

# THE FINE ART INVESTOR

## NEWS

### COLLECTORS SPECIAL

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## Controversy and success in the Fine Art World



Ted Stourton



Jackson Pollack

Picasso, Dali, Hirst, Hockney, Paul Cezanne, Van Gogh, Monet, Da Vinci, Andy Warhol, Ted Stourton, Jackson Pollack, great artists all, but read their histories and there is one common denominator....CONTROVERSY

Fact: There has not been a successful artist, icon or leader, or a person of even minor note, for the last 10,000 years that has not experienced some measure of controversy in their life.

It has long been suspected or known by those who follow the fortunes of any

great artists, and indeed by those who invest in art, that there is some sort of intimate relationship between the controversy surrounding a subject and success.

But what is that relationship exactly? What is its use? And how can an artist or an art investor put this knowledge to work?

In an Internet, Reality TV and Celebrity Age where controversy is both cultivated and indeed often confused with other phenomena, controversy's role in art and in life is well worth considering and well worth gaining a greater understanding thereof.

The phenomenon of controversy certainly warrants understanding by a collector of fine art, or an art investor, or an art investment fund manager. This is particularly true in the contemporary art markets, not least as, according to leading art investors today, an understanding of controversy's role in the market place can enhance the potential and likelihood of making a correctly timed investment in art or in an artist's work. Being able to analyze controversy can help to choose the exact correct moment to invest and becomes a vital tool for evaluating an artist's potential.





"Marylin Monroe" by Andy Warhol

The manifestation of controversy during the career of an artist may indeed hold the key to timing in such investments.

The Dictionary defines controversy as:

*Dispute, argument, or debate, especially one concerning a matter about which there is strong disagreement and especially one carried on in public or in the press.*

It is derived from the Latin word *Controversus* meaning turned in an opposite direction, from *contra* = opposite to and *vertere* = to turn.

Controversy is simply the end result of two or more opposing or differing views on a subject.

That controversy exists MAY mean that the product, subject, art form or person about whom there is controversy is extraordinarily brilliant or it may mean the opposite or, of course, all the possible shades in-between brilliant and bad. Controversy is, for want of a better word, "NOISE" in a market place.

It certainly attracts attention and creates awareness, expansion and far more interest in the market place that, but for

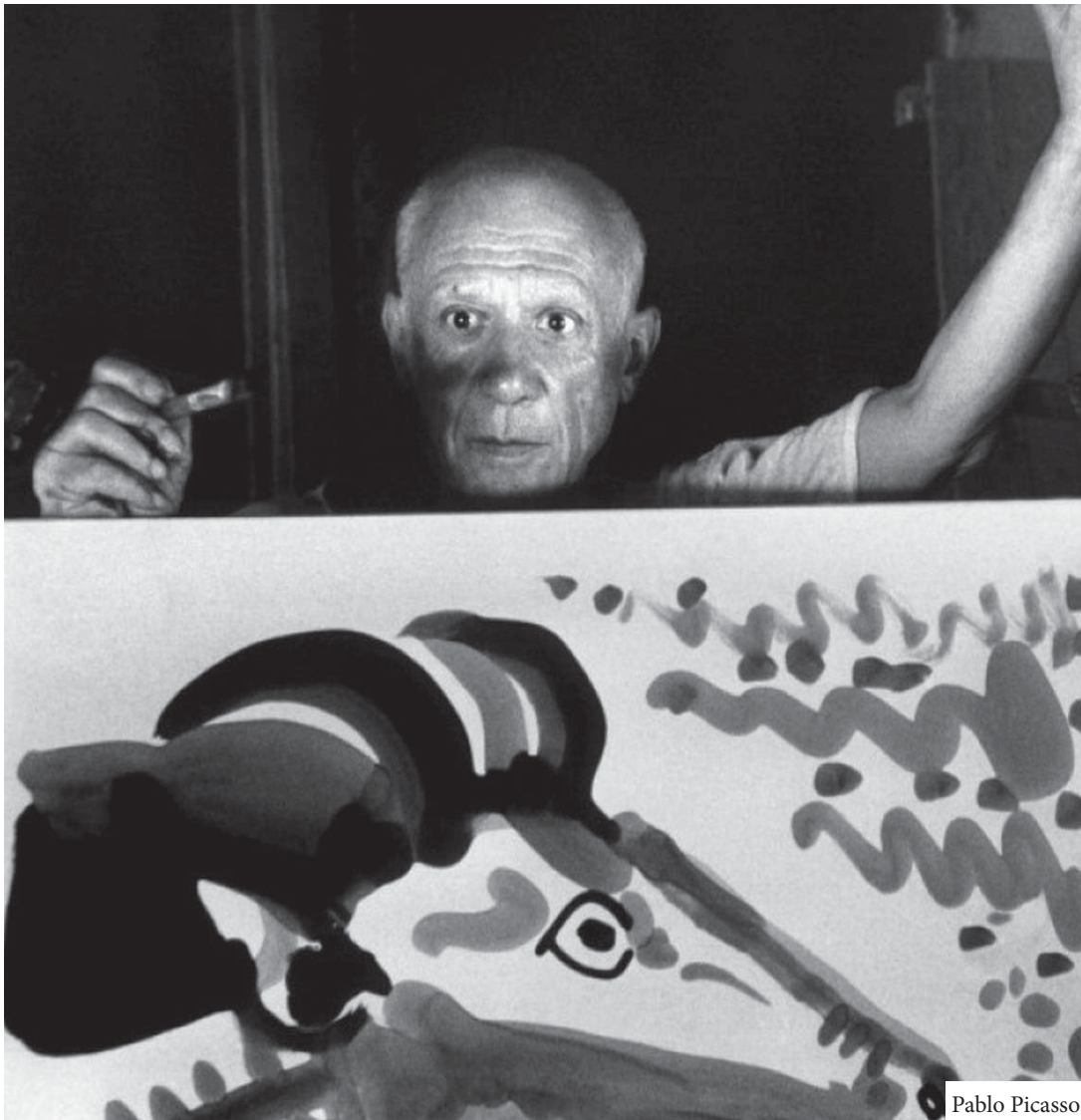
the controversy, would not be present.

This is sometimes true even when the controversy contains criticism that is quite valid.

Controversy as it relates to an art form is a barometer of open interest or past interest and can be viewed as an indicator of future interest and value.

The tired, but not quite true, old adage of "There is no such thing as bad publicity" and Oscar Wilde's immortalized statement "There is one thing that is worse than being talked about... and that





Pablo Picasso



Damian Hirst

is not being talked about” while in fact somewhat false, can even appear to be true at times.

But what are the laws of controversy as they relate to art and how does controversy effectively relate to art investment and potential long term returns when investing in art.

Is there a paradigm relating to controversy that holds true in art?

There is, but to understand it well you need to observe, realize and understand the following:

**“Artists, art and beauty, that validate and cause additional Freedom, are and always have been a THREAT to the Status Quo.”**

When an artist is postulating, imagining, dreaming up and creating new ideal scenes and new levels and concepts of beauty for mankind, the existing scene of man and his environment changes.

Those who seek to maintain the **existing order** and existing scene are by their nature mission bound to fight any and all attempts of an artist to change life in the direction of an improved ideal scene.

The artist is working in the vanguard of society in that respect.

And, sometimes, he will experience quite vicious and insidious attacks from those elements.

If he is wise, he will do well to gain an exact understanding of the deep well of personal inadequacy from which such negative criticism is sourced.

For hell hath no fury as the brutal and intellectually coarse gate keepers of a middle class mentality; a mentality which today has the viral capacity to pervade all income brackets.

The “middle class mentality” is a state of mind, not a measure of privilege, or a measure of education, or even an indicator of IQ.

Its purpose is “to Trap”.

Where true eternal beauty is used by artists to postulate and create ideal scenes that free the mind and society, one can expect the greatest incidence of vicious controversy.

In such cases controversy is often nothing more than a sign of success and a sign of potential future success and it also contributes to the almost assured immortality for the artist’s art forms and ideas.

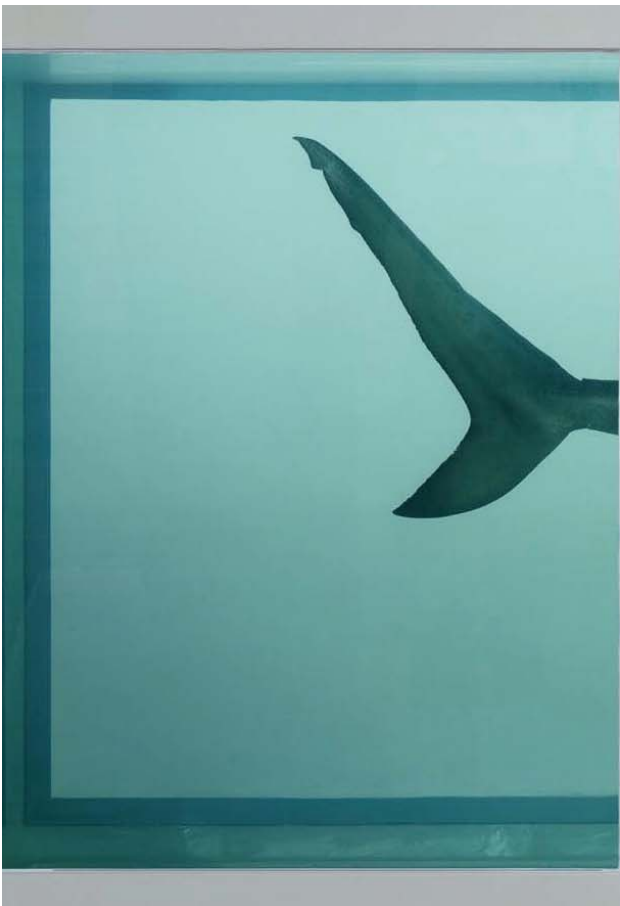
For beauty that enhances freedom, either in physical form or in concept form, is the arch enemy of the materialist and is the actual nemesis of the enslavers of man. In the creation of art and of beauty that glorifies freedom, the enslaver views, as in a mirror, his **own** imperfections and flaws. His very being is weighed in the balance by his own observation of himself in relation to true beauty and in relation to fine art forms that serve to illuminate the potential of freedom. The blunt realizations that result concerning his own nature cause and trigger an attempt to bring down, suppress, make less of or negate that beauty and to destroy it.

Beauty and fine art of that quality do actually threaten his reality of himself.

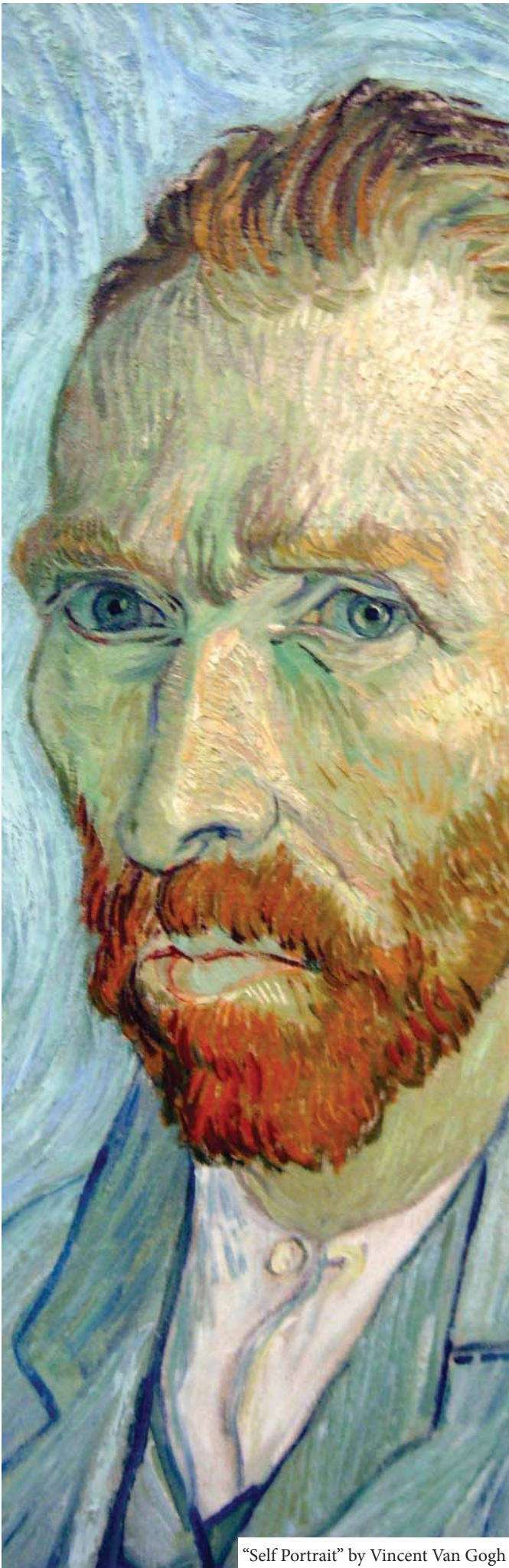
The irony is that the unchanging mentality of those who seek to trap cannot reach the wavelength of such fine art, for true beauty and fine art exist at wavelengths that such people can never, while at that unchanging mentality, assimilate.

Beauty does indeed “*Lie in the eye of the beholder*”, not least as “the eye” is a metaphor for the the human spirit. Beauty is a product of the spirit and is its potential enhancer, where it furthers freedom. It is an echelon of life that is almost totally out of reach of those who rail against it.... and so controversy continues to be part of the life of any great artist.





"Shark" by Damian Hirst



"Self Portrait" by Vincent Van Gogh

And thus the ranters and ravers continue to rant and rave against the very beings that are in truth their only valid salvation. They continue to degrade themselves and become even more mentally solid, crippling their minds and becoming personally stifled by agreeing with the noise and disagreement that they have now contributed to and become.

And...the world's great artists continue to create and become freer as spirits to the degree that they create beauty and contribute to the manifestation of ideal scenes that assist freedom.

By all means as you observe such games at play, express shock at some new controversy generated by a nearly unconscious and demagoging media, but understand it as a phenomenon and, most importantly, that at the root of destructive criticism of fine art lies a deep well of desperation, jealousy, envy, and failed purposes that, in truth, were they fathomed and inspected, would make the devil's own hair curl.

A Fine Artist or an Icon of the Future and, indeed, any Collector of Fine Art as a true collector of beauty that furthers freedom, is entering into an intimate symbiosis with beauty, and needs to fully understand controversy and what its **exact** relationship to beauty and creativity and truth is.

***"Look for new emerging beauty in concept or in form being created in in art or life."***

For these reasons, and a few others, many professional art investors and art collectors consider that controversy has a vital role and relationship to an artist's ultimate rise in the art market place and can dramatically effect the value and popularity of an artist's work.

Perhaps the value of analyzing controversy when it appears, has been grossly underestimated as an investment research and analysis tool.

Try this:

Look for new emerging beauty in concept or in form being created in art or life.

Decide if that beauty is serving freedom or if it is a trap.

Look for early signs of controversy manifesting around an artist and research the time line of the controversy.

Know that one is observing higher mathematics and algorithms at play and that there is a pattern and a code that can be understood.

Never be afraid of controversy or shy away from it. Understand it, evaluate it correctly and act accordingly.

Understand this and you can own the whole four dimensional chessboard of life.

It is a road to freedom.



# BULL MARKET



## Investing in Art or Gold: The Best Options During Economic Instability

Ever heard the saying "a butterfly flapping its wings in Africa can cause a hurricane in America"? This saying implies that a small event can trigger a bigger reaction.

Today's global economic crisis (GEC), which has hit hardest most developed countries, and whose economic experts are trying hard to rectify it, are results of the sub-prime financial debacle and the near collapse of the United States of America's automotive industry. The governments of most affected countries managed quickly and decisively to avert an immediate global economic meltdown by using stop-gap measures of huge financial bail-outs to avert an economic slow-down. But this was at the cost of the real effects of the GEC being felt in the near future. In essence, these governments took over the financial

responsibilities of temporary funding economic growth.

The question that one should ask is where did the government get the massive funding to plug the blackholes in their economies? The answer is they went to the printing press and printed fresh currency which they used to inject into their economies in order to fill up the blackholes.

These measures brought some form of short-term relief to these economies by averting massive industry closures, high unemployment and most importantly an economic depression. But it is well known in economic circles that such measures always come with a hidden cost. Printing currency to stimulate an economy can only bring short-term relief. Today the results of such measures are just starting to be felt, with a steady rise in unemployment,

company closures, credit crunch and property fore-closures. In essence these economies are going through a period of economic slow-downs or stagnation, better known as recession.

These symptoms are just the beginning of what is still come, and that is inflation. At the moment those with a general understanding of economics have started to take precautionary measures to ride the tide of tough times that are set to come, by hedging their wealth and or savings against inflation by investing in art or gold. That should explain why prices of art and gold have been achieving record prices. If one opens up the business section of any newspaper, one will read about record prices that gold is fetching in the markets. What is driving these record prices is the fact that many investors are liquidating their currency holdings and are investing in what has always been a safe-haven





against inflation, that being gold. The reason why gold is regarded as a safe hedge against inflation is because of its scarcity, just like true art-works. The only known time that gold prices have been low was during the period when many central banks in developed countries opted to dispose of the bulk of their gold reserves.

For one to fully understand the current events occurring in the global economy and to have reliable information to choose investment options in order to ring-fence themselves against the effects of the GEC soon to come, one must understand how the current currency system works.

Historically, countries' currencies were backed by what was known as "the gold standard." This meant that the real value of every dollar printed by a central bank was backed by gold reserves held by the central bank. This meant that a central bank could not print currency above the value of gold held in their possession. In 1971 the then United States of America president Richard Nixon ended the international gold standard. The gold standard system is a monetary system where currency is backed by gold, that

is to say, the currency simply represents the gold that you own and can be converted into fixed quantities of gold freely.

From 1971 up to 1973 the Smithsonian agreement was passed pegging world currencies to the USA dollar rather than gold as a fixed exchange. In 1973 the Basel accord established the current floating exchange of currency rates we use today, called the Fiat currency system. In the Fiat currency system money is not backed by a physical commodity. Instead its value is based on its relative scarcity and the faith placed in it by people who use it.

However, when people lose faith or confidence in the money, it irreversibly becomes worthless regardless of its scarcity. Initially a rapid growth in availability of credit is often mistaken for economic growth as spending and business profits grow rapidly and a rapid growth in equity

prices. In essence as there are no real control measures to prevent the overprinting of currency in a Fiat system, a fake illusion of well-being and prosperity is created when in reality people are actually digging themselves a deep hole.

In the long run the economy tends to suffer much more by following contraction than it gained from the expansion in credit.

***"The reason why gold is regarded a safe hedge against inflation, is because of its scarcity, just like true art-works."***

In plain English, the economy starts shrinking.

Hence the reason why some economies are now witnessing massive job losses, company closures and property foreclosures. When an economy reaches this stage, the next stage are the terminal effects of printing currency in the Fiat system that of hyper-inflation. Hyper-inflation is the terminal stage of any Fiat currency, which occurs when money

loses its value practically overnight. It is often the result of increasing regular inflation to the point where all confidence in money is lost, life savings are wiped out overnight and prices rise





faster than people's incomes.

Current financial instability has brought about lots of talk about international financial reform and even return to the gold standard, as proposed by some. The gold standard stands in contrast to Fiat currency which has no intrinsic value, but governments declare it to be legal tender, meaning it must be accepted as a means of exchange. One of the main benefits of the gold standard is that it protects citizens from hyper-inflation and debasing of the currency through excessive government spending. With a Fiat currency, a government can print as much new money as it likes to spend, which leads to a gradual decline in value of currency and citizens' savings. Under the gold standard, a free banking system stands as protector of an economy stability and balanced growth.

In the absence of the gold standard there is no way to protect savings from confiscation through inflation. Russia and China have suggested the establishment of a super-sovereign currency, while Brazil and India have suggested substituting other assets for their dollar holdings. Currently the U.S.A and China are embroiled in a

currency dispute over the value of the Yuan. The U.S.A is claiming that the Yuan is under-valued, giving China an advantage over the U.S.A in global trade markets, as Chinese exports are deemed to be cheaper those of the U.S.A. The currency stand-off between China and the USA seems to have no end in sight as, under a Fiat currency system, any powerful economic country can determine the value of their own currency to ensure no set system or measures can determine the value of their currency. What is inevitable is that many countries are to go through a phase of hyper-inflation and the Fiat monetary system will eventually die a natural death, and be replaced by the gold standard system.

The question one must ask them oneself is, if wealthy investors are hoarding gold bullion and if currencies will be backed by the gold standard in the near future, then how does art come into the equation as a safe hedge against inflation?

Firstly, before they consider investing in gold, they must understand that they need deep pockets, since a kilo bullion bar is currently trading at US\$45,000. Even after parting with such a huge sum,

they must realise they cannot keep a US\$45,000 gold bullion bar under their bed, so monthly storage charges must be taken into consideration.

Historically ART has always been the alternative to gold.

During the period of high hyper-inflation in Germany which occurred after the First World War, those who had invested in art came through that period better off, as the return on their investment in art-works out-performed investments in options that were available during that period. Most importantly art managed to beat the extremely high inflation rate, which may explain why so many art-works were looted during the Second World War.

As an alternative investment to gold, art has over years proven to be a real solid investment. With these uncertain economic times that we are in, it is time to seriously consider your future by taking prudent precautions to ring-fence yourself against the effects of the current economic upheavals and events that are soon to come.

In times of economic instabilities you may be better off investing in art or gold.



SOME PEOPLE SAY...  
THERE ARE NO COINCIDENCES

HAVE YOU SEEN

# THE LIGHT BOX

AT



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