



Disrupt the Art Market Some Day?

Titian (Tiziano Vecellio):
Emperor Charles V at Mühlberg, 1548, Oil on canvas, 335 × 283 cm
Museo del Prado, Madrid

It happens again and again that people conceive of the possibility that a surprising event or a clever chess move could trigger economic and cultural change. The term “creative destruction” coined by Joseph Schumpeter means disruption. Thomas S. Kuhn wrote about paradigm shifts. **If we look for great artistic innovations, we find that it was initially so-called primitive peoples who created temples, mounds, columns, and statues of saints. They did this because they accepted rulers and believed in gods. They were followed by Catholic popes like Urban VIII who started to build the Vatican with Bramante, Raffael, and Michelangelo.** Let us think of the Medici and the Sforza, ruling families who already in the 15th century made use of art to impress other princely houses and financial donors with displays of maximal beauty. Charles V had himself portrayed throughout his life as a successful warlord and a peace-loving emperor. Let us make a leap from here to Christo, who with his wife Jeanne-Claude managed to carry out dozens of highly effective projects just by selling his own drawings and collages, which were enjoyed by countless spectators but were not funded by taxpayers or known patrons. The artist himself wanted to be the ruler and decree that art belongs to everyone. Christo’s “Running Fence” in California in 1976 was almost 40 kilometers long. It was designed to stand for 14 days like an enduring dream in order then to disappear. **In Europe, some people have been thinking of a different kind of disruption since 2020. According to press releases, a prince from Liechtenstein and an investment banker are looking for works, or rather, they have found works, that will soon be accessible to “millions of people” as an asset class.** The idea is to securitize individual paintings through stock packages. The LGT Group in Liechtenstein is setting an example with the company “Artex”, which is selling individual, particularly outstanding paintings from Mannerism to the 20th century, each one valued at well over \$50 Million, through stock sales, simultaneously placing them in museums, both as a token of gratitude and as an advertisement. Evidently you can now buy anything you admire. **In Britain, a similar initiative called “Ikon Exchange” was started in 2020. The idea was to broker the purchase — more precisely, a re-purchase — of paintings and maybe also sculptures, parts of the state’s art collections in museums, through investors.** In advertising brochures, museums and investment advisers were promised a plethora of new money. What did British museum directors, “Heads of Collections” with long careers and great knowledge, say about this? They displayed thin-lipped smiles and only opened their mouths for a few courtesies.

In Liechtenstein, this impending development is being compared to the bang of a kettledrum, because private works would suddenly be hanging in publicly accessible museums in order, according to an idea simultaneously put forth by Artex, to be traded in shares of only \$100 each. The idea sounds appealing: schoolchildren could someday own parts of the “Mona Lisa.” But wait, it belongs to the French state, after all! **In the US, “ARTBnk” has been around for many years, a company that was inspired by the example of Asher Edelman, born in 1939, the model for the film “Wall Street.”** Edelman began by establishing an “Art Lending” service that would convert up to 40% of the trading value of a collection, as determined by the company, into liquidity, for substantial interest rates and costs for assessments, insurance, and storage. An expensive business for customers. ARTBnk also applies the idea of fractionalization, albeit without stock status, to individual works, just like one bank now in Zurich. The first work whose value was divvied up in this manner was a painting by Günther Förg. We recall the art funds boom of ca. 2010, of which little remains (aside from Philip Hoffman’s “Fine Art Group” in London, which officially no longer promises any return.) Why? Is the art market too volatile? Is it perhaps just a fiction? Should we understand that art is a) only for the rich and b) perhaps something for people in love? Let’s think back to the great actor Manfred Krug. He excelled in the role of a lawyer named Robert Liebling, who in 58 TV episodes answered the phone in his office with the casually impudent word “Liebling,” meaning “darling” or “sweetheart” in English. With the TV series “Liebling Kreuzberg,” he became such a popular symbol of a certain kind of smart-alecky style that the Deutsche Telekom made him a spokesman when it came to issuing “People’s Shares” in the once state-owned company in 1996. They were subscribed to by millions of small investors, but almost all of them lost money in the process. Some even sued the actor. Krug himself regarded the commercials in which he presented himself as a charming gambler as the biggest mistake of his life. **With regard to today’s companies that promise art for the people at astonishingly low financial levels, the first step, as with any good art consultancy, should be an analysis of conflicts of interest: Who really owns the works? Who appraises them? Who earns how much before small investors subscribe? Last but not least: Who can prove that there is value increase or at least retention of value that compensates for inflation?** If it’s a bank, it needs excellent advisors. If it’s the auction houses, we might say, “oh well.” If they are dealers, then “we’re not quite sure” applies. If they are independent experts, we think: “We can try, but please, there’s no guarantee.” The public museums will not play along with such projects for the time being. They are already financed “by the people” with tax money. In the case of private houses, the question might arise as to why they need it. One thing is clear, the project should prove to be fun. Art is something we love. If it is artificially prettified like a gaudily accoutered bride, disappointment or Schadenfreude are often all that remains.

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