer colleagues. But the fact is that I think a lot of the buyers are buying because they get in and they hear the tom-toms at the first show down in SoHo and they know from \$5,000 it's going to go to \$15,000 and it's going to go to \$50,000 and they're in on the ground floor, and they get power, and they spend \$500,000, and they're on the international council and the board of this and the board of that, and everybody is coming to visit them and see them. And they have a lot of power for \$500,000. And you can't get one impressionist painting, and they wouldn't even be a power in their apartment building with a \$500,000 impressionist. And they wouldn't be anywhere with anything else except here if they get in there when the tom-toms are sounding at the beginning and they get it fast enough, they become international celebrities. They get their pictures taken

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by *Women's Wear Daily* and everything else. (laughter) [00:35:00] For a measly little \$500,000. Plus they can pyramid it. They can buy three of this artist and sell two off for \$1 million and buy some more and do a pyramid. And I think it's dangerous. Because I think if they get scared and Charles Saatchi sells five of them and all of a sudden there's no more market like with Sandro Chia and all of a sudden he's abandoned, they're going to come flooding into Parke-Bernet and inundate us with these, and there'll be no market, and the artist is liable to go crazy and say, “My God, what's happened?,” and end off going off the deep end. I don't think it's a healthy market at all.

MILT ESTEROW

It's going to take us three days to respond to all that. (laughter) But (applause) since we're dealing with some of these prices that are pure fantasy and you said the irrational, let's pursue this fantasy world. What would you estimate — and you two are as knowledgeable as anybody — what would you estimate the *Mona Lisa* would bring if it came up on the market? (laughter) [00:36:00]

RICHARD FEIGEN

You're asking me, Milton? Well, I think that's another point. Now you're not talking about somebody who's buying something to look at, you're talking about a financial instrument. You're talking about a placement of funds. We talked about it before. I'm sure that if the *Mona Lisa* were to come on the market it would be bought by a corporate institutional entity which had \$250 million that it wanted to put somewhere and not have it endangered by being in dollars, deutsche marks, yen, gold, the stock market, the bond market. It would think of the most invulnerable place, and that's the kind of institution that would buy the *Mona Lisa*, despite the fact that it doesn't yield interest. No collector would buy it, no museum could afford to buy it, it would go to a Japanese trading company or, I don't know, some kind of place which wanted a place. It's a placement in French of money. That's what it is.

MILT ESTEROW

Jeffrey, [00:37:00] would you put that same price tag?

JEFFREY DEITCH

Maybe I'd bid a little higher than Richard. I think I'd probably buy it, \$300 million.

RICHARD FEIGEN

You'd probably get it.

MILT ESTEROW

Okay. Something that has been brought up, and that is it's been customary — you touched on it, both of you I think. It's been customary for the best dealers in the past, in talking to clients they would eliminate the words art as an investment. It was not in their vocabulary. Today, however, what do you do when people come in and ask about art as an investment? What do you do, Jeffrey?

JEFFREY DEITCH

Well, actually part of my profession is an art investment counselor. [00:38:00] The way I put it to people is that if one is seriously interested in art, if you love it, if you want to spend your time

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with it, then it's a very very good place to put your money, if you know what you're doing. That's the way I approach it. Not as an abstract financial placement but as a good place to put your money if this is what you like.

MILT ESTEROW

People are always asking the both of you for advice. How do you collect? How do you buy art? What do you tell them? Marty?

MARTIN MARGULIES

First I ask them what their objectives are. And depending on how much time they have to devote to it. You have to put the time in. You have to go to galleries. You have to look at all the art you can look at. And if they're saying, “I want to invest a certain amount of money with the hope that it'll go higher,” because [00:39:00] this is the real world, I just indicate to them that I think that it's probably a very nice work, good piece. They might enjoy it. And if they can live with it and enjoy it and sell it and not lose any money, they're ahead of the game. But I'm not an investment adviser. I'm not an art adviser. I collect for my own interest. And in many cases if I were to liquidate and sell some of these paintings I would do very very well and in many cases I would do very very poorly. So I don't feel that I could really pass on whether a person should or should not invest in it.

MILT ESTEROW

Ed, are you worried that the art bubble is going to burst?

ED DOWNE

I think if you start talking about art as a commodity, historically commodities are cyclical. Oil was \$35 a barrel in the late '20s. It went all the way down to \$3 a barrel. [00:40:00] It came back up to \$42 a barrel. Silver, gold, corn, every commodity. If you start talking about art as a commodity, there has to be some cycle, there has to be a turn of the wheel. And so I think there's a lot to what has been said here tonight about that.

As far as collecting, I don't like people who — I let occasionally some people come through. Some group came through from the New Museum at my house out in the country. And they then went down to a dealer and said, “I want two of those like Downe has.” Like you're buying some tomatoes down at the market or something. (laughter) Give me two pounds of those. And I don't really advise people. I just say, “Look, you ought to buy what you like. And you ought to listen to your own heart. And if it touches you, if it rings a bell for you, buy it. That's the only reason to buy art. [00:41:00] And don't listen if somebody tells you that it's — every collector looks at something. It's very subjective.”

Because Marty likes something or I like something doesn't mean it's good. And if we don't like it doesn't mean it's bad. It's just the way we feel about it. And that's really the way to approach collecting. I have. And I used to think about girls when I went to bed. Now I think about pictures. It's terrible. (laughter)

MILT ESTEROW

On that note we adjourn. Is your wife here, Ed?

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ED DOWNE

I think about my wife first always.

MILT ESTEROW

Richard, you said you were disturbed by so many —
(break in audio)

JEFFREY DEITCH

—perstars. And actually that aspect [00:42:00] of the market is part of what makes it a challenge and makes it interesting. You can go out there and take a contrarian position and over a period of 10 years find out that you have eventually a lot of company.

RICHARD FEIGEN

I wonder about the company. You’ll have some beautiful art. You may have no company though.

MILT ESTEROW

I think we’re at the point where we could open it up to questions. Sir?

MALE 1

Anyone out there, maybe Mr. Feigen. I think that I’d like to hear some discussion on the fact that an artist who wants to make art doesn’t really give a damn about the market. If you’re going to make good art, and you’re going to go to your studio, you’re not going to think about that canvas and what it’s worth. You’re going to make good art. And the other people who might make that consideration in their studio, [00:43:00] bring that into their soul and let it pollute their art, are really of no consequence.

RICHARD FEIGEN

Well, what is the question?

MILT ESTEROW

What’s the question?

MALE 1

The question is the artist — that the type of environment that you’re talking about is really beautiful filtering, because artists who don’t consider that — and I believe that an artist of merit doesn’t consider the market — is going to be stronger, is going to work better, because he’s looking at a large reward if people do start to appreciate his art. And isn’t that very healthy in fact instead of unhealthy?

RICHARD FEIGEN

Well, then you have to say that the poor homeless mendicant on the bench out in front of the Guggenheim Museum is better off for not having a fancy Fifth Avenue apartment because it’s teaching him stamina and teaching him how to — (laughter) I can only tell you that I do not believe that being impecunious and being ignored, being omitted from the Whitney [00:44:00] Biennial and all these exhibitions, by having your work seen by no one but your dedicated dealer and three collectors, is very rewarding to an artist who’s been plugging away for 30 years or whatever it is on his art. I would like to be able to have people see that and be gratified by it. I

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would like to go into building lobbies where thousands of people go every day in the morning and at lunch and mill around and have them see something important and wonderful than have them see some piece of trendo garbage that was foisted on them by this apparatus that’s operating. In other words I think people are deprived of a lot of aesthetic reward by not seeing the efforts of some of the people who are not seen and not shown.

And I do believe that artists are confronted by the problem [00:45:00] of not wanting — some artists can be oblivious to it. Some artists can say, “Okay, I’m going to paint what I’m going to paint and if they want it they want it and if they don’t like it they don’t have to buy it and it’s going to be different from anything I’ve ever done and I’m going to go way out there and stand on the cutting edge and paint that picture anyway.” But some artists I think have been unable to do that because it involves taking a risk. It not only takes a risk psychologically and intellectually and emotionally. It involves taking a risk with their career. And I think that these wild prices, this crazy infusion of cash into this market, for reasons that I don’t believe are as pure as Jeffrey says they are, I think he believes they are, I don’t happen to believe they’re always that pure, I think in some cases they’re pure. I think among the people buying this very expensive contemporary art are some people who really love the art and really care. And they have to say, “Okay, I care [00:46:00] enough to be prepared to spend 500,000 pieces of these green paper on it. I can afford it, I love it, that’s what it costs, and I’m going to do it.” And they aren’t buying it for power and they’re not buying it for profit. I’m saying that the mechanism is controlled by this and I don’t think that it’s very rewarding. I can’t tell an artist whose work doesn’t sell and is doing wonderful stuff that he’s better off because he’s suffering. (laughter)

MILT ESTEROW

Yes.

FEMALE 2

A lot has been said about the effect of the overheated market on collectors, dealers, and artists. What about art museums, many of which have been priced out of a lot of segments of the market? How should they approach the problem of acquisitions in this environment?

MILT ESTEROW

Anybody want to take that? Gee, the enthusiasm is underwhelming.

RICHARD FEIGEN

I’ll take it. You know what they ought to do? I’ll tell you what they ought to do. They ought to stay right away from it. They ought to buy away from the market and not into its jaws. They ought to buy — and a lot of them are not doing this — [00:47:00] they ought to buy what they don’t have. They ought to plug their holes while they’re still pluggable. Buy what isn’t being sought after and chased. And there’s a lot of it that isn’t. They shouldn’t be building new wings, new temples, new courtyards, new fountains, and commandeer every fortune in town to put a new \$10 million wing with their name on it. They ought to be buying the art that they need to plug the holes that isn’t very expensive.

I know a lot of museums that need a lot of art. And instead of buying what they need to buy, which is cheap, they sometimes buy what they don’t need to buy, which is horrendously expensive. And they ought to go into their basements and get up all these Utrillos and

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Vlamincks and move all that stuff for billions of dollars and flog it all as fast as they can to Japan and buy what they need. (laughter, applause)

MILT ESTEROW

Sir.

MALE 3

I work for a Japanese trading company. (laughter) [00:48:00]

MILT ESTEROW

You want to show him your Utrillo?

MALE 3

I think it's a phantom — (break in audio) — sera sera, the French or the Italian. We've been talking a lot about the big markets. What about the regional or — (break in audio) — Chicago or Seattle? How have they been supporting the artists that don't live in New York or London?

MILT ESTEROW

Jeffrey, you want to take that?

JEFFREY DEITCH

Maybe Richard, with his Chicago gallery, has better insight on that.

RICHARD FEIGEN

I'm not going to commandeer every question. I can only tell you, Jeffrey, that as you know every city has got its collectors. And they're mostly active in the contemporary field.

MALE 3

They buy from artists who live in Seattle, the artists living in Chicago. And is that healthier or different from the international market?

RICHARD FEIGEN

Well, first of all, I can't say that nobody in Chicago is buying contemporary artists. I mean Chicago artists. What I can say is that in Chicago you've got a [00:49:00] very very significant encampment of the trendy collectors who are part of the international conspiracy if you will who are going around buying all these expensive pictures and are not looking at the local Chicago artists. Some of whom may easily be as important as some of these internationally known names. Now back in the 1950s and '60s Chicago was a hotbed of activity of a different kind of imagistic art than the abstractionist art that was going on in New York. And it is a seedpod of things like the Second City players which spawned all this political humor all over the world. So Chicago not only spawned the twentieth century architecture but also a lot of people like Leon Golub who was one of the few, and Oldenburg, who came to New York. But the ones who stayed there have basically, except for some of these funky artists that did get known in New York, locally their work was ignored.

Now I don't think that in any of these [00:50:00] trendy collections you're going to find much in the way of local artists, I would guess. That doesn't mean nobody's buying it, I don't know. My guess is you'd find artists maybe in Seattle who are very good and probably in other cities. But I

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know that the collectors that are known in those cities are basically buying this internationally known art more and more and ignoring the stuff that essentially is not so known. And I don't know whether that's true in every city but I think in Chicago you hear about the same artists you hear about in New York or Milan or London or anywhere else.

MILT ESTEROW

All the way in the back?

JEFFREY DEITCH

Can I make a comment on that? This is the age of brand names, the age of Valentino and Pierre Cardin and a lot of other international brand names. And that phenomenon extends itself into the art market and parallels what Richard is talking about. And that is how an increasing number of people collect.

MILT ESTEROW

Sir.

MALE 4

My name is [John Murray?] and I have a [00:51:00] gallery called [VCA?] and (inaudible) I think this is really interesting but I think that you've been concentrating a lot on contemporary art and (inaudible).

MILT ESTEROW

You haven't been listening to Feigen.

MALE 4

(inaudible) contemporary art as well but I think there's really six asset classes that make up the bulk of the auction market. There's postimpressionist and impressionists, modern art from 1900 to 1950 which is predominantly European, American art, old master paintings, nineteenth century European art, and contemporary art. And that really, as you said, there's many different (inaudible) the art market is a very diversified market. I think these different asset classes (inaudible) negatively correlated to one another. And I think when Richard is talking about buying into (inaudible) for better term's sake depressed markets, [00:52:00] I think that's really a great idea. Old master paintings and nineteenth century European art are at an all-time low right now. But if you examine about 10 years ago, maybe even 15 years ago, there was a point when they were much higher. They were equivalent to what postimpressionist painting is today. Postimpressionist painting and modern European art make up two-thirds of the entire volume that was settled (inaudible) auction this year. And *Forbes* says that the annual turnover of the art market is about \$40 billion. That's very very small compared to the stock market, you've got \$5 billion a day. I thought that was interesting.

MILT ESTEROW

Thank you. I think you had a question down here.

FEMALE 3

Yes. I know three private dealers who pooled their money and bought one of the bloated contemporary artists. And when it came time to [00:53:00] figure out which one was going to

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take it home it was so grisly and so gruesome. None of them would have it in their house. They all refused. Even wrapped up. To have the thing in their house. (laughter) However, they were very proud of the fact that they were in on the ground floor. And this ultimately sold from dealer to dealer to dealer, got through 20 dealers, for a great deal of money. I wonder what you think of this new breed of dealers that flips art and they literally make a living doing nothing but flipping art.

MILT ESTEROW

Anybody know any flip dealers? (laughter) I don't know what we could — everybody passing on that. I think you made a statement. And I don't know if there was a question or not in any case. I think you had a question back there.

MALE 5

Yeah. I don't know if the prices of say for instance David Hockney have increased since his show at the Met. But this is addressed to either of the two collectors or both. [00:54:00] Do you think that an artist such as Hockney, contemporary, having had a show, if there is a price increase (inaudible) by his retrospective.

MILT ESTEROW

I'll repeat the question. It's do you think that say a David Hockney exhibition such as the one he had at the Met that traveled around the country, what effect does that have on the prices of David Hockney.

MARTIN MARGULIES

Well, it has obviously a great effect because first of all you have a wonderful institution behind it. And obviously someone on the curatorial staff of the Met likes David Hockney enough to give him that retrospective. And it's a very very wonderful charming lovely painterly sweet type of work, which my particular taste, it just doesn't work for me, because it's too beautiful. [00:55:00] You can't deny the fact that he's a superstar. Now what makes him a superstar, there's a consensus of people who feel that he is a very strong artist, and those people, whether they be critics, whether they be museum people, whether they be collectors, whether they be people who just buy investment work, have a say in the market because they are involved. And those people, we're not talking about purity. We're talking about people who are involved. And if you have a show of hands you might get 60%, 70%, 80%, 40% who love Hockney and swear by him. I don't particularly like him. And he had a retrospective. Anybody that gets a retrospective in the Metropolitan Museum or in a major museum, has got to be an enhancement of his career.

ED DOWNE

Doesn't always mean that the price will go up though. This museum had a wonderful show of [00:56:00] Alfred Jensen's, and Jensen is a favorite of mine. And nothing happened in terms of the prices, in fact I think the prices may have fallen off a little bit. (laughter)

MILT ESTEROW

True.

RICHARD FEIGEN

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Can I stick in one comment about that? Okay, here goes another controversial comment that'll come back to haunt me tomorrow. I think it is completely inappropriate for the Metropolitan Museum of Art to have a David Hockney retrospective. You have five museums in the city. Five museums all doing the same thing. All having built or building new buildings to do the same thing in. Competing for the same funding from the same people. And across the street you've got a museum that is theoretically the museum of fine arts of the city of New York with a great collection covering all the periods, all the centuries, and all the cultures. David Hockney, who happens to be a very nice guy, who's a friend of mine, is an artist who is regarded in an increasingly large circle of [00:57:00] knowledgeable people as an artist of considerable technical equipment but very modest intellectual or aesthetic equipment. This is an artist whose work could easily be called into question in 5 or 6 or 10 years. And now we look back at the museum of fine arts of this city showing an artist who is in mid career or slightly beyond mid career, whose work has not been codified, and oughtn't to be by a great museum like this. And it has been said here that such a retrospective increases his prices. By that it means increases the confidence in a lot of people that this has really been canonized and baptized and gives them the authority to go out and spend \$1 million apiece on David's work, \$700,000, \$800,000, \$1 million on this work. And that museum is not taking the Guido Reni exhibition that is going to Los Angeles and to [00:58:00] Fort Worth. It is doing a David Hockney exhibition, which could just as easily have been done by the Guggenheim or the Modern or the Whitney or Brooklyn, all of whom are supposedly doing contemporary art. And instead they rush out to do it first over at the Metropolitan. And I think it's inappropriate. And I think it's misleading.

MILT ESTEROW

If anybody here is — (applause) from the Metropolitan or wishes to respond I'd be happy to — I guess not. Any more questions? I think we have about three minutes. Sir.

MALE 6

I'd like to know what you think of the Starn Twins phenomenon going on. (laughter)

MILT ESTEROW

The question is he'd like a response to the question what we think of the Starn Twins phenomenon. Does anybody have any food for thought on the Starn Twins phenomenon?

ED DOWNE

I just think it's fortunate they weren't quadruplets. (laughter, applause) [00:59:00]

MILT ESTEROW

I think you'll have to settle for that.

MALE 6

What does Richard Feigen think?

MILT ESTEROW

Ask him.

ED DOWNE

Richard Feigen, I like that, Richard Feigen.

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RICHARD FEIGEN

On the Starn Twins, I was in Japan, I did not see the show as yet. And I’ve only seen reviews and reproductions and I’m not intimately enough acquainted with the work to comment. I think Jeffrey would however know it intimately.

JEFFREY DEITCH

Well, it’s good that Richard doesn’t know that the room installation at Leo Castelli’s has a price tag of \$250,000. Although I’ve been portrayed here in the panel as the one who supports the excesses of the contemporary market, this actually is the most extreme I’ve ever heard of. They’re good artists. But the price is quite unrealistic.

ED DOWNE

How old are they? I mean [01:00:00] what the hell have they got to look forward to? I mean it’s just — it’s amazing.

MILT ESTEROW

Sir.

MALE 7

Mr. Feigen, you say that they’re buying for money, I think it’s pretty clear what you’re talking about. When you say they’re buying for power, is this the power to set the trend or is it because the art is hung in the corridors of power in corporate headquarters and so forth? Or is it some other factor which isn’t immediately obvious to our listeners?

RICHARD FEIGEN

I think it’s neither of those. I think that what I mean is — and again I want to repeat that everybody that’s buying it and even the people that are spending these kinds of sums are not all buying it for power or even for profit. What I’m saying is that the driving mechanism in my view behind it is for power and profit. And those who wish to have it to enjoy it and want those specific objects have got to pay the price because that’s the market, if it’s [01:01:00] brand names, they’re going out and buying a brand name for 10 times the price because they aren’t able to look at the quality of the nonbranded object. Okay? They’re paying for hype and they don’t have to. They may find the same product for less. Quality of product. Now what I mean by power — and this is very human. All right? People make some money. They want to be different, everybody wants to be different. They want to be noticed. They want to have their picture taken. How do you do it? You can’t do it by making \$50 million anymore. You used to be able to. That’s nothing in this plutocracy we’re living in. How do you do it? You buy three, four impressionist paintings. Who notices this? It doesn’t make you noticed. It doesn’t make you an important person. It doesn’t make anybody take your picture when you walk into the theater or something or a party. [01:02:00] Well, you go out and you buy a few contemporary paintings. You get put on this council, on this board, on this and that and the other. And pretty soon you’re a big powerhouse, you’re noticed. That’s what I mean by power.

MILT ESTEROW

On that powerful note we have to adjourn. Our time is up. Thanks very much. (applause)

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