

# ::fibreculture:: Catching a Falling Knife: Interview with Michael Goldberg

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Catching a Falling Knife: The Art of Day Trading  
Interview with Michael Goldberg  
By Geert Lovink

Over the next three weeks artist Michael Goldberg will be betting on Newscorp shares. The installation, *Catching a Falling Knife*, opens tomorrow at Artspace in Sydney (Oct 17, 18.00). As Artspace's critic in residence, together with Michael, I will report on the ups and downs of Murdoch's media enterprise and Michael's efforts to play the market. The following interview gives the reader an idea about Michael Goldberg's previous work, his intentions and expectations. You can follow the project at [www.catchingafallingknife.com](http://www.catchingafallingknife.com). I might send short reports to Fibreculture how the project is going.

GL: In an earlier installation, situated in a gallery, you traded gold stocks. What exactly happened and how did you get this idea?

MG: 'NCM open/high/low/close' took place at the Bathurst Regional Art Gallery between 22 April and 10 June 2001. The installation was commissioned for 'Auriferous - the Gold Project', curated by Amanda Lawson and Craig Judd. The exhibition was part of the sesqui-centenary of the discovery of gold in Australia. A joke circulated that I was only included in the show because of my name! I quite like that pitch, but there was a more serious side to what I was doing too. Craig had known that I was researching aspects of the stockmarket, looking at ways in which these could be included in my site-specific and intervention work. The sesqui offered a good opportunity. So, while most artists in the show considered the material qualities of the metal, I focused on the abstract - gold's value. In the context of site-specificity I was particularly interested in the Newcrest mining company's publicly traded shares (Australian Stock Exchange code: NCM). Newcrest owns and operates the Cadia Hill gold mine, one of Australia's largest open cut goldmines, just outside Bathurst.

I didn't actually trade gold but charted its price and the trajectory of NCM shares over a 100-day period. During 22 April to 10 June I regularly worked in person at the gallery. I sat in my 'office' on a 3m high scaffolding tower monitoring live data feeds. I posted a daily report and offered visitors to the gallery technical analysis on the gold price and commentary on the state of Newcrest stock. Huge charts were drawn on the gallery walls showing trendlines, price caps and support levels as well as theoretical 'buy' and 'sell' points. The daily chart was updated at the close of trade and intraday prices were also logged. I descended from the platform at regular intervals to update these. The top of the platform was intentionally not secured and thickly cushioned high-jump mats were placed next to the

scaffolding to provide a soft-landing should I slip (or should the market crash!). Daily detritus, such as scrap paper, pencil stubs and lunch-containers were allowed to build up under the platform - the tailings of production, so to speak.

One of the aims of the project was to give the public an opportunity to understand a bit more about how the price movements of stocks are represented on the market as the key daily levels are reached, open, high, low and close. I was also interested in how, from an artist's point of view, reams of financial data could be transformed into large wall drawings in order to explore an aesthetic dimension. In addition to more conventional methods such as line graphs I also used 'candlestick' charts. This technique, developed by the Japanese in the late 1800s, while accurately representing the health of a stock, also combines beautifully elegant graphic symbols and patterns with poetic descriptions such as 'morning stars', 'shooting stars' and 'spinning tops'.

With the gallery located in historic Bathurst and close to Newcrest's Cadia mine, I intended the project to question how the value of gold is represented on today's financial markets. 150 years after its dusty, labour-intensive Australian debut, gold is now comfortably prospected by speculators trading shares, indexes and futures from office networks and home PCs. I wanted to draw attention to this transition. On the days when I 'performed' live I started off from the Australian Stock Exchange in Bridge Street at around 8 am. I wore crisp white overalls with NCM logos and carried my drawing implements, newspapers etc. with me. I would watch Bloomberg commentary on the ASX screen for a time and then take a taxi to the airport, flying Hazelton airlines to Bathurst. At the end of a day's work in the gallery I would commute back the same way. During the course of the project, gold shot up from around \$260 to \$290. Newcrest's share price vaulted accordingly. Some visitors to the gallery asked if I had somehow engineered this assault on the magical \$300 mark! Others returned to express regret at not having bought Newcrest shares when they first saw the price moving up on my wall charts. I also had one regular visitor who would stretch himself out on the high jump mats and rave for a couple of hours on the scourges of globalism and the demise of Marxism.

There was also has a sacred aspect to my profane activities. While keeping an eye on the gold price and Newcrest's shares I also sifted through an online bible prospecting for gold references from Genesis to Revelation. Over the course of the project some of these verses were transcribed onto notepad paper and pasted onto the gallery walls for contemplation and inspiration.

GL: The idea is that you are going to be a day trader for three weeks. Could you explain why you have chosen to trade only in one stock? Why News Corp? Do you think it makes a difference to operate with real money? You have exercised with bogus trading programs as well. What made you look for sponsors?

MG: Several reasons informed my decision to trade in one stock only. Within the context of an art intervention what I'm doing here is not BEING a day trader as much as BEHAVING like one for the purposes of the project. In a number of my past projects I behaved as if I was an 'archivist', and sometimes a 'museum curator'. I employed their strategies in order to achieve my ends. But I was always aware of their dependence on the Institution and my independence from it - an essential difference. I am also careful not to engage in what one might term true-to-life theatrical gesture, which might confuse my work with aspects of performance art. When I behave like a day trader I adopt a repertoire of tactics, but there are always certain slippages. Day traders might trade a number of stocks

including some blue chips and 'penny horrible' mining shares. The latter would provide the substantial volume and volatility necessary to achieve the constant turnover of small profits that characterises classic day trading. Share derivatives such as options and warrants are the instruments most favoured to provide the leverage needed to speculate in the market giants. Here I will follow a similar strategy, but essentially I've decided to keep to one stock because it will be easier for the public to follow my tactics. Multiple stock strategies would be too complex. There are also socio-political subtexts around New Corp that I want to explore. The company is a 'household name' as well as being a major local and global media player. Apart from its daily impact on the market, the newsworthiness of News Corp is legendary. The popular press closely follows even the most banal personal exploits of Murdoch family.

News Corp is a well-traded and hence liquid stock. Its trajectories can be demonstrably analysed and charted. One of the intentions of the project is to reveal the elaborate choreography of the stock market as it unfolds daily, minute by minute, second by second, responding to constantly shifting global algorithms. The graphic representations of these movements will be key aesthetic features of the project. On an emotional level, as I trade News Corp shares with real money, the risk and reward factors will be clear and present. If I stuff up a trade I'll have to answer to my backers. If I win out, the accompanying adrenalin rush will no doubt be enjoyable. Through it all though I'll be constantly reminded of the statistics suggesting that I'm more likely than not to fail!

While I was developing this project I flagged some of my ideas on a day traders' website chatroom. By identifying myself as both an artist and a trader I drew the attention of a number of interested parties. Securing a financial commitment from anyone did not come easily though and it took awhile before the online forum got used to the idea that I was serious. Eventually I was able to develop a relationship with three individuals who surmised that by associating themselves with the project they could at one and the same time be stock market speculators and patrons of art. This conflation is probably not all that dissimilar from conventional investment in the art market. Speculators identify artists whose work they imagine will turn them a profit over time. In my case, the returns promise to be much more immediate. Of course they have to accept that if they lose money on the deal they won't even be left with something they can as much as hang on their walls!

GL: What happened to you during the wild stockmarket years of 1998-1999?

MG: Those years functioned as 'boot camp' for me. I was first attracted to the market, as were many Australians, by the promise of profiting from the public sale of Telstra. I got in on the float and after that became a follower of the broader market. I became interested in technical analysis, that is the study of the charts and indicators that trace the trajectories of shares and share indices. As I mentioned earlier, charts don't simply consist of conventional bar and line graphs. Candlestick, Renko and Kagi charts and their interpretation are highly aestheticised processes. Evident throughout, one encounters the marvellous poetics of the algorithm via Fibonacci, Mandelbrot and Deleuze's rhizome.

GL: Could you tell us more about the process of trading? We can get a Schwab account and click around on their site, but that's probably not what you are going to do. What set up are you using and to what extent does it differ from the hobbyist day trader and the financial banker on the other hand?

MG: My trading set-up will be fairly sophisticated. A dedicated trading account will be opened with a broker. I'll need to be in phone contact at a moment's notice so they'd have to be lightning fast, reliable and get used

to my trading style quickly. I prefer a telephonic link for the project as it will provide a more direct way for spectators to follow what's happening. Using a bricks and mortar broker will also get me into the market when an online service would have closed its order books. I need access right down to the wire with this venture.

The share derivatives I'll be trading are known as warrants. These are issued against a range of equities by so-called market makers such as BNP Paribas, Societe Generale and Citibank (a market maker is the equivalent of the 'house' in gambling terminology). Warrants have different degrees of volatility (I won't go into detail here) and provide substantial leverage against the head-stock. Because they can be traded in large volumes they are a favoured inclusion in most day traders' repertoires.

There'll be a dynamic data link in the gallery as a constant flow of prices from the stock exchange will be crucial. I'll also have charting software containing the indicators I'll be using such as moving average histograms, stochastics, and momentum and volatility markers. I'll be interacting with online chatrooms on a regular basis and Bloomberg.com will keep me in touch with financial news and events. This all seems quite complicated - but sophisticated trading strategies are no less or more complex than the manipulation of the elements of art! Many aspects are shared in fact; techniques can be acquired, skills developed and idioms learnt. I have no problem with this project being as much about administration as anything else.

It will be important for me to show that the trading tools and trading tactics I use are within the capabilities of most people (something Beuysian in that, perhaps) - those who have access to the Web and a modest amount of capital that is. Trading is often confused with 'investing'. In reality nothing is further from the truth. Investing is a marketing ploy used by the banks. Even superannuation funds that invest on our behalf in order to take the pressure of social security as the population ages have been shown to be inefficient with a low return and a high cost. It is essentially a passive process and subject to the vagaries of global politics and prevailing economic trends. Active trading on the other hand takes possession of the means to confirm support for and opposition to market forces. The trader takes responsibility for his or her own decisions. Through the skilled use of technical analysis one can become equipped to enter the stockmarket arena with a fair degree of control.

When general trade opens at 10am the playing field is level for all concerned, including Murdoch (yes I know that price manipulation happens, but we won't concern ourselves with that at the moment). Whether or not the company's books are in the black or in the red is of no concern - the trader plays a stock as it works its way up to its highs and plays it as the lows are plumbed as well. All that's important is liquidity and movement. 'Chance' and 'probability' become the real adversaries and allies. Dealing with these factors is not easy. It takes focus, study and commitment. A sense of strength can be gained in seeking out comrades in this process. For some time we've been seeing the formation of share-trading cooperatives where people organise to pool expertise, information and of course, capital. The participants here are mostly veterans of the tech-wreck. Battle-hardened, they have assembled in the smouldering ruins (I prefer this sort of terminology to that of the 'deflated bubble' variety) and are finding ways to exist amongst the bears. The survivors bivouac around the online trading chatrooms where the camaraderie is palpable. Multi-nationals and remaining dot-commers no longer offer them promises of 'blue sky' opportunity, but they do provide a steady stream of income for the well prepared.

GL: Do you see yourself as an artist any different from other day traders?

My work of the past decade has closely examined the power relations of the British Empire's colonial project in Australia. For example 'A Humble Life' (1995), situated in Colonial Secretary Alexander Macleay's ornate residence at Elizabeth Bay, looked at the relationship between the Macleay family and their servants. 'Real Estate' (1996), installed in merchant Alexander Spark's

villa Tusculum at Potts Point examined colonial land grants, the architecture of Empire and links to contemporary real estate mania, tracing the subsequent subdivision and development of the Tusculum estate. A project dealing with the stockmarket seemed a logical segue in an updated consideration of these power relations. Likewise, the transition from the immediate foci of colonialism to the global net cast by multi-nationals and corporate giants seems appropriate.

I'm also really interested in the frisson between the emotions of fear and greed that become heightened during speculative activity. I'm reminded of a scene in Antonioni's Blow Up where the character played by David Hemmings mixes it with rock fans as they fight over the remains of a guitar, trashed on stage at the end of a concert and flung into the waiting crowd. He emerges the victor, only to discard the prized relic moments later as so much trash - the adrenalin rush of the pursuit having been the only real satisfaction to be gained. In this project treading the fine line between fortune and misfortune, success and failure is a primary motivation for me. It's important to mention that I won't benefit or lose financially from this exercise in any manner. Any profit I make goes straight to the backers. Likewise they will absorb the losses. I will act only as an agent of risk and reward.

GL: Some would say, Michael, this is not 1986-87 or 1998-99. You're three years late! It is likely that the News Corp stock will further deteriorate, no? The company has made its largest ever loss so far over the last financial year. Ever since the NASDAQ crash in April 2000, the following recession, 9/11 and the corporate accounting scandals, stockmarkets have been falling dramatically. The Australian ASX may have been an exception, but it hasn't grown much either. How do you plan to make a profit in this bearish market? What strategy are you going to use?

MG: I mentioned before that I'd be trading share derivatives called warrants. The two basic types I'll be using are 'call' warrants and 'put' warrants'. The former benefit from the upward trend of a particular share price and the latter benefit from a downward trend. So I can trade a falling market just as effectively as I can trade a rising one. Warrant trading strategy is a little too complex to go into here, but suffice to mention that there are a number of factors affecting volatility. The higher the volatility the greater the opportunity for substantial profit (and likewise, the greater the loss if you get the trade wrong). By using this strategy I don't care whether News Corp stock is deteriorating or not. The important factor is that I work out the probabilities of tradeable movement, up or down. Get the movement right and you profit. Get it wrong and you'd better close out your position quick smart before you cop too great a loss. This is the basic principle of daytrading. Daytraders usually close out their positions at the end of each day, protecting their profits from possible adverse overnight moves on the markets. In my case I may keep a position open for a number of days, increasing its size if the indicators are favourable. I may even open corresponding counter-trend trades to make the most of intraday moves. This would be comparable to a surfer moving down the face of a wave and then pivoting to rise to the crest again to make most use of all of the wave's energy.

GL: The art market has directly benefited from the financial bubbles. A lot of the speculative capital was invested in art. How do you see the relationship between the art of speculation and the contemporary arts system

and where does your installation fit in?

MG: I think that the records we're seeing broken on the Australian art market at the moment are a direct result of the channelling of speculative capital OUT of the sharemarket and into the galleries. The financial success of indie art stars overseas and the huge prices being realised by well-promoted artists on the home front can be pegged alongside the three year long bear market and tech wreck of April 2000. The returns on painter Philip Wolfhagen's 'blue skies', for instance, are now far more reliable than the blue sky profits promised by the surviving dot commers and fiber roll-out merchants. It's no coincidence that one of my early online conversations with a chatroom member - let's call him Mr. X - who is now one of the backers of my project, revolved around the art market and how one might turn a buck in it. During subsequent emails I managed to convince him that it would indeed be possible to combine the 'skill' of the artist with that of the trader. "Why not", I suggested, "take a punt on both". I mean, if I've been trained to create and to recognise good formal gestalt why shouldn't I put this to good use in identifying promising trends on a stock chart. Of course it's not as simple as that but I'm sure you get my drift. Well at least Mr. X did. He and his partners are betting \$50 000 that I can gauge the probable direction of News Corp stock over a three-week period and turn a profit for them trading warrants. Am I nervous? Is October not the most difficult and dangerous month on the stockmarket calendar? Go figure.

GL: Are there any artists that you know of that have done something similar before? Like buying and selling on Ebay? The only references I can think of works by Peter Fend and Ingo Guenther who worked with satellite images. They also worked with raw realtime data.

MG: I can't say that I've noticed any recent projects that are similar, but whatever resonant work there is out there you can bet that it has some affinity with the early "realtime systems" of Hans Haacke (who is better known now for his political installation work). Those early works have been described as being the embodiment of General Systems Theory whereby phenomena are described in terms of their structural organisation. Jack Burnham used the term "systems aesthetics" with reference to Haacke. "I would like to lure 1000 sea gulls to a certain spot (in the air) by some delicious food so as to construct an air sculpture from their combined mass," said Haacke in 1966. This poetic image has more to do with my current work than might seem obvious. So too does a work from 1964 - "Condensation Cube", - the earliest of Haacke's "realtime systems". It consisted of a sealed glass cube the bottom of which had been covered with a thin film of water. As the gallery fills with people the temperature of the room rises causing the water to condense on the walls of the cube forming delicate tracteries. Overnight the gallery cools and the water again collects at the base. Here, as in 'catchingafallingknife.com', the artwork comprises a number of components and active agents combining to form a volatile yet stable system. Well, that may also serve as a concise description of the stockmarket.

GL: What do you expect the News Corp stock to do? Recently they reported their biggest loss ever. There are rumours that Murdoch may buy some of the assets of the insolvent German media conglomerate of Leo Kirch. Murdoch is still on the look out to get a strategic position within the US-American satellite market. On the other hand, we might not expect to see a recovery of the global advertisement market any time soon. What's your overall impression of News Corp, before you start trading?

MG: Despite the reported loss, which may or may not have been a case of just shifting money around the house, News Corp seems as voracious as ever. Just yesterday, on the 2nd of October, News Corp signed a definitive agreement with Vivendi Universal and the Canal Plus Group to acquire Telepiu, the

Italian pay TV business. This move will further strengthen News Corp's position in Italy with the formation of Sky Italia. Rupert's company will be the majority equity interest. I think that we shouldn't in any way underestimate this company's aggressive strategies, no matter what the balance sheets suggest. At the moment it's obvious that News Corp's share price is in a downtrend. Looking at the charts now, it's extremely difficult to form an opinion about the probability of a turnaround in the near future. In the U.S. News Corp's shares have also been on a wild ride as investors responded to Bush's war rhetoric and in turn the Iraqi weapons inspection deal. Overall I think that the instability we're seeing on world markets now is typical of any bear market - that is, a market in a definable downturn. This behaviour can only be expected - it's only been a couple of years since the bubble burst.

Nevertheless, as I've outlined earlier in this conversation, I believe that there are still profits to be made under these conditions. A true chart trader or day trader wouldn't concentrate too much on what the number crunchers and analysts are saying about fundamentals. They'd rather be looking at what the charts are telling them about how punters are behaving on the market each day, each minute, each second. Get an accurate picture of where the crowd is moving and you jump on for the ride - uphill or downhill - it doesn't matter. The only trouble with charting News Corp at the moment is that it's not so much a case of following semi-orderly trends, but trying to determine which end of the trading washing-machine one is likely to be spat out of!

GL: You have made a website for the project ([www.catchingafallingknife.com](http://www.catchingafallingknife.com)). Is there any possibility for online audiences to respond? One could, for instance, bet about the success or failure rate of your day trading activities. Can visitors of the Artspace gallery participate in the project or do see the installation, by and large, as a pedagogical enterprise?

MG: It's essential for me that people have the opportunity to respond to the project. The website will feature email, bulletin boards and a chatroom. There'll be a morning report featuring my News Corp stock predictions, a record of trades showing profits and losses, and also transcripts of my conversations with my backers at the close of trade each day. I'll be working in the gallery each weekday from 9am to 10am and all day Saturday, so visitors will get a chance for live interaction as well.

GL: A last, general question. What is the moral of [www.catchingafallingknife.com](http://www.catchingafallingknife.com)? Would you make a difference between speculative and productive capital? What do you think of today's movements against the free markets of global capital such as ATTAC that propose to install a Tobin tax on speculative transactions? Do you consider yourself part of "casino capitalism"?

MG: That sounds like a very specific line of questioning, Geert! I don't think that one can easily identify a moral or in fact determine if there is any moral here at all. I believe that it is important though for my work to pose certain questions while resisting taking a position on one or another side of an argument. I prefer to keep the project's circuits open and allow for a degree of intellectual speculation regarding its readings. So in the context of 'catchingafallingknife.com' I'd prefer not to be drawn on where I stand or what my intentions are. On a personal level I may have strong opinions about corporatism and the global manipulation of capital but I constantly have to resist the didactic urge in my projects. On the other hand I always level some form of critique against the institutions in which I situate my work, achieved in part by blurring the role and motives of the artist. As Haacke has suggested - in order to critique the institution you have to learn to use the language of the institution. For example in 'Ground

Zero' (1997), an installation located in Sydney's Royal Botanic Gardens, I addressed the sanitised representation of historical events for public consumption. The subject was the first contact between white invaders and indigenous inhabitants on Sydney's shores in 1788. Illustrated information panels produced by the Gardens Trust, featuring agricultural and horticultural themes, portray a heroic struggle by 'settlers' to prevail over an alien environment and establish their first farm. I constructed an alternative display in the mode of a museum exhibit, selecting texts from the archives that portrayed a more accurate version of the skewed balance of power between Europeans and aborigines. These texts were first-hand accounts of military personnel describing a détente, not of reconciliation, but of coercion. In keeping with the Trust's theme I also exhibited diagrams of early hoes, spades and the like but countered the innocuous nature of the display by including detailed illustrations and ballistics of those most efficient of frontier tools - the musket and pistol.

Your questions regarding speculative and productive capital are important, and I'm sure that they will be repeated when the project is critiqued. The Tobin Tax you mention, although referring specifically to global currency speculation, has important resonances regarding my dalliance with News Corp. It would be difficult to assess my project without a consideration of what Tobin and subsequently, organisations such as ATTAC, have identified as the most virulent form of neo-colonialism now being practised on developing nations. Although 'catchingafallingknife.com' will function in a localised arena, the conduits that connect News Corp to global markets and contexts through the ASX, will intimately bind me to those theatres as well. There are a number of points of engagement here and as the project progresses some will simply enjoy the prospect of me wagering someone else's \$50 000; others will appreciate the beauty of the ever-changing trading algorithms I'll be charting. But inevitably I will be called to book as a willing proponent of what you accurately identify as "casino capitalism" - and so be it. I believe that the real value of the project will emerge in the form of interrogations from the dark recesses of its implausibilities and not from the spectacle of successfully meeting its expectations.

[www.catchingafallingknife.com](http://www.catchingafallingknife.com)

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