

How Does the Debt Ceiling Affect Art Dealing?

brian boucher 08/20/11

After the emergency debt-ceiling deal was signed into law week, Standard & Poor's responded by downgrading the security of the U.S. debt from AAA to AA+. The stock market reacted swiftly, with a 600-point drop on Monday, which has been followed by gyrations ever since. But in the dog days of August, is the art market feeling immediate repercussions? *A.i.A.* talked to several New York dealers—many of whom were keeping a stiff upper lip—about the effect of all the uncertainty.

Typifying the cool response was Lower East Side dealer Lisa Cooley: "At the moment I'm not convinced the sky is falling." Talking to us from her Chelsea gallery, Yancey Richardson was similarly sanguine: "The debt ceiling deal provokes a lot of discussion with my clients who follow politics, but I don't think it affects their thinking about collecting art.

"As far as the stock market crash," Richardson continued, "it has a psychological impact. But dealing in contemporary photography for \$10,000–20,000, what we offer is very affordable. The Dow dropping 600 points does, shall we say, drain some exuberance. But for our clients, collecting art is part of their lives."

Also taking a long view was fellow Chelsea dealer Cristin Tierney, who opened a gallery on 29th Street in 2010: "I'm not worried . . . yet. Since we've been able to realistically track markets, there has been a closer connection between art and real estate than between art and stocks. But now, we get so much information so fast that the gap between something happening in the stock market and the result in the art market is tighter. So now we worry more."

But are the worries well-founded? The connection between the stock market and the art market hasn't always been a direct one. Think of the late '80s, says Tierney: "When the market crashed in '87, the art market went on the mother of all runs. It was two and a half years before everyone stopped dancing. There are reasons to think the art market will be okay, at least for now." Art advisor Heather Flow is even more bullish. "The news is terrifying. But business in the art world has really grown since December, and it's really active now, even in August. Clients and I are viewing and acquiring works this month, and that's rare."

According to others, it certainly is. Some dealers confirmed that while their galleries have plenty of visitors, there aren't many transactions under way, and some of them are reading the news about the market at their vacation homes anyway—when *A.i.A.* called Skarstedt Gallery, everyone, directors as well as Mr. Skarstedt, was on vacation.

And it's not only the uptown galleries that need a break. When reached by cell phone, Joel Mesler, of Untitled Gallery on the Lower East Side, told *A.i.A.*, "I am on vacation and kind of unconnected from economic disparity right now. I'm on a boat. I'll send a picture."

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