Nature here is so extraordinarily beautiful!” wrote the thirty-six-year-old Vincent van Gogh in 1889. “Everywhere and over all, the vault of the sky is a marvellous blue, and the sun sheds a radiance of pure sulphur.”

Vincent van Gogh had been wandering the Provençal countryside, painting nature as it inspired him, and Irises, his passionate depiction of an otherwise simple clump of violet flowers, was the masterpiece of this turbulent climax to his brief painting career. Using colours more fiercely than he had ever done before, van Gogh brought the irises to life in a swirling panoply of sharp green stems and purple blooms, handling the paint in bold, slashing brushstrokes which cascaded across the canvas like the waves in a Japanese print.

In the writhing tubers of Irises one could sense van Gogh’s own personal agony, the legendary mental disturbance which had recently caused him to mutilate his ear. A year later he would commit suicide. The intensity of his painting was almost physical. To set eyes on Irises was to gasp, and when the canvas came up for auction at Sotheby’s, New York, in November 1987, David Nash had no hesitation in describing it as “the finest painting Sotheby’s has sold since I started here twenty-five years ago.” The world’s greatest auction house was selling one of the world’s greatest paintings, and Nash estimated that Irises could fetch as much as $39 million.

The reason for this extraordinary estimate — and the reason why the painting came to auction at this particular moment in 1987 — was the explosion that had been occurring in the mid-1980s art boom. Irises had hung for many years on the walls of Westbrook College in Maine, on loan from its owner, John Whitney Payson, until the spring of 1987, when one of van Gogh’s famous series of sunflower paintings was sold in London by Christie’s for the unprecedented sum of £24.75 million ($39.9 million). This was nearly three times the previous record of £8.14 million set at Sotheby’s only four years earlier by the Gospels of Henry the Lion.

Sunflowers had been purchased by the Yasuda Fire & Marine Insurance Company of Tokyo, after a fierce bidding battle with Alan Bond, the Australian beer and property tycoon, and the sale pushed art prices into an undreamt-of stratosphere. A few months later quite an ordinary van Gogh, The Bridge at Trinquetaillie, went at Christie’s for £12.6 million ($20.2 million), and John Whitney Payson, a canny art dealer with galleries in New York and Hobe Sound, Florida, decided that the time had come to cash in on the wonderful painting which the people of Maine had been enjoying for so many years. Announcing that a proportion of the proceeds would go to Westbrook, he consigned Irises to Sotheby’s for sale in November 1987.

The fact that two non-Americans had been the principal bidders for Sunflowers a few months earlier marked a significant shift in a market hitherto dominated by the new rich of Wall Street. Foreigners were picking up America’s leveraging devices, and they were adding some twists of their own. The Japanese
were particularly inventive. Western art critics saw a charming link between the sudden Japanese appetite for Impressionists and the historic impact of Japanese prints on painters like van Gogh, but the truth was more prosaic. Impressionists were good collateral. Compared with Old Masters, their precise, modern pedigrees made them acceptable security to banks — and in the burgeoning “bubble culture” of mid-1980s Japan, they had an additional dimension. They were the ideal currency for bribery and fraud. When Michael Ainslie later analysed the top twenty Japanese buyers at Sotheby’s in the years 1984–92, he discovered they had each spent sums ranging from $22 million to well over $100 million — and that seventeen of them were either bankrupt, in jail, or under serious investigation.

Many Japanese used paintings as straightforward bribes to politicians and other businessmen, as under-the-table payments to get round the government ceilings on property prices, and as old fashioned devices for looting and tax evasion. They were precisely valued and extremely portable. A tycoon concerned to sidestep inheritance tax would use company money to build up a collection of Impressionists, then employ creative bookkeeping — “zaitenku,” or “financial engineering,” as it was known — to slip the choicest specimens to his children.

A favourable exchange rate magnified the sums involved, and easy credit completed the process, for Japanese banks accepted the prices bid at Sotheby’s and Christie’s as holy writ. Much more adventurous than Sotheby’s Credit, some Japanese banks were prepared to lend as much as 80 or 90 percent against the prices paid in the New York auction houses, and this drew still more money into the market. When the surplus cash was combined with lack of knowledge on the part of the new purchasers, the result was prices which not only rose sharply, but madly as well.

“Want Green Lady! Want Green Lady!” exclaimed one Japanese buyer after a visit to the Museum of Modern Art, where he had seen de Kooning’s famous painting of that name.

David Nash explained to him that there were no further copies of the painting available, but showed him a small de Kooning painting of a pink lady that was coming up in the sale the following week.

“Want Pink Lady!” said the businessman, smiling happily, and next week he bid furiously to drive up the price of the pink lady to $3.7 million, setting a new record for a small de Kooning.

“Sometimes we had to laugh behind our hands,” remembers Michael Ainslie, “at the prices paid for really mediocre things.”

No possible aspersion, however, could be cast on the quality of *Iris*.

“It was magic,” remembers Billy Keating, the rakish male half of the Neville–Keating dealership based in London. “It was lying on the floor, propped up against the wall, in a small basement room in Sotheby’s, York Avenue, when I first saw it. When they flipped on the light, it was as if the painting came to life. Everything was in motion, all those leaves and flowers. It was so much better than the reproductions.”

Billy Keating and his partner Angela Neville represented Alan Bond, the flamboyant Australian who had bid up the price of *Sunflowers* a few months earlier at Christie’s. The epitome of a piratical 1980s entrepreneur, Bond had financed the Australian yacht which captured the America’s Cup, and as a new adventurer in the field of art, he was building up not one, but two collections with the help of Neville–Keating — a collection of Australian paintings and a collection of Impressionists.

Having failed to capture *Sunflowers*, Neville and Keating had also been outbid on *The Bridge at Trinquetaille* a few months later, so they were the obvious candidates for Sotheby’s to call the moment that *Iris* reached York Avenue. The painting was about to start on a worldwide promotional tour, and the couple arranged for Bond to view the picture when it came to London.

The canvas — Sotheby’s most valuable property ever — was hanging near the boardroom, not far from the portrait of old Samuel Baker, and the dealers had coached Alan Bond on the
importance of not showing his feelings when he set eyes on the painting. They knew that the Sotheby's experts would be scanning every facial twitch for clues about the Australian's bidding intentions, and that there was no need at this stage for Bond to tip his hand.

The exuberant winner of the America's Cup did his best to be po-faced, but he confessed afterwards that he nearly died under the strain. He found Irises incredible. This was the ultimate painting, Bond told his two dealers, and he must have it at any price.

On the night of November 11, 1987, Keating and Neville were sitting in one of the darkened skyboxes overlooking the York Avenue auction room, with their patron's authority to bid over $50 million. Keating was bidding by telephone down a line to David Nash on the auction floor, while Neville was scanning the audience. After $20 million, there were no more bids from the floor, their only competition being another bidder on the telephone.

"Just buy the fucker," muttered Keating down the phone when the bidding passed the record $40 million level — and finally, at $49 million, David Nash did.

It took twenty-four hours to track down Alan Bond next day and tell him he was the owner of the world's most expensive painting, and it was then that the serious negotiations started. Before the sale, Angela Neville had asked Sotheby's about the possibility of "terms," since Bond had told his dealer that although he had the full sum "organised," he wanted to pay in stages. He would put down a deposit, with the balance to follow.

Dede Brooks responded, on behalf of Sotheby's Credit, with a lending proposal, and this became the basis of Alan Bond's purchase of Irises. In the event, Sotheby's lent the Australian 50 percent of the purchase price, against the security of Irises and other paintings from his existing collection.

These details became significant two years later, that Bond had paid his record price with the help of Sotheby's money, for the sale of Irises had provoked a boom on top of a boom, pushing every price level still higher. So far as dealers were concerned, the success of Irises had far more increased the auction house share of the art market to their detriment, and they were outraged to discover, as they saw it, that Sotheby's had inflated the price by putting its own money into Alan Bond's pot. Already complaining about the competition from Sotheby's Credit, they reckoned they had caught the auction house red-handed.

Sotheby's defence was that they had only agreed to lend Bond money after the event, since the credit deal had not been sealed until Dede Brooks met Alan Bond in London a few days after the sale — in the tradition of an auction house agreeing terms with a buyer whose enthusiasm had exceeded his immediate resources. By this argument, Bond could not be said to have based his bidding on the loan — while Neville-Keating have always insisted, for their part, that their man was willing to go over $50 million from the start, before he knew that Sotheby's were prepared to offer him terms.

But these were technicalities. Angela Neville's account makes clear that her client's bidding always depended on his assumption that Sotheby's would accept some sort of payment in stages, while the auction house did formally offer Bond the option, before the auction, of paying on credit. Dede Brooks's original credit offer — sealed after the event — was conveyed to Angela Neville by David Nash on the eve of the sale. There is no getting round the fact that Sotheby's offered Bond their money prior to the sale, and that when the time came to pay, he accepted their offer. Of every two dollars that he bid, one was provided by Sotheby's. Credit provided by the auction house clearly inflated the market — not to mention the $4.9 million buyer's premium which was Sotheby's cut on the deal.
From being a triumph for Sotheby's, the record-breaking sale of *Iris*es turned into a public relations disaster, for, as accomplices in the inflated sale, Sotheby's became tainted, willy-nilly, by the collapse of Alan Bond's empire, which led first to the revelation of the credit arrangement, and then to the ignominious repossession of the painting by Sotheby's. Billy Keating had to go to Perth and bring *Iris*es back in its original packing case. Since Bond had defaulted on the loan, people wondered, was the sale really a record?

The paperwork showed that John Whitney Payson, together with Westbrook College, received their $49 million in full, while Sotheby's later retrieved and sold other paintings from Bond in order to settle his full debt, plus interest. One of these paintings was Edouard Manet's *La Promenade*, which went to auction at Sotheby's in November 1989, and raised $14.85 million. After *Iris*es had taken yet another trip halfway around the world to Brunei, where the Sultan had expressed interest, it ended up in Malibu, at the Getty Museum, for a price which has never been disclosed, but which completed a process whereby Sotheby's got back every dollar of their outlay, including interest and expenses.

"In any other industry," says David Nash, "this would be the perfectly normal situation of a well-calculated loan which started to go wrong, but where the lender made all the right steps and came out of it whole. We did not lose a penny — in fact, it was a very profitable deal. But in this particular business, because of the novelty of the scheme and all the rest of it, it was wildly contested. So at the end of it all, I recommended to the firm that we abandon lending on bids. Not because it didn't work. It worked beautifully. But because it was getting so much bad publicity."

"When we looked in the records," adds Michael Ainslie, "we saw that Sotheby's Credit had financed only six purchases of more than $1 million, which told me that the financing of pur-

*Sotheby's — Bidding for Class*

chases was not central to our credit business or to our auction business.

"Alfred and Dede thought we had done nothing to be ashamed of, and I agreed with that. But I also agreed with David. We were taking a beating for nothing. So we announced that Sotheby's Credit would no longer take the object being bid on as collateral, and would not lend on any art within twelve months of purchase — though that would not stop people putting up some other painting that they already owned as security. Sotheby's remained willing to take bids on credit."

*Iris*es today hangs in the new Getty Museum overlooking Los Angeles — green, sharp, and vital as ever. Now "in captivity," most probably, forever, its raw, fierce brushstrokes keep it energizingly wild. The canvas remains a creation of extraordinary passion, its purity unsullied by its misadventures at the height of the late 1980s art boom.

"I went to see it last time I was in California," remembers Angela Neville. "It was like visiting an old friend. It had been very badly hung, in my opinion, with too much natural light crowding in. But it was still incredibly beautiful. Whatever you do to that painting, you can't kill the magic."
IRISES and SEVSO were the follies of an art boom that was out of control. By the end of the 1980s, remarked Robert Hughes, it had become routine for auction prices to offend the ordinary person's sense of decency. In the spring of 1990, Saito Ryoei, a Tokyo paper magnate, went on a spending spree in New York in which he surpassed IRISES's record on two occasions, paying $82.5 million at Christie's for van Gogh's Portrait of Dr. Gachet, and $78.1 million a few nights later for Renoir's Au Moulin de la Galette at Sotheby's. Saito's career was to end, like Alan Bond's, in bankruptcy — which meant that all three of the world's most expensive paintings suffered the ignominy of being repossessed.

The day of reckoning came in the summer of 1990, when the world-wide intake of breath provoked by Iraq's invasion of Kuwait undermined an art market that was already showing signs of shakiness. The sales that winter were disasters. In London Sotheby's failed to sell more than fifty percent of the Impressionist paintings that it offered. Turnover was halved at both auction houses, and at Christmas there were firings. Sotheby's dismissed 119 staff, Christie's 140.

This was the sort of collapse that had proved nearly fatal to Sotheby's ten years earlier. From $2.9 billion turnover in 1989 at the height of the boom, the annual turnover dropped to little more than a third of that. But, as reorganized by Michael Ainslie and particularly by Dede Brooks, who had become Ainslie's principal lieutenant, the auction house weathered the storm. Profits fell as low as $4 million in 1992, but Sotheby's never posted a loss.

"Show me a business which can take a seventy percent cut in sales and still make a profit," says Ainslie proudly, "and I'll show you a well-managed business."

The same could not be said, however, for the other investments of Alfred Taubman. In September 1985, two years after he took over Sotheby's, Taubman had pledged half his mall business to the pension funds of General Motors and AT&T, to raise $600 million that he wanted to spend on new ventures. He had media dreams, negotiating an option with members of the Pulitzer family to invest in their newspaper empire. He was eyeing Manhattan real estate in a scheme involving a chic Fifth Avenue office building, and he had ambitions in the department store business. He had recently acquired "Woody's" — Woodward & Lothrop — the Washington, D.C., retailer, and, through another partnership, he held 5 percent of Macy's.

It was too much to handle, even for Alfred Taubman. After bitter family infighting, the Pulitzers rejected his takeover. His New York office building proved a lossmaker for several years, and when it came to the department stores, the mall-meister seemed to lose his touch completely.

"Al tried his normal trick," says one of Taubman's several business colleagues who prefer to go off-the-record at this stage of the story. "He slapped marble and glass everywhere to take the stores upmarket, but the customers never came."