

## ART APPRECIATION

### 1

The first original paintings by Vincent Van Gogh that I remember seeing were in the Art Institute of Chicago, which I visited occasionally in the 1970s and 1980s. I liked his self-portrait and the painting of his bedroom in Arles (better than the Picassos though not as much as the Seurats and the Monets and the Mondrians and Caillebottes also on exhibit there) but didn't think they were anything special.

The next original Van Gogh I remember seeing was in Tokyo. I was making a business visit in 1990 to the Yasuda Fire and Marine Insurance Company, which had recently made news by acquiring one of Van Gogh's sunflower paintings for the then unheard of price of \$40 million. The Company proudly displayed the painting, showing it off to visitors, so I looked at it carefully. Again, I liked it, but didn't think it anything special and wondered how in the world it could be worth \$40 million.

My next exposure to Van Gogh occurred in the fall of 2014, when my wife Andrea and I spent three weeks in the town of St. Remy, in Provence. I did not know until we arrived there that Van Gogh lived for a year beginning in May of 1889 in a hospital in St. Remy because of his mental health problems. While there, he was allowed to paint, and paint he did, producing dozens and dozens of works. The town of St. Remy is very proud of Van Gogh, displaying copies of about 25 of his paintings (most of which depict scenes in and around St. Remy) along a walk stretching for a mile or more between the town center and his hospital, where there is now a small museum including a reproduction of his hospital room.

My exposure to the many copies of Van Gogh's paintings in St. Remy, and Andrea's considerable enthusiasm for them, heightened my interest in his work. I liked most of those copies, but I wanted to see some more original versions. I was surprised to learn that there are no original works of Van Gogh in St. Remy, and apparently only two permanently on display in all of Provence (one in Avignon, and one in Arles, where Van Gogh also stayed for a time and painted profusely). We were not able to see those two during the time we were in St. Remy but we learned that there was also one of his original paintings temporarily on display at the Garnet Museum in Aix as part of an exhibit of a collection from a museum in the U.S. We went to see that painting (of a Tarascon stagecoach), which I liked very much.

Back in the U.S. a year or so later, Andrea and I decided to visit the Toledo Museum of Art and the nearby Detroit Institute of Arts to see the works of Van Gogh in their collections. We went first to the surprisingly excellent Toledo Museum (where admission is free and the gourmet restaurant is superb). At the TMA we saw Van Gogh's painting of houses in Auvers but couldn't find his other painting owned by the museum. We inquired of a staff

member we met in the gallery and he informed us that the museum's other Van Gogh, a scene of wheat stacks and a reaper, had just returned from a loan to a museum in Massachusetts and would not be back on display for another day or two. Apparently because of our disappointment, he went away and returned a few minutes later and asked us to follow him. He led us through several empty galleries and into a brightly lit workroom where we were, to our surprise, warmly greeted by other staff members. (We learned later that our staff member guide was Brian Kennedy, the director of the museum, and the other staff members must have thought we were potential donors being given a VIP tour.) Laid out there on a work table in all its glory was the wheat stacks painting, which was being examined for possible damage. Although it was exciting to see an original Van Gogh naked and unadorned, I felt something was missing in seeing it up close and flat on the table. To me, the subject of the painting was lost in the jumble of heavy brush strokes, which were far more visible than if the painting was hanging on a wall, and viewing it that way made it impossible to take it in as a unified whole. As it looked lying there on the table, I didn't care for it as much as the TMA's lovely Van Gogh painting of houses in Auvers.

The next day we drove to the more famous Detroit museum, which is about fifty miles away, to see the Van Goghs in that museum's collection. Unfortunately the best-known one, a self-portrait, was on loan elsewhere, but we were able to see his portrait of a postman, a scene of the banks of the Oise, a scene of diggers in a woods, and a still life of carnations. We were delighted to note that the painting of diggers was one of those reproduced on the Van Gogh walk in St. Remy and undoubtedly was created during his stay at the hospital there.

## 2

After viewing the paintings in Detroit and the ones in Toledo, I had a greater appreciation of Van Gogh's work, but I still wasn't sure that I shared my wife's even greater appreciation of it. The naked canvas of the wheat stacks at the Toledo museum, however, did make a big impression on me in a different way. How could this 125 year old scrap of canvas covered with blobs of thick paint be so venerated and valuable as to deserve a prominent place in a major museum? I resolved to learn more about Van Gogh's body of work and especially the esteem in which it is held in the pocketbooks of collectors.

I learned, primarily from internet sources such as [vggallery.com](http://vggallery.com) and [vangoghgallery.com](http://vangoghgallery.com), that Van Gogh, who died in 1890 at the age of 37, did all of his serious artistic work in a period of 10 years, from 1881 to 1890. According to [vggallery.com](http://vggallery.com), during this time he produced 864 paintings, 147 watercolors, and 1030 drawings, for a total of 2,041 works, about 1 every 1.8 days. During the last 50 months of his life his paintings alone totalled 630, or about one every 2.5 days. I found it incredible and clear evidence of genius that Van Gogh could produce works of quality at such a pace. To say he was a prolific painter would be an understatement. Despite all this production,

most sources state that in his entire life he sold only one painting, for 400 francs (the equivalent of around \$1500 in 2015) in 1888. Something more than remuneration must have driven him to such an intense and prolonged surge of creativity.

The market for Van Gogh's work, essentially nonexistent during his life, has exploded since his death. By one count in Wikipedia, 8 of his paintings are among the 48 most expensive in the world. The [vangoghgallery.com](http://vangoghgallery.com) website identifies more than 160 museums throughout the world that display his work, including close to 650 of his 864 paintings. I wanted to know what the total value of all that work is today (2015) but could find no estimate of it by internet search, so I used the internet sources I had found to make my own estimate.

Data on the [vggallery.com](http://vggallery.com) website shows that during the ten year period 2006 through 2015, 31 Van Gogh paintings were sold at auction, for a total of about \$343 million. Prices of the 31 paintings ranged from under \$700,000 to \$66 million, with an average price of about \$11 million each. Applying this average price to all 864 paintings by Van Gogh, we have a total value of \$9.5 *billion* for them all. Van Gogh's watercolors and drawings have tended to sell for less than his paintings (though one watercolor sold for more than \$10 million in 2003 and one drawing sold for more than \$5 million in 2013). If we conservatively estimate the average value of his 147 watercolors at \$1 million each and his 1030 drawings at \$350,000 each, the total value of all of Van Gogh's work comes to more than \$10 billion.

This \$10 billion number is obviously subject to debate. Perhaps if all of Van Gogh's work were put on the market at the same time, there would not be enough demand to sustain that valuation. On the other hand, this number has not been adjusted for inflation, and because a disproportionate amount of Van Gogh's best work is undoubtedly in museums it is highly likely that, if auctioned, it would produce a greater average value than the average value of the 31 paintings not in museums that were sold at auction during the years 2006-2015.

Ten billion dollars is a lot of money for the production of one man working entirely alone over a period of ten years, using only brushes, paint and canvas. It averages out to a billion dollars per year, or more than \$2.7 million *per day*, for each day of Van Gogh's art career. The salaries received today by the highest paid athletes or the CEOs of the largest corporations for their individual efforts don't come anywhere near these amounts.

But that isn't all. The value of Van Gogh's production continues to increase. The auction data collected at [vggallery.com](http://vggallery.com) identifies 18 works of Van Gogh (paintings, watercolors, and drawings) that were sold at auction twice during the period 1999-2015. In every case but one, the price at the later sale was higher than at the earlier one. The average percent gain was 130%. The average interval between sales was 5.67 years, producing an average gain of 23% of the earlier price per year. The average inflation rate for the U.S. dollar during the period 1999-2015 was only 2.6% per year.

Assuming an average appreciation rate of 20% of the 2015 price per year for Van Gogh's works, the total value of his work will increase from \$10 billion to more than \$20 billion (in 2015 dollars) by the year 2020.

### 3

These calculations got me to wondering about other art works. If the works of Van Gogh alone are worth \$10 billion, what is the value of all the art in all the major art museums in the world? I could find no answer to this question on the internet either, possibly because museums are not required to and do not attempt to value their collections in their financial statements. I did find a quote from a former assistant curator in chief of New York's Metropolitan Museum stating in 2008 that it could be argued that the Met's entire collection (which includes 18 Van Gogh paintings) was worth \$100 billion. Perhaps the most relevant information comes from the appraisals made of the collection at Detroit's Institute of Arts in 2014, when creditors were arguing that the collection should be sold to help pay off the bankrupt city's debts. Those appraisals ranged as high as \$8.5 billion (including \$320 million for three of the museum's five Van Gogh paintings). While the DIA is a fine art museum, it ranks only 105<sup>th</sup> on Wikipedia's list of the most visited art museums in the world (the Metropolitan is fourth). Even if the collections of each of the 104 more-visited museums are worth only the same as that of the DIA, their total value could be close to \$900 billion. If, as is more likely in light of the potential value of the Met collection, the average value of the collections of the 105 most-attended museums is closer to \$20 billion, the total value is in excess of \$2 *trillion*. This is about the same as the annual GDP of India, more than that of Italy, and a little less than that of France.

Like the above estimate of the value of all of Van Gogh's work, this estimate is subject to debate. It is far more likely than in the case of Van Gogh's work alone that if all the art in all the 105 most-attended museums were put on the market at the same time, there would not be enough demand to sustain the \$2 trillion valuation estimate. On the other hand, this estimate does not include the collections of more than 60 other museums not in the top 105 most-visited that are well enough endowed to have Van Gogh paintings in their collections (such as, for example, the Toledo Museum of Art, with its collection of 30,000 art objects, that inspired me to write this rumination).

### 4

How can original works of art have such enormous valuations? It is, to say the least, puzzling.

In the case of Van Gogh's work, and probably in most cases, the high valuations surely cannot be justified solely by the mere appearance of the work. Van Gogh's work is not copyrighted, and copies of most of his paintings are available for as little as a few dollars. Even conceding that no reproduction can capture every visual detail of the original, it seems to my

eyes that a quality reproduction can easily retain 90% of the appearance of the original.

Nor can the value of a Van Gogh painting be justified solely by it being a rare historical artifact. Not every painting by Van Gogh has the same value. The fact that there is a wide difference in the price of his 31 paintings auctioned during the period 2006-2015, from under \$700,000 to over \$60 million, indicates that something else is a crucial variable in their valuation.

Are the enormous valuations of original art then the product of a mysterious combination of such factors as an intense and unique pleasure derived from their mere ownership, their veneration by respected art pundits, and the deep reservoirs of disposable cash held by wealthy collectors, or are they merely symptoms of an investment mania that will eventually implode? One wonders.

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Andrea and Van Gogh's *Houses in Auvers* at the TMA